



Baseline Study on Corporate Social Responsibility Practices in Slovakia



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TABLE OF CONTENTS

TABLE OF CONTENTS	3		
FOREWORD	5		
A. EXECUTIVE SUMMARY	7		
B. BACKGROUND WITH ANALYSIS OF THE COUNTRY CONTEXT	9		
B.1 SLOVAKIA AND THE ECONOMY	9		
B.2 THE EVOLUTION OF CSR IN SLOVAKIA	11		
B.3 DEFINING AND UNDERSTANDING CSR IN SLOVAKIA ..	12		
C. KEY ACTORS PROMOTING CSR IN SLOVAKIA ..	14		
C.1 THE BUSINESS SECTOR AND CSR	14		
C.2 NGOS: THE MAIN PROMOTERS OF CSR	14		
<i>C.2.1 The Dominant Promoters of CSR among NGOs ..</i>	<i>15</i>		
C.3 BUSINESS ASSOCIATIONS AND CSR PROMOTION ..	19		
C.4 THE MEDIA AND ITS ROLE IN CSR PROMOTION ...	20		
C.5 GOVERNMENTAL INSTITUTIONS	21		
C.6 ACADEMIC INSTITUTIONS	22		
C. 7 SUMMARY OF CSR INITIATIVES IN SLOVAKIA	22		
D. IMPLEMENTATION OF CSR IN SLOVAK COMPANIES (ANALYSIS OF THE RESEARCH) AND GOOD PRACTICE	26		
D.1 STRATEGY	26		
D.2 STAKEHOLDER ENGAGEMENT	27		
D.3 GOVERNANCE	27		
D.4 PERFORMANCE MANAGEMENT	29		
D.5 PUBLIC DISCLOSURE	30		
D.6 ASSURANCE	31		
D.7 REPORTING	32		
D.8 INITIATIVES	32		
D.9 GOOD PRACTICES OF CSR IMPLEMENTATION	33		
<i>D.9.1 Good practice in terms of informal CSR: Anasoft ...</i>	<i>33</i>		
<i>D.9.2 Good practice in terms of perfectly</i> <i>defined CSR strategy: Orange</i>	<i>34</i>		
<i>D.9.3 Good practice in terms of community</i> <i>support: Citibank</i>	<i>36</i>		
<i>D.9.4 Good practice in terms of environmental</i> <i>CSR support: Holcim</i>	<i>37</i>		
<i>D.9.5 Good practice in terms of wide range</i> <i>of CSR activities: US Steel</i>	<i>38</i>		
<i>D.9.6 Employee-focused good practice: Dell</i>	<i>39</i>		
E. SLOVAKIA'S CSR IMPLEMENTATION CAPACITY ..	41		
E.1 THE NGO SECTOR IN SLOVAKIA	41		
E.2 CORPORATE SECTOR	41		
E.3 GOVERNMENT	44		
E.4 MEDIA	45		
E.5 TRADE UNIONS	45		
E.6 ACADEMIA	45		
F. FINDINGS AND RECOMMENDATIONS	46		
F.1 GENERAL FINDINGS	46		
F.2 MAIN FINDINGS OF THE RESEARCH AND RECOMMENDATIONS FOR IMPROVEMENT	46		
<i>F.2.1 Strategy</i>	<i>46</i>		
<i>F.2.2 Stakeholders Engagement</i>	<i>47</i>		
<i>F.2.3 Governance</i>	<i>47</i>		
<i>F.2.4 Performance Management</i>	<i>48</i>		
<i>F.2.5 Public Disclosure</i>	<i>48</i>		
<i>F.2.6 Assurance</i>	<i>49</i>		
<i>F.2.7 Reporting</i>	<i>49</i>		
<i>F.2.8 Initiatives</i>	<i>49</i>		
F.3 RECOMMENDATIONS FOR KEY PLAYERS IN CSR PROMOTION	49		
<i>F.3.1 Recommendations for state institutions</i>	<i>49</i>		
<i>F.3.2 Recommendations for academic institutions</i>	<i>50</i>		
<i>F.3.3 Recommendations for NGOs</i>	<i>50</i>		
<i>F.3.4 Recommendations for the media</i>	<i>50</i>		
<i>F.3.5 General recommendations</i>	<i>50</i>		
G. ANNEXES	52		
G.1 TERMS OF REFERENCE	52		
G.2 METHODOLOGY OF THE RESEARCH – SELECTION OF COMPANIES	55		
G.3 PERSONS MET	56		
G.4 GLOSSARY OF BASIC CSR-ORIENTED TERMS	59		
G.5 REFERENCES	61		

FOREWORD

Dear Reader,

this publication is the first comprehensive baseline analysis on corporate social responsibility (CSR) in Slovakia. It is a product of the “Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness, and social cohesion in the EU” regional project,¹ funded by the European Commission and the United Nations Development Programme. As such, it benefits from the work of many actors helping to make business more sustainable and engaged in development.

Business people, government officials, and civil society representatives should all have reasons to find this publication professionally useful. It describes relevant CSR organizations and initiatives; it provides a snapshot of the current CSR situation in Slovakia’s business

community; and it provides recommendations for follow up by all stakeholders.

CSR can unleash huge potential for change. It provides a systematic framework to help integrate environmental, social, governance and ethical criteria into management decisions. It can help reduce energy and waste and cut costs, strengthen consumer and brand loyalty, create innovative new products and processes, open new markets, attract and retain the best employees, improve public and shareholder relations, reduce legal risks and insurance costs, and provide a higher quality of life². The strategic embedding of social sustainability considerations into daily business operations is not a burden: it is an opportunity to face the future, to reconcile what is good for profits with what is good for people and for the planet.

Ben Slay

Director of the UNDP Bratislava Regional Centre

¹ For more information on the Project refer to: <http://www.acceleratingCSR.eu>.

² The Business Guide to Sustainability: Practical Strategies and Tools for Organizations by Darcy Hitchcock and Marsha Willard, 2007 pp. 3-5.

A. EXECUTIVE SUMMARY

The main aim of this study is to assess the levels of Corporate Social Responsibility (CSR) found in companies operating in Slovakia. The study was carried out as part of an international CSR baseline study in eight countries: Poland, Hungary, Lithuania, Slovakia, Croatia, Macedonia, Bulgaria, and Turkey. The project, implemented by the United Nations Development Programme Office in Slovakia as ***Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness, and social cohesion in the EU***, is financed by the European Commission and the United Nations Development Programme.

The research for this study was carried out between February and May 2007 by members of the National Expert Team at the Centre for the Research of Ethnicity and Culture (CVEK). Mark Line and Robert Braun from International Expert Team developed the research methodology. The study is unique for Slovakia because it not only assesses levels of CSR in the country but also thoroughly analyzes the factors shaping local CSR practices. It represents the first comprehensive CSR study in Slovakia aimed at providing facts in addition to deeper analysis.

CVEK analysts were tasked with identifying the actors promoting CSR in Slovakia, determining their levels of engagement and the degree of foreign and domestic implementation, and collecting examples of good practices. The first chapter includes basic information about the business sector in Slovakia, an overview of recent economic developments, and a history of CSR development in Slovakia. The second chapter defines key actors and stakeholders of CSR in Slovakia, while the third chapter discusses CSR development and illustrates examples of best practices. The fourth chapter analyzes CSR implementation in Slovakia and describes the

national capacity to respond to CSR-related concepts. The last chapter summarizes the findings and provides recommendations to business leaders and policy-makers to successfully promote CSR in Slovakia.

Interviews with stakeholders and actors active in local CSR promotion show a widespread consensus on the crucial role of the business sector in developing and improving CSR. However, only a few companies are driving the CSR-related efforts in Slovakia, most of which are large, multinational corporations with a history of CSR outside Slovakia.

Careful analysis of CSR initiatives, activities and events in Slovakia reveals that these large corporations do not suffice on their own. Rather, the primary drivers of CSR in Slovakia are currently non-governmental organizations (NGOs) that organize and support CSR-related efforts with seminars, awards, surveys, publications and other promotional activities.

All levels of discourse regarding CSR are present in Slovakia, albeit at different strengths. The prevailing understanding of CSR is limited to creating jobs and providing job security. Companies in Slovakia often define CSR according to its opposite (i.e., successful CSR is defined as *not* inflicting harm or *not* producing harmful products). What is missing to a large extent in Slovakia is positive identifiers, whereby social and environmental issues are part of a company's internal dynamic and provide a foundation for action.

All five levels of CSR involvement and implementation are found in Slovakia. However, fewer than half of the companies interviewed have reached the first and most basic level—the creation of a charter of ethics or a guide to good conduct that illuminates a company's intentions. The second level—the creation and implementation of an action plan—belongs to only a handful of companies, while only four companies have the ability to evaluate their ethics programs, which is characteristic of the third level. (It is not by accident that these four companies are members of the Business Leaders Forum.) The fourth level—the integration of CSR into corporate life within a fully-fledged

management system—can only be found at 2 companies. The highest known level of CSR—systematic communication with stakeholders and an open invitation to audit the company’s CSR-related agenda—is the sole domain of one mobile telecommunications services provider.

B. BACKGROUND WITH ANALYSIS OF THE COUNTRY CONTEXT

B.1 SLOVAKIA AND THE ECONOMY³

Slovakia is enjoying sustained high economic growth in recent years. Unemployment has fallen considerably, although long-term unemployment remains stubbornly high. The current government has made achieving a more equal distribution of income a priority insofar as this can be done without damaging long-term growth prospects. Ensuring that the benefits of high economic growth are more widely distributed is vital for making such growth sustainable. This objective calls for policies that give more priority to poverty alleviation, strengthen employment and remove barriers to competition in product markets. In the long term, improving education outcomes, including by reducing the impact of socio-economic background on outcomes, will be central to sustaining high economic growth and social cohesion.

Economic growth is projected to rise to around 8^{3/4} percent in 2007 supported by production at new automobile plants but to ease to 7^{3/4} percent in 2008. Such production also underpins a large reduction in the current account deficit. Unemployment should continue to fall on the back of strong employment expansion. Disinflation is set to resume because of lower energy prices, high productivity growth and appreciation of the koruna. Further structural reforms

are needed for maintaining high growth, notably to bring the long-term unemployed back into employment and to make participation more attractive for older workers and young women.

In November 2005, Slovakia joined the Exchange Rate Mechanism 2 (ERM2), and Central European financial markets clearly indicate that it stands the best chance of adopting the single European currency earlier than any other new EU member state in the region. Slovakia intends to introduce the euro in 2009.

³ The following section is based on www.oecd.org.

Table 1: Selected economic indicators of the Slovak Republic

								Forecast	
		2000	2001	2002	2003	2004	2005	2006	2007
REAL ECONOMY									
Real GDP growth	%	2,0	3,8	4,4	4,2	5,4	6,1	8,0	7,5
Real growth of final consumption of households	%	0,9	5,4	5,2	0,1	3,8	7,2	6,6	6,4
Real growth of final government spending	%	3,6	5,2	5,2	3,9	2,0	0,5	4,5	4,0
Real growth of export (goods and services)	%	8,9	6,8	4,7	15,9	7,9	13,8	21,0	18,0
Real growth of import (goods and services)	%	8,2	13,5	4,6	7,6	8,8	16,6	19,5	16,0
Industrial production index	%	8,3	7,0	6,4	5,0	4,2	3,6	10,1	11,2
Index of construction	%	-0,4	0,8	4,1	6,0	5,7	14,7	14,5	12,2
Retail sales	%	2,3	4,5	5,8	-5,2	6,2	9,7	8,6	8,8
Inflation (CPI - average)	%	12,0	7,1	3,3	8,5	7,5	2,7	4,5	2,7
Producers Price Index (PPI)	%	10,8	6,5	2,1	8,3	2,6	4,7	8,4	3,5
Unemployment rate*	%	18,6	19,2	18,5	17,4	18,1	16,3	13,6	13,1
Average monthly wage	USD	247	256	298	390	491	557	631	757
Real wage growth	%	-4,9	1,0	5,8	-2,0	2,5	6,3	3,4	4,8
Labor productivity growth	%	2,6	3,1	5,0	3,5	8,4	5,5	5,1	6,5
EXTERNAL SECTOR									
Merchandise export**	USD bill.	11,9	12,6	14,4	21,8	27,6	32,0	39,6	46,0
Merchandise import**	USD bill.	12,8	14,8	16,5	22,5	29,2	34,5	42,2	47,5
Trade balance**	USD bill.	-0,9	-2,1	-2,1	-0,7	-1,5	-2,5	-2,6	-1,5
Current account	USD bill.	-0,7	-1,8	-1,9	-0,3	-1,5	-4,1	-4,0	-1,4
Current account/GDP	%	-3,6	-8,8	-8,0	-0,8	-3,6	-8,6	-6,5	-2,0
Gross foreign debt (end of period)	USD bill.	10,8	11,3	13,2	18,1	23,8	27,1	29,5	30,8
PUBLIC FINANCES									
General government balance/GDP	%	-6,1	-6,4	-7,5	-3,7	-3,0	-3,1	-3,7	-2,9
Long-term interest rates	%	na	na	na	5,2	4,9	3,7	3,9	3,9
Public debt/GDP	%	na	48,7	43,3	42,7	41,6	34,5	33,1	30,5
Exchange rate SKK/USD (average)	SKK/USD	46,2	48,3	45,3	36,8	32,3	31,0	29,7	26,5
Exchange rate SKK/EUR (average)	SKK/EUR	42,6	43,3	42,7	41,5	40,0	38,6	37,2	34,8
Average interest rate on new loans	% p. a.	10,8	9,0	7,8	7,3	7,4	6,0	6,8	6,9

Notes:

* According to Labor Force Survey.

** Calculations based on average exchange rate.

Source: Statistical Office of the Slovak Republic, National Bank of Slovakia, Ministry of Finance.

B.2 THE EVOLUTION OF CSR IN SLOVAKIA

The second half of the 1990s

As Slovakia's society and economy underwent reform and the country opened to the world and started integration with European and trans-Atlantic political, economic and security structures, the inflow of foreign investment increased. As part of the process, strong foreign investors came to Slovakia, and within their business policy brought corporate social responsibility principles from their home countries to Slovakia as part of their business activities.

1996

The Slovak committee of the European Cultural Foundation launched a survey to identify the main factors influencing the potential donors of non-government, non-profit organizations.

Slovakia introduced Environmental Management Systems (EMS) certification according to the international ISO 14001 standard in 1996. The application of EMS in Slovakia was affirmed by a foreign accredited certifying company. (It was among the first applications of EMS in the world.)

1997

The first products (11) to be marked with the label "Environmentally friendly product" were awarded within national program of environmental product evaluation and labeling with the Ministry of Environment as a sponsor. The program was adopted in February 1996.

1998

The VIA BONA award was founded by The Pontis Foundation. It is the most prestigious award related to philanthropic activities and the social responsibility of companies.

1999

The Open Society Foundation carried out a survey regarding the engagement of companies in cooperation

with the non-profit sector and the amount of funds donated to non-profit projects. The final report included a list of donors' rights.

2000 and 2001

Various non-government organizations (The Pontis Foundation, the Integra Foundation, PANET) begin to specialize in CSR and develop monitoring, educational, and informative activities in this area. Ministry of Labor, Social Affairs and Family establishes a "family-friendly employer award".

2002

PANET prepares a strategic action plan for 2002-2004 called *Support and Development of Social Responsibility, Corporate Philanthropy and Inter-Sector Cooperation in Slovakia*.

Government of the Slovak Republic adopted the Act n. 469/2002 on Environmental product labeling.

2004

The Business Leaders Forum is founded in Slovakia by 11 companies; at present it unites 16 companies in a common goal.

The first international conference on CSR is organized in Slovakia; it is called "CSR: The New Strategy for Business Success".

In cooperation with the World Bank, The Pontis Foundation and the Integra Foundation, the Business Leaders Forum conducts the first survey of CSR in Slovakia to determine the attitudes of Slovak firms towards issues of corporate social responsibility.

The first survey on Slovak society's perception of corporate social responsibility is organized by the Business Leaders Forum in cooperation with The Pontis Foundation and the FOCUS Agency.

The founding members of the Business Leaders Forum sign a Memorandum on the Social Responsibility of Companies, in which they declare their interest in voluntarily incorporating a range of principles into their

company strategies. These principles would reflect the social, ethical, and environmental aspects of entrepreneurship, and at the same time inspire other firms operating in Slovakia to exhibit socially responsible entrepreneurship.

2005

The first Slovak publication on socially responsible entrepreneurship is published under the title, *Socially Responsible Entrepreneurship: An Overview of Basic Principles and Examples*.

Report on the State of Corporate Philanthropy in Slovakia is published for the first time. Designed as an annual report, it is based on research by the Donors Forum in cooperation with weekly magazine *Trend* about the state of corporate philanthropy in Slovakia.

In cooperation with the Slovak Union of Entrepreneurs, the Ministry of Labor, Social Affairs and Family organizes a conference entitled *The Social Responsibility of Businesses*.

On 23 December 2005, a legislative framework for implementing the Eco-Management and Audit Scheme (EMAS) of the EU was established in Slovakia when parliament passed Law No. 491/2005 on Environmental Verification and Registration of Organizations in ES scheme.

2006

The Club of Corporate Donors is founded (with support from the Donors Forum). It is part of an international network called *The Central and Eastern European Network for Responsible Giving*.

The Pontis Foundation organizes and provides courses on corporate social responsibility for students of applied psychology at the Faculty of Social and Economic Sciences of Comenius University in Bratislava.

The Regulations for Publishing Information about Corporate Philanthropy is developed by the Donors Forum.

2007

Stratégie, a monthly magazine concerning media and marketing, offers room for regular reporting on the issue of corporate social responsibility in Slovakia.

B.3 DEFINING AND UNDERSTANDING CSR IN SLOVAKIA

In Slovakia, it is largely major companies with foreign capital that are familiar with the term corporate social responsibility. For the wider public and Slovak businesses, however, CSR is a term that is still virtually unknown. That is not to say that Slovak companies do not act responsibly; in fact, there is a tradition of corporate social stewardship. Many firms financially support various charity and/or community projects; they communicate with the public and have strong employee protection policies. They thus practice various elements of corporate social responsibility, even though they do not call it as such.

CSR in Slovakia is conducted and promoted predominantly by NGOs capable of defining CSR in all its dimensions. These specialized NGOs have clear vision of how corporate entities and various stakeholders should develop CSR principles and activities.

Civil society in Slovakia remains one of the most vibrant in Central Europe. In 2006, the Ministry of Interior listed more than 22,000 non-governmental organizations. According to the data from the Slovak Statistical Office, NGOs employ more than 1 percent of the working population and are contributing approximately 1.5 percent to the GDP of the country. Opinion polls show that Slovak citizens' involvement in voluntarism and charities is systematically increasing, with donating even more popular than volunteering. Moreover, the image of NGOs in public opinion is prevalently positive.

Financial assistance from Western democracies to both private and public NGOs has been instrumental in developing a vital civil society in Slovakia since 1989.

However, 2003 brought unprecedented changes to legislation impacting civil society. According to an amendment to the law on income taxes (561/ 2001), tax-payers in Slovakia could dedicate 1 percent of their income tax to non-profits. In 2003, parliament approved an increase of the possible tax dedication to 2 percent. In 2004, a further amendment gave companies permission to dedicate 2 percent of their tax to civil society organizations, consequently opening new possibilities for sustainable development of Slovak civil society sector.

Understanding of CSR in Slovakia is often reduced to philanthropy or charity for several reasons. Philanthropy as a concept has existed in Slovakia for longer than that of CSR. Moreover, philanthropy is less complex and diverse, making it more easily understood and implemented. Philanthropic activities are also more visible to the public than CSR activities, making it easier to generate support for it.

CSR awareness is relatively low within the local business community. Some companies are not aware of the term but in fact practice CSR. Other companies recognize the term and even claim to practice CSR, but in reality they are engaged in philanthropy or charity, or they have simply assigned their 2 percent tax dividend to an NGO. (The latter is the most common case in Slovakia.) Few companies can claim activities in the field of CSR, and what they are doing is actually CSR in its broadest sense.

C. KEY ACTORS PROMOTING CSR IN SLOVAKIA

C.1 THE BUSINESS SECTOR AND CSR

Bearing in mind the European Commission's definition of CSR,⁴ the driver of corporate social responsibility and related activities should be the business sector. In fact, the voluntary nature of the concept demands that CSR originates from a company's business strategy; its implementation should not require influence or pressure from outside forces. Consequently, the most effective way to implement and promote corporate social responsibility should be through activities and initiatives that originate from within the companies themselves.

Interviews with stakeholders and actors active in local CSR promotion in Slovakia show a widespread consensus on the crucial role of the business sector in developing and improving CSR. However, only a few companies are driving the CSR-related efforts in Slovakia, most of which are large, multinational corporations with a history of CSR outside Slovakia.

But careful analysis of CSR initiatives, activities and events in Slovakia reveals that these large corporations do not suffice on their own. Rather, the primary drivers of CSR promotion in Slovakia are currently non-governmental organizations (NGOs) that organize and support CSR-related efforts with

seminars, awards, surveys, publications and other promotional activities.

This chapter focuses on describing and analyzing the activities and initiatives of those promoting CSR in Slovakia. One of the main purposes is to explain why NGOs in Slovakia play such strong role in CSR promotion and implementation.

C.2 NGOs: THE MAIN PROMOTERS OF CSR

Analysis of the activities and initiatives undertaken in Slovakia to promote CSR indicates that **the most important players come from the non-governmental sector**. This conclusion was based on dialogues held with different stakeholders and companies. There appear to be many NGOs in Slovakia dedicated to promoting CSR. These organizations research CSR, analyze local activities, and even cooperate with local companies to help implement CSR activities.

Participants of CSR-related activities (the media, business associations, government bodies and self-government institutions) very often do so based on initiatives taken by the NGOs. The fact that non-governmental organizations play such a dominant role in CSR in Slovakia is related to various factors:

- Historically, the non-governmental sector in Slovakia is the most important driver of social change. After the fall of the communist regime in 1989, Slovakia had an enormous number of non-governmental organizations that were—and still are—dedicated to resolving social phenomena and problems. Many non-governmental organizations, such as think tanks and research institutions, often take on roles normally reserved for governmental and academic institutions. This broadly applies to CSR in Slovakia.
- Many non-governmental organizations are dedicated to the cross-sector cooperation between businesses and other sectors of society. During the course of encouraging cross-sector cooperation, NGOs

⁴ 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. From "What is CSR?" European Commission/Enterprise & Industry/Policy Areas/CSR. European Commission website. http://ec.europa.eu/enterprise/csr/index_en.htm, accessed May 2007.

discovered that social and environmental concerns emerged as a common theme among companies in all sectors of society. Naturally, in an effort to support their various agendas, the NGOs explored ways to cooperate directly with the Slovak business sector, which led to not only merely participating in, but also implementing CSR-related activities.

- Perhaps the most compelling motive behind NGOs' active promotion and participation in CSR in Slovakia is financial. After Slovakia joined the European Union, important donors started to leave the country, especially those supporting the democratic processes which enabled non-governmental organizations to function. Because the EU grant allocation system is not entirely standardized, NGOs are often forced to find alternative sources of financial support. The business sector in Slovakia was a logical candidate. In many ways, CSR is a natural outgrowth of the for-profit and non-profit sectors working together. Their pairing was further influenced by the 2 percent tax assignment in Slovakia, which allows companies to donate 2 percent of their taxes to their non-profit organization of choice (described in more detail later). From the NGOs' standpoints, merely giving money to random charities was an ineffective way for companies to exercise their social responsibility. NGOs see cooperation with the business sector as a way to not only tap into alternative financial resources, but also an effective way to enact positive social change.

Non-governmental organizations dedicated to promoting and/or implementing CSR can be divided into several groups:

1. NGOs that focus primarily on promoting CSR (raising public awareness, communicating with other relevant stakeholders, researching and analyzing CSR, etc.);
2. NGOs that are "target groups" of CSR-related activities (cooperation between companies and NGOs);
3. NGOs that both promote and implement CSR-related activities.

An analysis of local NGOs reveals that those dedicated even marginally to CSR belong mainly to the second and third groups. NGOs that are target groups are represented mainly by foundations (Community Foundation Bratislava, Community Foundations in different regions of Slovakia, Children of Slovakia Foundation, Ekopolis, etc). These cooperate intensively with the business sector by administering corporate funds and implementing various CSR activities.

The third group—NGOs that promote and implement CSR—is the most common type. This group is best represented by The Pontis Foundation and the Donors Forum (activities of these two organizations are described in C.2.1). Since they simultaneously promote CSR and receive funds from companies that implement CSR, they can be targets of criticism and accused of potential conflicts of interest.

NGOs that solely promote CSR and have no financial stake in its implementation are apart from PANET lacking in Slovakia.

In order to better understand CSR promotion among NGOs, this study attempts to analyze the third group according to their spheres of influence and activities and initiatives in which they participate.

C.2.1 The dominant promoters of CSR among NGOs

A) The Pontis Foundation

The Pontis Foundation is considered to be a pioneer in the CSR promotion area. Of all the non-governmental organizations in Slovakia, Pontis is the one most tightly connected and active with CSR. Pontis is widely believed to lead CSR promotional efforts in Slovakia, and companies often mention the foundation as a key actor in CSR promotion.

Pontis defines itself as an organization with the purpose "to connect the sectors of Slovak society with one another and to link sources of financial support with those who need it. We encourage individuals and businesses to take responsibility for those in need and

for the world around them.”⁵ Of course, Pontis does not focus exclusively on CSR. Pontis has also other programs, among them, Sustainability of the Non-profit Sector and Democratization and Development Abroad. As do other foundations operating in Slovakia, Pontis administers funds for several companies and organizations. This includes administering funds for the Business Leaders Forum Slovakia (BLF), a consortium of 16 companies (see part C 3). Based on interviews conducted for this study, many stakeholders informed about CSR do not distinguish between The Pontis Foundation and the BLF.

Pontis organizes various activities to promote CSR, ranging from increasing public awareness to helping companies implement CSR activities. Pontis has very strong relationships within the non-profit sector as well. Consequently, The Pontis Foundation is virtually involved in all CSR promotion activities in Slovakia. It is also intensely committed to corporate philanthropy, an important dimension of CSR.

Educational and awareness-raising activities of The Pontis Foundation

Pontis has been organizing seminars and conferences dedicated to CSR on a regular basis for years. These activities have targeted corporate managers, university faculty, and NGO representatives. Pontis was instrumental in organizing three big international conferences on CSR that took place in Slovakia

The first conference took place in 2004. Entitled *CSR: The New Strategy for Business Success*, the conference was convened to initiate public discussion about CSR, raise awareness about its advantages, and illustrate new trends in its implementation in Slovakia, the EU and elsewhere.

The second conference took place in 2005. Entitled *Social Responsibility of Companies*, the conference was organized to allow companies operating in Slovakia

share experiences about CSR. The role of the media in promoting CSR was one of the most important topics discussed during the conference.

The third annual conference took place in 2006. This one was committed to more specialized topics, such as measuring the effectiveness of CSR and reporting on CSR activities. Twenty companies attended to present and discuss their CSR agenda.

Apart from these conferences, Pontis has also organized several seminars and workshops:

- Social responsibility and the media
- The creation of CSR programs for companies
- Company volunteering in practice
- Volunteer programs for employees

The Pontis Foundation organizes and provides a course for students of applied psychology from the Faculty of Social and Economic Sciences at Comenius University in Bratislava. This is a good example of how NGOs in Slovakia substitute the role of academic institutions in promoting CSR in Slovakia.

Research and publication activities

Every year Pontis conducts research on the perception of CSR by citizens of the Slovak Republic and tries to monitor and evaluate the trends in the public’s awareness. Its research shows that Slovak citizens do not have an exact idea of what socially responsible entrepreneurship means, but that they do find social responsibility very important.

CSR in Slovakia is often perceived as ethical entrepreneurship, transparency, and employees’ politics. However, survey respondents in 2005 rated regard for the environment as an important part of social responsibility. The respondents declared an absence of information about CSR activities of local companies.

In a 2005 study, Pontis and the World Bank teamed up to learn more about companies’ attitudes toward social responsibility. This was a comparative study of the attitudes in Slovakia, Poland and Hungary.

⁵ “Who We Are.” Pontis Foundation website. http://www.nadaciapontis.sk/en/kto_sme, accessed May 2007.

Awards

The most prestigious award related to philanthropic activities and corporate social responsibility is the VIA BONA award, granted every year by Pontis in cooperation with the Business Leaders Forum. Since 1998, this award has been granted in recognition of companies' philanthropic activities; later, it expanded to cover the social responsibility of companies as well. Interviews with several stakeholders and companies have shown that the VIA BONA award is seen as an ideal form of showcasing CSR and raises awareness of social responsibility as an issue. This award attracts media attention and thus helps present social responsibility to the wider public.

Other activities of The Pontis Foundation

The Pontis Foundation organizes a lot of activities that support corporate philanthropy and CSR. It also acts as a mediator between various social and economic sectors. IDEAXCHANGE, a new initiative in which non-profit organizations present their requests for resources and financial support from corporations, is an example of this type of activity. An online initiative launched in April 2007, IDEAXCHANGE (www.ideaxchange.sk) contains a database of NGO profiles, and ways that corporations can support their efforts.

B) INTEGRA Foundation

Integra plays an important role in CSR in Slovakia, particularly because of its focus on small- and medium-sized enterprises (SMEs). CSR activities originating in smaller organizations are dramatically different than those coming from large, multinational companies. Consequently, communication between CSR promoters and smaller firms is different.

Integra helps small, primarily female entrepreneurs to establish their own companies, providing them with consulting and educational support. One of Integra's principal goals is to inspire and motivate small, neighbourhood companies to create socially responsible initiatives that impact their own communities. Via

schooling programs, they also offer information about how entrepreneurs can introduce CSR activities into their business strategy.

Integra first became interested in CSR when it was researching corruption in SMEs. Its research culminated in the publication of their *Manual of the ethical codex and social audit*, which gives SMEs advice on how to build an ethical and transparent corporate culture. Unfortunately, the only companies that used the manual were those already intensively cooperating with Integra. There is a great deal of work that remains to be done with SMEs in regard to implementing corporate social responsibility.

Perhaps the most important publication from Integra is *Socially Responsible Entrepreneurship: A Summary of Basic Principles and Examples*. Published in cooperation with the NGOs PANET and Pontis, it serves as one of the only guides to CSR for small- and medium-sized companies.

Integra also initiated one of the first international studies on CSR. Under the auspices of the VADEREGIO project, Integra made an intensive inquiry into the potential of CSR in the Banská Bystrica region. The inquiry, carried out between 2002 and 2004, increased local interest in issues such as equal opportunities for all, the environment, and social differences between different groups.

Another project undertaken by Integra—The Place of Corporate Philanthropy and Corporate Social Responsibility in Operation of Small and Medium-sized Companies—identified the opportunities, barriers, and restrictions to CSR implementation among SMEs. Integra also sponsored workshops so SMEs could discuss the scope of their potential social involvement. Despite its self-described goal of helping SMEs implement CSR, however, Integra has not engaged in CSR-building or promoting activities with SMEs since it finished this project.

In general, CSR promotion in Slovakia is oriented primarily towards large companies; only small

consideration has been devoted to small- and middle-sized companies. CSR experts believe this is one of the most serious inadequacies in the widespread implementation of CSR in Slovakia.

C) PANET (Partners for Networking)

PANET plays an important role in promoting CSR because its activities draw attention to this field. Corporate Social Responsibility is one of PANET's priorities, especially in the field of corporate community involvement.

In 2001 at a time when corporate social responsibility was relatively unknown PANET organized a project analyzing cross-sector cooperation. Since then, CSR has accelerated the cooperation between non-governmental and business sectors, and PANET has been right there analyzing the changes.

PANET's first important contribution to CSR was the development of an action plan⁶. Designed to create a strategic framework for more effective cooperation between the non-governmental and business sectors and to help improve the implementation of socially responsible and philanthropic activities in corporations, the proposal contained 22 project recommendations, some of which have already been realized.

Today, PANET's most valuable tool for promoting CSR in Slovakia is its website, www.partnerstva.sk, which provides materials and information on cross-sector cooperation, public utilities, business benevolence, and other CSR-related topics. Although the website is primarily for the non-governmental sector, it contains information helpful to companies interested in planning and implementing CSR activities. CSR experts believe that it would be

beneficial if more companies became aware of this kind of information source.

D) Donors Forum

Corporate social responsibility in Slovakia is often limited to corporate philanthropy. The main driver here is Donors Forum, which introduces grant organizations to non-governmental, non-profit organizations seeking financial support⁷.

Donors Forum increases awareness of corporate philanthropy in Slovakia in multiple ways. Every year it conducts a survey published in *Trend* about the state of corporate philanthropy in Slovakia. The results of the survey are not comprehensive, since questionnaire response rates are low, and those organizations most likely to respond are already actively involved in philanthropic activities.

There is a tendency among NGOs to increase corporate philanthropy by developing strategies whereby companies can donate to charities. At the same time that financial support is being encouraged, non-monetary donations (e.g. counseling, know-how) are diminishing.⁸ CSR experts consider this a negative trend.

The Slovak media's unwillingness to report on CSR and corporate philanthropy compelled the Donors Forum to improve their communication methods. In January 2007, an initiative to eliminate barriers preventing information about corporate donations appearing in print media was introduced by the Donors Forum. Part of this initiative included the development of a manual, *The Regulations of Publishing Information about the Corporate Philanthropy*. The manual describes the basic principles of reporting objectively on corporate philanthropy. Donors Forum plans to continue communicating with the print media through informal meetings with journalists, and by organizing an event for journalists in Slovakia.

Every year, Donors Forum publishes a list of the top 20 corporate philanthropists. Companies are chosen based on the amount of financial support given to public

6 Strategic Action Plan for the Expansion of Social Responsibility in Entrepreneurship, Corporate Philanthropy and Inter-Sector Cooperation in Slovakia. www.panet.sk/sk/frameset1.htm, accessed May 2007.

7 Donor's Forum website. www.donorsforumsk.sk, accessed April 2007.

8 Report about the state of corporate philanthropy in Slovakia, Donors Forum, Bratislava, August 2006.

interest/welfare projects. The list does not take into account non-financial resources donated or the 2 percent tax assignment.

C.3 BUSINESS ASSOCIATIONS AND CSR PROMOTION

Two company associations dedicated to socially responsible entrepreneurship and corporate philanthropy were established recently. The members of these associations comprise the most active players in CSR from the business sector.

Established in 2004, the Business Leaders Forum aims to motivate the Slovak business sector to engage in CSR. The 16 member companies attempt to increase awareness of CSR and provide the necessary know-how to implement CSR-related activities. BLF's mission statement is as follows: to help companies and the other organizations create higher ethical standards of entrepreneurship, actively add to the stable sustainability of development, and to help improve the quality of life by asserting CSR principles into business strategies⁹.

BLF is the outgrowth of an initiative by The Pontis Foundation, which currently acts as association administrator. (This is another example of the key role NGOs play in CSR promotion and implementation.) The majority of BLF activities concerning CSR (e.g. publications, educational activities, awareness-raising activities) are achieved in cooperation with Pontis.

The latest activity of BLF is the formation of a group called Engage. This group is part of an international initiative that supports voluntary employee participation in community projects. The purpose is to allow companies to help their employees improve their social environment by repairing homes and schools, helping people in need, and solving environmental issues.

Slovakia's second business association, founded in 2006 with support from Donors Forum, is the Club of Corporate Donors. It is part of an international network called Central and Eastern European Network for Responsible Donation. One of the main purposes of this association is to raise awareness about corporate philanthropy in Slovakia. To this end, the network seeks to develop the culture of corporate philanthropy, identify corporate requirements for donation, set up the standards and principles of donation, establish cooperation with the media, achieve general respect for, and appreciation of corporate philanthropy, and emphasize company involvement in corporate philanthropy.

There are a large number of associations and unions in Slovakia which can—and should—enforce the ideas of socially responsible entrepreneurship. Unfortunately, few of these associations do so systematically or for any length of time; their CSR-related activities tend to be ad-hoc. For example, the Slovak Union of Entrepreneurs organized a conference in 2005 about CSR in cooperation with the Ministry of Labor, Social Affairs and Family. The Slovak Chamber of Commerce and Industry organized the Grand Award, given to companies that exhibit ethical principles in business. The recipients of the award in 2005 were Slovenské Magnezitové závody Jelšava (Slovak Magnesite Works, joint-stock company, Jelšava) and Poistovňa Union (Union Insurance Company).

The American Chamber of Commerce organizes regular business breakfasts dedicated to different issues, and several were focused on CSR-related topics (e.g. "Strengthening Multicultural Management Teams", "Giving Wisely", "Business in Charity"). These breakfasts are organized in cooperation with The Pontis Foundation.

The Association of Employers of Physically Disadvantaged People (AZOZP) was founded to help support the universal interests of their members. It generates discussion about social entrepreneurship regarding disadvantaged people by hosting discussions, and recommendations resulting from these discussions

⁹ <http://www.blfsk/BLF> (14. 04. 2007)

often impact legislation related to the employment of physically disadvantaged people.

There are several other associations (e.g. The Business Alliance of Slovakia, Federation of Employers Associations of the Slovak Republic, National Union of Employers etc), which should play more intensive role in CSR promotion. However, neither a concrete strategy nor ongoing activities related to CSR have been developed by any of these associations.

C.4 THE MEDIA AND ITS ROLE IN CSR PROMOTION

Based on interviews with several proponents of CSR, the media was identified as one of the biggest deficiencies in CSR presentation in Slovakia. These findings are confirmed by The Pontis Foundation annual survey about the perception of CSR in Slovakia. The survey consistently demonstrates low public awareness of CSR. This is primarily due to low media coverage of CSR.

Key points from the interviews include:

- Slovak journalists don't recognize the distinction between corporate social responsibility and corporate philanthropy (corporate sponsorship versus assignation of 2 percent tax, for example). In the past, non-governmental organizations engaged in CSR (primarily The Pontis Foundation and Donors Forum) had organized various workshops and seminars to communicate the role of media in the presentation of CSR in Slovakia. At the same time the Donors Forum developed the *Rules of publishing information about corporate philanthropy* to help journalists define what corporate philanthropy is and how to cover philanthropy without breaking advertising laws. Previously, there were no such guidelines. Furthermore, the business sector lacks sufficiently elaborated communication strategies with respect to CSR and the media, or lacks appropriate content that could be presented to the media.

- Media refuse to cover CSR activities because they consider it marketing and promotion of companies. However, the companies themselves are not convinced that CSR is an interesting theme for journalists because the companies' presentation in a positive light is not what interests their readers.
- In Slovakia, there is relatively strict legislation related to advertising. In the media this evokes fear of severe sanctions and penalties for publishing articles about individual companies' activities in the field of CSR, since they could be interpreted as hidden advertising.
- In regards to coverage of CSR activities by particular segments of the media, the principal dichotomy is not the one of print versus broadcast media but rather one of nationwide versus regional media. The scope of coverage by particular media determines their approach to covering activities that may be perceived as part of CSR (please see below). Division of the media into private/commercial versus public service broadcasters does not play a major role in this respect either, as neither the Slovak Television nor the Slovak Radio has a specific strategy for covering CSR activities, let alone their own strategy as potential CSR players based on their influence and status within society.

There are only a few media and journalists who do systematically cover CSR. First of all, there are economic journals, newsweeklies and monthlies. The only printed media with a regular column about CSR is *Stratégia* (a monthly marketing and advertisement journal), which in large measure pointed to how this theme is perceived in Slovakia. *Stratégia* started to publish this feature in July 2006. The first articles attempted to clarify the concept of CSR itself – notions, definitions, benefits. Subsequent articles covered initiatives and activities of various organizations related to CSR.

The weekly *Trend* and daily *Hospodárske noviny* (economic newspapers) are devoting more or less to this theme ad hoc. These print media focus on what CSR is and what it could potentially bring to companies, including interviews with various home and foreign specialists on this issue.

Secondly, regional media (television and print) cover various communities and environmental activities which impact their respective regions. In the regional media, coverage is possible for companies which are regionally dominant and cooperate with third sector or self-government institutions and regional governments on various activities for the community. However, these media do not represent these activities as a social responsibility of companies nor do they cover the theoretical and practical aspects of CSR. Nevertheless, they can (and do) make a big contribution to regional promotion because they inspire companies to increase their CSR activity.

Generally, in spite of high potential of Slovak media, they can not be perceived as key actors in CSR promotion although coverage is increasing. It can be expected that as the importance of CSR increases, so will the interest by the media to cover the issue. This interest could be boosted by the business sector itself, provided it is able to offer and communicate adequate CSR content to the media.

C.5 GOVERNMENTAL INSTITUTIONS

One of the most significant and important findings of this research is inactivity from the side of government institutions to engage with the CSR issue, and enable its effective implementation. There is no department, or any position within the ministries in Slovakia directly oriented toward CSR promotion or implementation. Low awareness about this theme in state institutions is another problem. Representatives of state institutions often do not distinguish between the concept of CSR and other related concepts.

One of a few institutions devoted in some way to the cooperation of companies and state in the field of CSR is the Ministry of Labor, Social Affairs and Family within the Department of Equal Opportunities. According to a representative of the Ministry, the theme of social responsibility is aligned with the Ministry's goals, and certain activities in this area are a result of employing

European Union strategy. In 2005, the Ministry organized a conference entitled "Social responsibility of businesses" in cooperation with the Slovak union of entrepreneurs. Every year the department issues a "family-friendly employer award" recognizing employers who develop workplace conditions supportive of family duties of employees and who provide equal opportunities for men and women¹⁰. However, the award is given based on subjective self-evaluation of companies rather than independent evaluation or audit. The Ministry is attempting to find an organization that would do such an independent audit.

Another award related to social responsibility is "Social Act of the Year", which focuses on various institutions (NGOs, self-government, media) as well as on individuals. But during the last three years no company has received the award and companies generally are not interested in pursuing this award.

The other institution that can be partially credited for CSR is the Slovak Ministry of the Environment. The Ministry does not explicitly recognize any strategy or formal document dealing with CSR. However, it has several initiatives that are focused on environmental responsibility and are business oriented; therefore, these initiatives definitely fall into the category of CSR. Namely, they include ISO certification and ecolabeling, which are voluntary instruments of environmental policy that enable the implementation of a systematic approach to solving environmental problems regarding protection and planning.¹¹ ISO certificates represent a technical tool for implementation of environmental standards. Thus far, in Slovakia, the EMS according to ISO 14001 has been implemented and certified by independent accredited institutions in more than 340 companies.

Ecolabeling functions under the program for the support of environmentally suitable products. This

¹⁰ <http://www.employment.gov.sk/new/index.php?SMC=1&id=795>, accessed April 2007.

¹¹ <http://www.sazpsk/public/index/gophp?id=1345&lang=en>, accessed May 2007.

program is focused on achieving sustainable development in compliance with the 6th Environmental Action Plan of the EU. Based on this, the Ministry has established a program for the years 2004-2008. Within this program the Ministry authorises the European flower label for products that meet certain environment standards. No Slovak product has managed to deserve this label. Besides the European flower, the Ministry authorises the label for environmentally friendly products; it has given 46 licences to use this label to 13 organizations for 144 products.

CSR experts believe it will be necessary to devote greater energy to increasing awareness about CSR within governmental institutions, and to exert greater pressure to get them involved.

C.6 ACADEMIC INSTITUTIONS

Academic institutions often play a very important role in promoting CSR. However, the academic institutions in Slovakia do not devote enough effort to CSR.

The Faculty of Social and Economics Sciences at Comenius University in Bratislava (Department of Applied Psychology) is the only academic institution that offers a course on Corporate Social Responsibility. This course is prepared by The Pontis Foundation and is taught by a Pontis employee. It is unclear why this course is offered by this department of University; we can only assume that other academic institutions are not interested—which can be viewed as a serious weakness in the academic sector.

Social responsibility is part of a course on sponsorship offered at the Faculty of Media Communication at The Constantine and Methods University in Trnava. The centre for further education at the Economics University in Bratislava conducts research on the social responsibility of companies; results for the 2007 are forthcoming.

Finally, the Institute of Philosophy and Ethics at the University of Prešov is devoted to studying ethics. Their

courses on applied ethics focus on various themes related to entrepreneurs, managerial ethics and the social responsibility of companies.

The fact that academic institutions offer few courses on corporate social responsibility may, in fact, influence the implementation of CSR in the business sector itself. Interviews with company representatives indicated a widespread ignorance of CSR, even at those companies where social responsibility is an integral part of the corporate strategy.

Research indicates that academic institutions—which groom future managers and other employees in the business sector—do not adequately focus on CSR. At the very least, academic institutions in Slovakia should at least offer CSR courses in the faculties of economics and management, where students are being prepared for future employment.

C.7 SUMMARY OF CSR INITIATIVES IN SLOVAKIA

RECENT CONFERENCES

1. Corporate Social Responsibility (26 May 2005)

Organized by: Business Leaders Forum and The Pontis Foundation.

Panels:

- Experiences of Slovak companies with CSR activities
- Dialogues between companies and the media
- Social responsibility of the media

The conference was supported by Orange Slovensko, a.s, Philip Morris Slovakia s.r.o., Západoslovenská energetika, a.s., World Bank. More than 100 delegates from different companies and organizations participated at the conference

2. Third Annual Conference on Corporate Social Responsibility (26 April 2006)

Organized by: Business Leaders Forum and The Pontis Foundation.

Panels:

- London Benchmarking Group measurement standard
- CSR reporting

Organizers of the conference selected 20 CSR best solutions, which were presented at CSR Market Place. Companies shared their solutions and best practices on a wide range of corporate social responsibility issues.

The conference was supported by Orange Slovensko, a.s, Philip Morris Slovakia, s.r.o., Západoslovenská energetika, a.s. and World Bank

3. Corporate Social Responsibility as a Tool for Improvement of Adaptability of the Labor Market (19 April 2007)

Organized by: Silver Heads Club

Panels:

- Ageing society: global problem, local solutions
- Telework as a tool for employing elderly people
- Corporate social responsibility in Europe
- Experiences of companies that employ elderly people

Donor: European Social Fund /EQUAL

4. Responsibility and Success—Employees and Clients (17 May 2007)

Organised by: The Pontis Foundation, Business Leaders Forum, Stratégie Panels:

- Corporate Social Responsibility in Central Europe
- Corporate Social Responsibility Management
- CSR and Clients
- CSR and Employees

Partners: Orange Slovensko, a.s., DaimlerChrysler Automotive Slovakia s.r.o., Slovenské elektrárne, a.s.

WORKSHOPS AND SEMINARS (SELECTED BY THE LEVEL OF IMPORTANCE)

1. Corporate Social Responsibility (30 May 2005)

Organised by: Slovak Union of Entrepreneurs

Target group: Companies

Supported by: European Commission

2. Corporate Volunteering (15 March 2006)

Organised by: The Pontis Foundation, Business Leaders Forum

Target group: Business Managers

3. Strategy for Corporate Philanthropy

(7 November 2006)

Organised by: Donors Forum

Target group: Representatives of companies

4. How to Create Your Own CSR Program?

(15 November 2006)

Organised by: Stratégie, Business Leaders Forum

Target group: Companies

5. Discussion Forum on CSR for Media Representatives (22 November 2006)

Organised by: The Pontis Foundation, World Bank

Target group: Media

6. Company Involvement in Communities

(27 March 2007)

Organised by: Donors Forum

Target groups: Companies and NGOs

Supported by: MOTT Foundation, Trust for Civil Society in Central and Eastern Europe

RESEARCH, ANALYSIS, REPORTS

1. What does business think about corporate social responsibility? A comparison of attitudes and practices in Hungary, Poland and Slovakia

Institution: World Bank, September 2005

2. Corporate Social Responsibility: Citizens' Perception of CSR

Institution: The Pontis Foundation, FOCUS, September 2005 (quantitative research)

3. Corporate Social Responsibility: Citizens' Perception of CSR

Institution: The Pontis Foundation, FOCUS, September 2006 (quantitative and qualitative research)

4. VADEREGIO

Institution: Integra, 2002-2004

5. The Place of Corporate Philanthropy and Corporate Social Responsibility in the Operation of Small and Medium-Sized Companies

Institution: Integra

6. The State of Corporate Philanthropy in Slovakia (2005-2006)

Institution: Donors Forum

AWARDS

1. VIA BONA Award for Socially Responsible Companies

Organized by: The Pontis Foundation

Main recipients for 2006:

Main Award for Large Corporations: VUB, a.s.

Main Award for Small and Medium-sized Enterprises: Anasoft APR, s.r.o.

Award for Long-Term Partnership: TPD, s.r.o.

Award for Support of Public-Benefit Activities in a Region: Stavebniny Marián Grígeľ

Award for Courage to Support Innovative Projects: Slovenská sporiteľňa, a.s.

Best Media Contribution: SITA Slovenská tlačová agentúra, a.s.

2. Zamestnávateľ ústretový k rodine (Employer Responsive to Family)

Institution: Ministry of Labour, Social Affairs and Family
Recipients for 2006:

1. Family Policy: Orange Slovensko, a.s.
2. Equal Opportunities for Men and Women: IBM International Service Centre, s.r.o.
3. The Most Innovative Activities: Microsoft Slovakia, s.r.o.

3. Top firemný filantrop (Top Corporate Philanthropist)

Institution: Donors Forum

Recipients in 2006:

1. Slovenský plynárenský priemysel, a.s.
2. Železiarne Podbrezová, a.s.
3. Slovak Telecom, a.s.

4. National Award of the Slovak Republic for Quality (based on EFQM Excellence Award)

Institution: Slovak Society for Quality

Recipients in 2006:

Slovalco, a.s, Žiar nad Hronom

Softip, a.s, Banská bystrica

Herman Slovakia, a.s, Revúca

5. Competition for Young Entrepreneurs

Institution: Hewlett Packard and Junior Achievement Slovakia

The 2007 competition will run in nine countries (Bulgaria, Czech Republic, Germany, Ireland, Italy, Poland, Romania, Russia and Slovakia) and consists of several components including:

- Responsible Business Award
- Online Business Ideas Contest
- Responsible Business Certificate

6. Grand Award of the Slovak Chamber of Commerce and Industry (support for business ethics)

Institution: Slovak Chamber of Commerce and Industry

Recipients in 2005:

Manufacturing: Slovenské magnezitové závody, a.s, Jelšava

Services: Union poisťovňa, a.s, Bratislava

7. Best Code of Ethics

Institution: U.S.-EU-Slovakia Action Committee

PUBLICATIONS

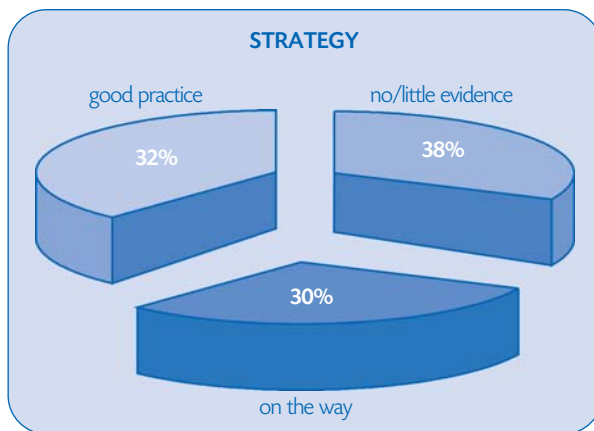
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D. IMPLEMENTATION OF CSR IN SLOVAK COMPANIES (ANALYSIS OF THE RESEARCH) AND GOOD PRACTICES

D.1 STRATEGY

Graph 1.



The development of a formal strategy for CSR is equally spread among three categories (see Graph 1) with slight domination of no/little evidence. Interesting to note is the cross analysis between the type of company, its size, and to what extent each is engaged in developing a formal strategy. First, the majority of companies falling into the no/little evidence category belong to private national and state-owned companies. Second, small private companies and large state-owned companies are weak on strategy development. Conversely, private subsidiaries of multinational companies are particularly strong in this regard.

There are several reasons for the results. Companies that lack a developed strategy are not necessarily uninterested in CSR; many realize the need to act responsibly towards the environment and engage in activities directly linked to the character of their business or, more often, to their employees. However, these activities are ad-hoc and spontaneous, arising on one hand from actual needs and on the other from outside pressure. Furthermore, the reason CSR strategy is largely undeveloped in most cases is simple: companies do not recognize the concept of CSR and do not use the term to describe their activities. Consequently, companies do not identify the need for a strategy in the first place.

Small companies and indebted state-owned ones often blamed their inability to “do more” on a lack of funds. They are also under the impression that CSR is easy to implement “if you have money”.

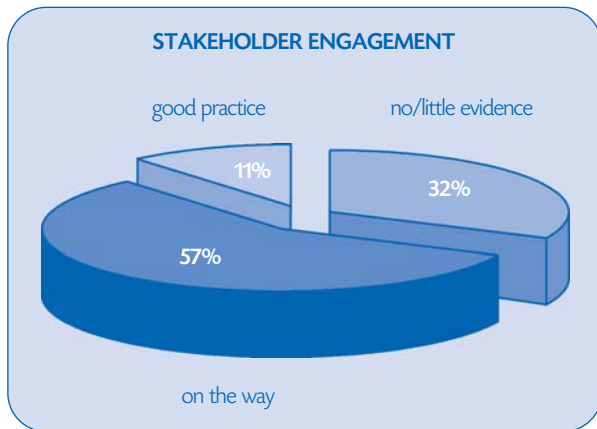
Among those exhibiting good practices were dominant subsidiaries of multinational companies. As many as 47 percent of all private subsidiaries in our sample have developed good practice strategies; 63.6 percent of companies belonging to the good practice category consist of private subsidiaries. The reason private subsidiaries are so organized is because their mother company is familiar with CSR. These companies are not working from scratch; they mould the international strategy to fit their local environment. After all, strategic goals are defined on an international level and are common to all subsidiaries. All that remains is the development of specific guidelines that incorporate local needs and address local characteristics. This is the case, for example, of Orange Slovensko, a.s.

Companies whose CSR strategies are considered “on the way” are more evenly distributed. Our sample survey reveals that many companies recognize the importance of developing and implementing CSR, it is just that some companies are too new at it to have defined their position and method of implementation. Companies in this situation often find their strategies too general. In many cases, CSR becomes the responsibility of the marketing or PR departments. Only

when companies assign a separate department for CSR are the strategies fully developed.

D.2 STAKEHOLDER ENGAGEMENT

Graph 2.



Most respondents fell into the on the way category in terms of stakeholder engagement (see Graph 2). Very few fell into the good practice category. Interestingly, companies belonging to the on the way category are evenly distributed between large and small, private and state-owned. The good practice category is exclusively the domain of medium- and large-sized companies, specifically four large companies and one medium company. Three of large companies are subsidiaries of multinational companies; one is a private national firm. Regardless of distribution, however, it is obvious that stakeholder engagement is underdeveloped in the Slovak Republic. The most common reason for stakeholder disengagement mirrors that of underdeveloped strategies. CSR, if done, is practiced on an ad-hoc basis, which generally means that it is a reaction to a previously existing problem. Such CSR activities are more corrective than preventive in character. In very few cases are the companies themselves responsible for generating CSR activities. That is largely the job of stakeholders (NGOs). Therefore, it is virtually impossible for companies to implement a stable and consistent CSR policy.

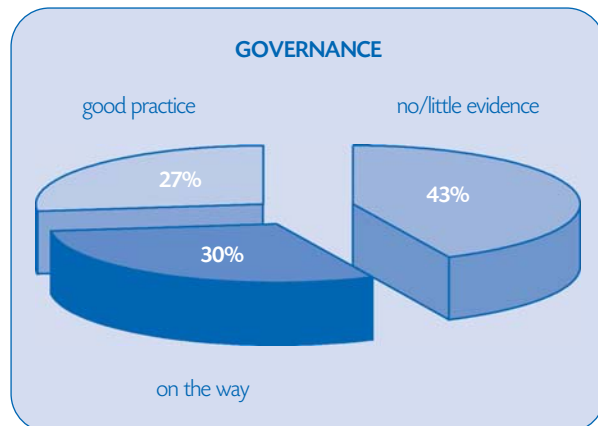
Another reason for stakeholder disengagement is company attitudes towards stakeholders. Few if any stakeholders are willing to engage in a company's CSR activities if that company refuses to identify the stakeholders. The result is that companies communicate about CSR-related activities most often with their business partners and employees. The engagement of other stakeholders occurs only when a company's strategy belongs to the "good practice" level.

What is interesting is that companies continue to acknowledge the opportunity potential and advantages of communicating with stakeholders. Such communication can reduce conflicts and smooth implementation. Why, then, do companies eschew stakeholder engagement and communication? If we eliminate unwillingness, the main reason companies ignore the bulk of stakeholders is because they lack a solid CSR strategy.

The pattern is clear: if a company has a well developed CSR strategy, it usually communicates well with stakeholders. The company can identify and therefore incorporate these people into their CSR activities. If a company does not have a proper strategy, it doesn't mean that it doesn't communicate with stakeholders, but it is much more difficult and much more unplanned; therefore, the risk of error or failure is higher.

D.3 GOVERNANCE

Graph 3.



Governance is the action of developing and managing consistent, cohesive policies, processes and decision rights for a given area of responsibility. The governance of CSR therefore depends on the degree of implementation. Nevertheless, there are many different ways to govern CSR activities.

Nearly half of the companies within our sample show no/little evidence of CSR governance (see Graph 3). This is the case for companies that do not recognize any of their activities as CSR related, and for those who implement ad-hoc activities. Companies that do show evidence of formal CSR governance are primarily represented by medium-sized companies. This finding is not surprising, since small- and medium-sized companies in Slovakia implement CSR activities without any formal strategy.

One third of companies within the survey sample have some kind of governance. In some cases there are people directly responsible for CSR, albeit they are not members of management. Usually these people are tasked with reporting on CSR to management—but not on a regular basis. This model is typical for companies in the process of creating CSR strategies. They have many activities related to CSR, but do not roll them out systematically. In many cases, a company's CSR team is hired or assigned on a project basis. If the company participates with an NGO or with the community directly, a special team is created to help coordinate. Companies that exhibit good practices in CSR governance are generally large, especially multinational companies that already have a formal CSR strategy in place. In a few cases these companies have a special CSR department; more often there is one person responsible for the corporate agenda. This person is often a member of management and regularly reports on CSR activities. Companies that exhibit good practices in the governance realm are mainly members of the Business Leaders Forum. Those in charge of CSR governance use the forum to share CSR experiences and solve related problems.

Based on our sample, companies appear to fall into one of the following:

- The company has a good organizational structure for CSR (the party responsible sits on the management team and reports regularly on CSR).
- The company has few people responsible for CSR; although these people report on CSR activities, they are not members of the management team. Usually they have other responsibilities outside CSR (e.g. external communication, marketing, PR).
- The company's CSR agenda is divided among various departments; there is no single person responsible for CSR.
- The company assigns CSR personnel on project basis.
- CSR is not implemented in the company in any way.

Generally speaking, there are only a few companies that have a special CSR department. In most cases, CSR is implemented by marketing, human resources, or external communication departments. Based on our survey, companies feel it is not necessary to create a special CSR department. Some companies find it inappropriate to designate CSR activities to one department.

“CSR has to be an agenda item for the whole company. We do not want to separate it into one department. If many departments and people are involved in CSR, CSR will be an integral part of our activities. This is what I see as the best way to create effective CSR governance.”

– Representative of a large manufacturing company

Some of companies consider CSR specialization impossible:

“It is not possible to create a special CSR department. Since we have various CSR activities and stakeholders, it is necessary to implement it via different departments of our company. Some of the projects are realized via the marketing department, some of them via the department for environmental issues. I cannot imagine how to put our CSR agenda into one department.”

One of the most interesting findings of this research is that people responsible for CSR are often the most enthusiastic people in their companies; therefore they are the “driving force” for CSR implementation. Some

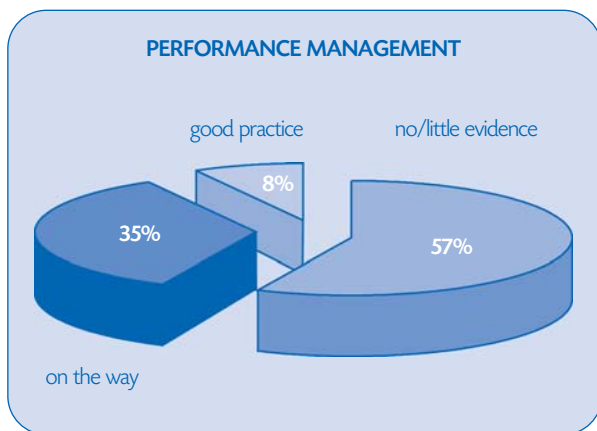
of them come from the non-profit sector and have a very good sense for CSR as a concept. In many cases, however, CSR representatives are regular employees who pressure management into acting in a socially responsible way:

“Sometimes it is difficult to persuade management to support some activities. But I personally feel that CSR is an extremely important issue and we cannot do without it. Sometimes I have to explain the benefits of CSR to them. But I hope it will be an integral part of the company’s strategy in the near future.”

– CSR representative in large agricultural company

D.4 PERFORMANCE MANAGEMENT

Graph 4.



Although company involvement in governance is distributed evenly, performance management is not (see Graph 4). Companies new to CSR have no tool to measure its success. However, several companies seem keen to find the tools.

More than half the companies within our sample have no/little evidence of any activities connected to CSR performance management. Large companies share the biggest percentage (37.8 percent) of no/little evidence, followed by medium companies (10.8 percent) and small companies (8.1 percent). Although the majority of

companies do not follow or do not know how to measure performance, the biggest companies do have someone in charge of measurement. Their duties usually overlap with the PR department.

The examples to follow are from foreign-owned companies strongly established in their fields of industry. These companies encourage the domestic management to perform CSR. From the interviews it is obvious that personnel in charge in these companies do not even try to measure the financial value of their CSR improvements. They usually understand the concept as a service to society and community. In these “good practice” enterprises, the employees are motivated by simple belief in doing good.

Because not all the interviewed companies are in production processes, using labels emphasizing responsibility in fields like environment, social, or fair-trade is not always possible. Companies interested in CSR implementation, however, go beyond and look for ways to address their responsibility.

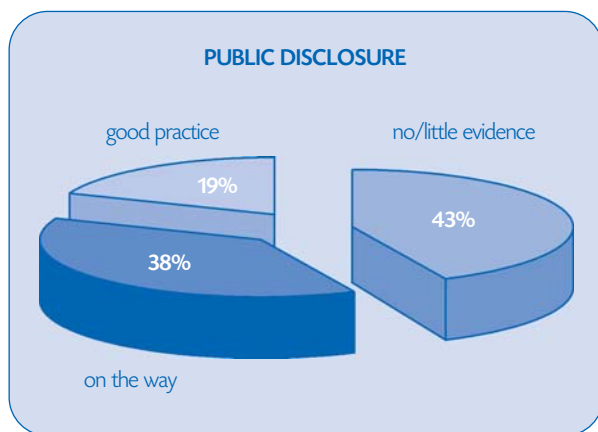
“We develop so called responsible messages which concern alcohol consumption. Every branch in each country identifies which area is the most problematic in their country. We have focused on the theme of youngsters’ drinking which is on the edge (with their customer focus – translator) but we think that alcohol producers should not avoid such themes and implement particular steps which would act preventatively”.

– CSR representative of a beer producing company

Performance management results by the company’s kind of ownership is quite similar to results by the company’s size. The shares in the companies in no/little evidence area are divided among private-subsidy of multinational with 43 percent, state owned with 33 percent and national with 24 percent. Not surprisingly, the field of good practice and beyond lead the private-subsidy of multinational companies against the no/little evidence or on the way practices.

D.5 PUBLIC DISCLOSURE

Graph 5.



Public disclosure of companies can be divided into two main points: general information about the companies and information about CSR activities.

By law, companies within our sample survey disclose general information about their company (e.g. organizational structure, management structure, management salaries). This information appears in annual reports and can appear on company websites as well. Since disclosure is mandatory in Slovakia, it must be viewed accordingly. State-owned organizations and small- and medium-sized companies generally publish the minimum information required. Multinational large companies, however, usually go to great lengths to create high-quality reports and publicize it online. Some companies within our sample (for instance, Dexia banka Slovensko, a.s. and Orange Slovensko, a.s) have received awards by non-profit organization INEKO for the quality of their annual reports¹². Sometimes companies disclose more than is necessary to put them in a positive light, the foremost being ISO certification disclosures. However, this kind of information can be viewed as self marketing rather than an effort to be transparent.

Publicly available information about CSR depends on the degree to which each company implements CSR-related activities. Only a few companies actually publish separate CSR reports and those that do make the information available online. Regional branches of large multinational companies rarely publish their own CSR reports; local CSR information is included in the CSR reports of the mother company. In cases where the CSR report is posted online, there is link from the regional branch to the parent company. Our survey reveals that many companies plan to publish their own CSR report in the near future, which indicates the rapid level of change in CSR in Slovakia.

Providing information about CSR activities is part of the implementation process. Many companies within our sample describe their CSR-related and philanthropic activities on their websites in detail. This includes cooperation with NGOs, projects supported by company, information about company volunteering, etc. Some companies publish journals to publicize their CSR-related activities.

Seven companies surveyed in our sample belong to the good practices category in regards to public disclosure. These companies provide detailed information about their CSR activities; each has its own CSR report publicly available; and other information about the company is transparent. Some of these companies are members of the Business Leaders Forum and Club of Corporate Philanthropists (CCP). These two associations do a good job of pressuring organizations to be as transparent as it is possible. One of the main conditions for membership in BLF and CCP is regular reporting on CSR activities, including a detailed accounting of how much money is allocated to CSR and philanthropic activities.

Another 14 companies within our sample (most of them private national companies or subsidiaries of private multinational firms) can be viewed as on the way in public disclosure. Some of these companies make information regarding their CSR activities publicly available, but few do so consistently. Based on our research, many companies consider public disclosure a

¹² www.rocnaspravask, accessed May 2007.

very important way to promote CSR and therefore they plan to publicize their CSR activities more aggressively in the future. A few companies disagreed about the importance of publicly disclosing their CSR-related activities.

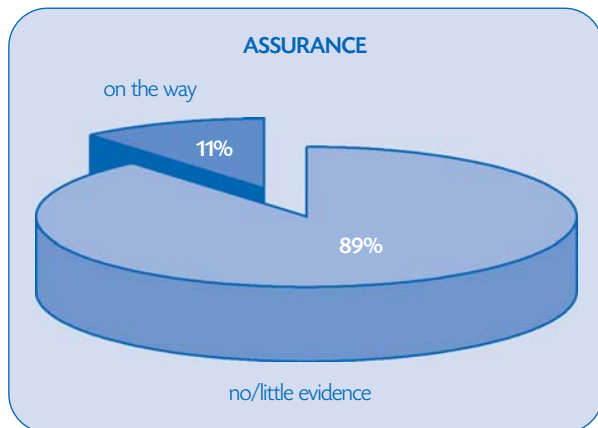
“We don’t want to present our activities to the public. CSR is not part of our marketing strategy. We are doing these activities because we feel it is important; there is no reason why we should publicize it.”

– Representative of a medium-sized financial institution

Most of the companies within our sample have no or little evidence of public disclosure. This is naturally the case for companies uninvolved in CSR. However, there are some companies that do engage in CSR but do not disclose these activities. Failure to disclose has to do with the fact that these companies, many of them state-owned, do not recognize their activities as a form of CSR.

D.6 ASSURANCE

Graph 6.



The assurance process seems to be the weakest point of CSR implementation in Slovakia. Despite the fact that some companies have well developed CSR strategies, governance, and stakeholder dialogues, not a single one has been the subject of independent assurance (see Graph 6). Companies that plan to conduct an external

audit for their own CSR reports were put into the on the way category.

In 2006, the Business Leaders Forum initiated the Benchmarking Corporate Community Involvement program, which helps companies measure the value and impact of their corporate community investment. The benchmarking program measures performance using an internationally accepted standard developed by The Corporate Citizenship Company, a corporate benchmarking group in London. Five companies decided to partake in the program in 2006, some of these companies were involved in our sample (Tesco Stores SR, a.s., Západoslovenská energetika, a.s., Východoslovenská energetika, a.s.).

“For the time being, we are introducing Benchmarking Corporate Community Involvement and if we succeed in this, we will think about other possibilities of complex external auditing of our CSR activities.”

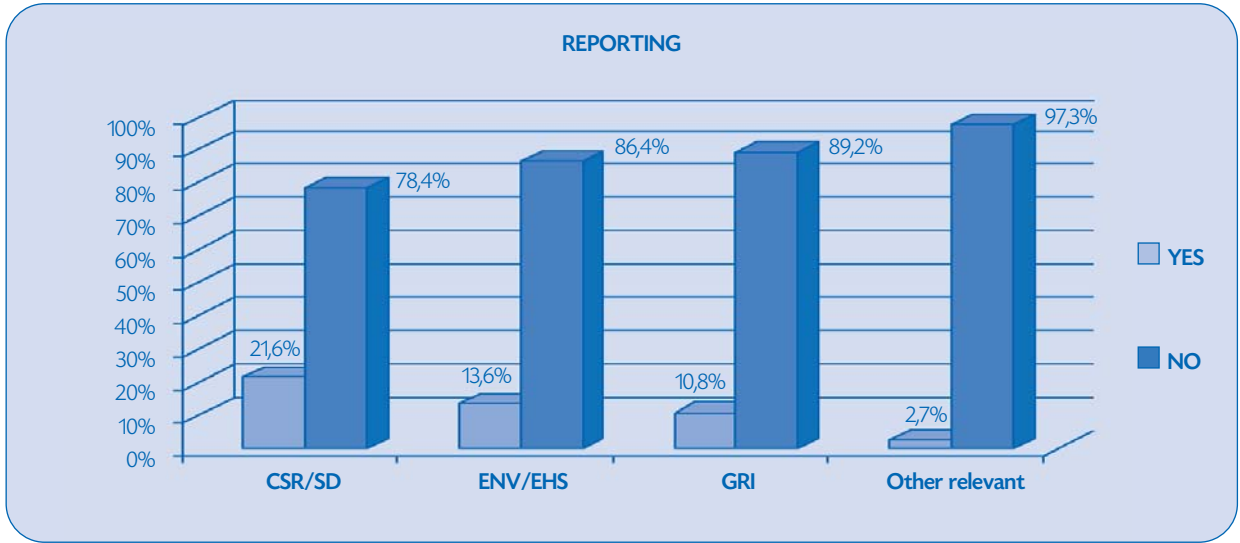
– Representative of a large state-owned company

Generally speaking, awareness of external assurance in the CSR field is low. Representatives of Slovak companies could rarely identify an independent institution capable of providing assurance of CSR reports. Whereas companies might do an internal evaluation of their CSR-related activities to determine if they align with their CSR strategy, none made systematic and independent evaluation a part of their CSR implementation plan.

During the course of our survey, a few companies were made aware of the possibility of CSR assurance and found it a very interesting, important tool. On the other hand, other organizations said they would be reluctant to conduct an external evaluation of their CSR-related activities; quite simply, they consider it useless. From their point of view, activities like corporate volunteering or community involvement cannot be evaluated in any practical way; they are “immeasurable”. This attitude was prevalent among those companies without a formal CSR strategy or relevant governance.

D.7 REPORTING

Graph 7.

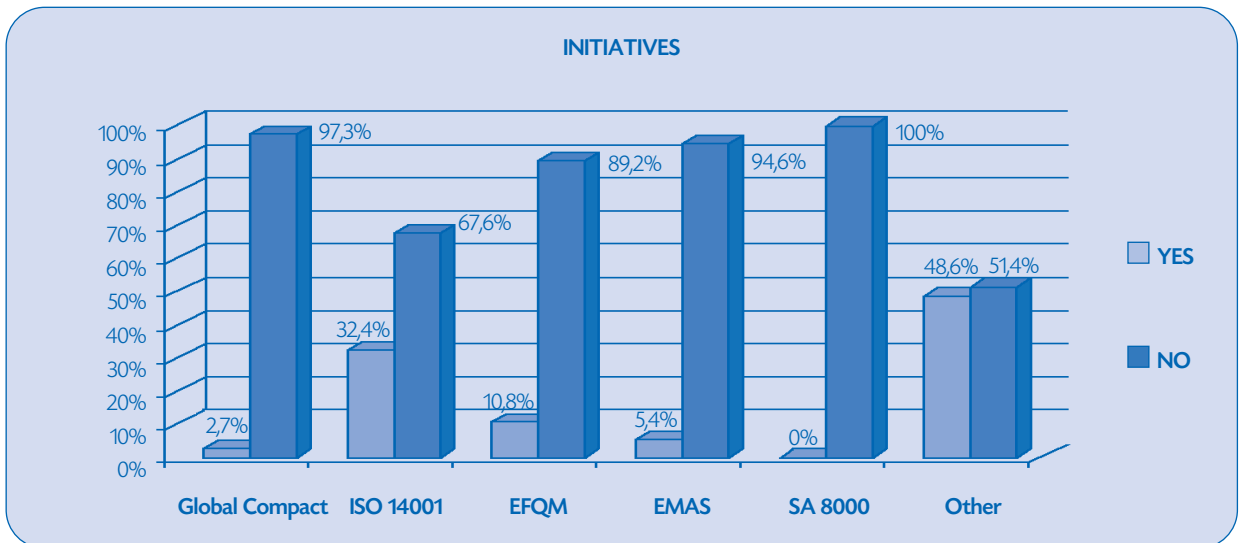


As far as CSR reporting is concerned, Slovakia's business sector is in its infancy (see Graph 7). Publicly available information on CSR activities is limited. This is true particularly of reports that go beyond the framework of the law (e.g. those that do not require disclosure by law). Structured and standardized information on CSR and other similar policies and activities are published mostly by affiliates of international corporations or firms with

foreign investors that have imported their CSR philosophy and/or activities from their mother corporations.

D.8 INITIATIVES

Graph 8.



In the field of initiatives, the ISO 14001 certificate is perhaps the only certificate where the share of firms that have obtained it seems relatively satisfactory. However, this is true only within our sample. If you examine the total number of companies operating in sectors where implementation of principles ensuing from this certificate is desirable, the number of Slovak firms that have obtained it (342 as of January 2007) is marginal (see Graph 8).

As far as other internationally accepted initiatives or certificates go, particularly Global Compact, EMAS or SA8000, the total number of firms that have obtained them remains unsatisfactory. The survey revealed a certain discrepancy with respect to the Global Compact initiative, as the number of firms claiming to be signatories is higher than the number official statistics indicate. The difference may stem from the fact that a number of mother corporations with affiliates in the Slovak Republic have signed the Global Compact and automatically implement principles ensuing from it into their Slovak affiliates' performance.

D.9 GOOD PRACTICES OF CSR IMPLEMENTATION

D.9.1 Good practice in terms of informal CSR: Anasoft

Anasoft is a good example of a company successfully implementing CSR in an informal way (informal because the activities are socially responsible but not necessarily models of CSR). Anasoft provides software services with the main goal of turning a profit; therefore, CSR is neither formally defined as a strategic goal nor considered crucial for business. The company itself doesn't even use the term CSR to describe its activities; rather it considers its activities examples of philanthropy, an outgrowth of a corporate culture interested in acting socially responsibly. Middle management within the marketing department takes care of Anasoft's philanthropic activities. The extent to

which Anasoft creates or participates in philanthropic projects depends on the commercial success of their business. The reason for Anasoft's philanthropy is provided by its chief executive officer: "We work to live, not live to work. It is therefore important to develop ourselves beyond the company's borders, so our lives are not simply about business and reaching targets at whatever price. We endeavour to develop a decent working environment, and CSR activities are about positive communication with our surroundings." The company makes a distinction between donor activities done for selfish or self-interested purposes and excludes them from their understanding of philanthropy.

Anasoft has clearly defined what kind of projects or themes to support as well as the methods of implementation. It divides projects between those that originated from inside the company and those generated from the outside. They rarely support one-shot activities or requests. Projects are based and developed on long-term cooperation with different partners, and their implementation usually takes more than a year. Project support can be categorized as internal (support for company employees), and external (support for the community).

The internet portal www.rodinka.sk is one example of an internal initiative. Since Anasoft employs a majority of young employees, family issues were a common topic of interest and concern. A company portal was designed to provide information relevant to families and extend help on a variety of family issues. Anasoft donated the technical support for the portal; the content is provided by an external source. The portal won first place in the "SlovakPrix Multimedia" contest in the e-Health category. One of the decisive criteria was an active reader base.

In cooperation with the Children of Slovakia Foundation, Anasoft established a fund to support education. Anasoft contributes direct financial support and collects money from other partners. The rationale behind this initiative was that many project proposals supporting education forget to offer the financial tools

to make such proposals accessible. The selection and transparency of activities is the responsibility of the Children of Slovakia Foundation.

Anasoft also cooperates with the Junior Achievement Slovensko providing skills and resource support (e.g. office space, time, training). The arrangement is mutually beneficial, according to Anasoft's CEO. "It is interesting for us as well as the students because we see what is important to young people, and we know what awaits us when they become employees."

Another Anasoft project is based on cooperation with universities. Called Analab, the project makes use of the latest scientific findings and information technologies to enlarge the company's portfolio of products and software solutions. Students get the chance to put their theoretical knowledge into practical applications and become part of a professional team.

Anasoft Litera is a project that started in 2006 in cooperation with the association Arts Litera. Anasoft Litera is an award for original Slovak literature. The rationale behind this project was that on one hand, Slovakia doesn't have a high-level literature award and on the other hand, such an award is needed in terms of identity and culture of the country. The Anasoft contribution is purely financial. The evaluation is performed by specialists in their respective fields, giving the prize a professional value and quality.

Anasoft doesn't measure the cost or success of these activities thoroughly in financial terms. Only direct costs that are visible in the accounting are defined, benefits are not defined in financial terms at all. It is best summed in the words of the CEO: "when I think about developing some activities oriented at social responsibility, the moment it is social responsibility, there's no reason to measure it. Of course there must be a certain feeling, whether it's good or not, but it's more emotional. It's enough if a couple of people stop you and tell you "well done" and it doesn't have to be a 200,000 member sample." The CEO realizes that benefit might come in terms of better presentation, whereas if a client identifies himself with the well known

activities of the company, the cooperation is easier. However as the CEO states, it is usually hard to say whether the target group for projects is the same as target group of their business and therefore stresses that the projects are not done for marketing purposes. Anasoft implemented the ISO standard of quality measurement into its business activities, therefore many things are formalized. The reason why Anasoft doesn't use standards and management systems to handle its CSR activities in general is its belief that healthy companies are able to effectively cooperate with the third sector without further specific instructions.

Transparency issues are handled at different levels. Transparency of external initiatives is usually left to partners such as in the case of the Children of Slovakia Foundation. With activities that were created based on internal company initiatives the CEO doesn't think there is a need for external evaluations or audits. "Dealing with our activities, that we directly support, nobody has reason to complain, because we have selected these activities ourselves, created them ourselves and we cooperate with people, with whom we have cooperated for a long time. Here it is more about the result of the cooperation than who with whom cooperates." Anasoft's performance in CSR was again awarded in the recently published 2006 VIA BONA awards.

D.9.2 Good practice in terms of perfectly defined CSR strategy: Orange

Orange Slovakia is the biggest telecommunication operator in the Slovak Republic. It provides the best example of good practice in terms of a formally defined and implemented CSR strategy.

The general strategy is defined on the international level of the Orange Group and all members of Orange Group are committed to implement it with specifications for local conditions. This strategy is consequently valid for subsidiaries. The CSR team consists of a CSR manager and 14 members of every department. Orange Slovensko reports on its

implemented activities, means of implementation, financial evaluation, goals achieved, and its strategy and future aims for the upcoming year in its annual report on Corporate Social Responsibility.

Orange has defined four pillars of socially responsible business: business principles, philanthropy and charity, rules for implementation of business principles into practice, reporting and independent auditing. The business principles have been a part of the program of social responsibility of the Orange Group since their formulation in 2002. CSR is thus based upon eight principles defined in compliance with the code of conduct that was put into practice for Orange Slovakia in 2006. Three principles are stressed in the 2005 CSR report: respecting needs, honesty and transparency.

Philanthropic and charity activities are supported by the non-investment fund Konto Orange, created in 2002. The mission of this fund is aimed mainly at support for educational and free time activities, support for regional development, minority groups (cooperation with the association Návrat), support for charity programs (Darujte Vianoce) as well as support for individual donorship (mobile financial collections), philanthropy and charity.

The Orange Group has implemented several rules of putting business principles into practice. These rules deal with different aspects of doing business such as methods of cooperation with providers, management of environmental aspects, management of health care aspects and ethical standards expected from employees. These rules were developed in close cooperation with France Telecom (100 percent shareholder of Orange SK) in order to reach compliance with pre-existing rules. An example of this is the summary of ethical principles that are supplementary to code of conduct of France Telecom and which deal with corruption and acceptance of gifts by employees.

Reporting and independent auditing is recognized as a keystone for CSR in Orange Slovakia. "We are

committed to executing the independent provision of our reports on corporate social responsibility in order to provide our shareholders with transparent and balanced explanation of our actions" (CSR Report 2005). Ernst and Young executes an audit for Orange Slovakia on an annual basis for selected national reports of Orange Group. Part of the transparency and reporting is also evaluating projects through measuring different indicators. These indicators deal with a wide range of social, ethical, and environmental questions and were developed with respect to rules of best practice. They enable performance measurement over time and are measured annually, thus they are able to incorporate new questions, structural changes and priorities. These indicators were created based on the experience of non-profit world organizations such as GRI, using standards such as AA 1000 and Rules of OECD for multinational corporations. At the same time the indicators are relevant in terms of learning about the impact of telecommunication enterprises on society and environment.

In the annual CSR report areas of interest that Orange Slovakia has supported on a regular basis are defined as follows: customers, employees, community, and environment.

Initiatives oriented on customers are defined in terms of quality and accessibility of service. For this purpose the satisfaction of customers is regularly measured. For example, the Customer Value Analysis was done for the first time in 2005. This analysis measured the ratio of costs for particular services to the satisfaction of customers. This survey is done biannually.

Orange Slovensko supports a wide range of activities aimed at its own employees and their families. In 2005 it won, for the second time in a row, the award for the best family policy in the Employer Responsive to Family competition. The social program of Orange Slovensko is divided into four categories: care for family relatives of employees and help in keeping the households running; financial contributions to the families of employees; support for leisure and recreational activities; and other forms of support

(healthcare and income). Feelings, opinions and satisfaction of employees are surveyed via repeated opinion polls. One result of these surveys is an initiative called "talk to the director". Based on an opinion survey, employees were interested in being able to contact the director of the company directly. This request was then transformed into a new method of communication beginning February 2005. Employees now have the possibility of an informal one hour meeting with the general director every first Monday in the month. The meetings are confidential. Other types of opinion surveys were focused on the feedback for managers about their performance. The reason for such surveys was the knowledge that managers to a significant extent influence the satisfaction of employees and the overall atmosphere in the company. Sixty-four percent of all employees participated in this survey and the result was an individual profile enabling future development of particular managers.

The Orange Group has created a strategy for corporate engagement in cooperation with communities called Community Futures. It is focused on how to enable people to participate in social and community life with the use of communication. The areas of interest are in compliance with France Telecom and are as follows: communication and the disadvantaged (deaf, blind and autistic), communication through music, and communication through education (literacy and female education in third world countries).

In the CSR Report 2005 Orange has inventorised the main categories of environmental issues as: electromagnetic radiation from antennas, energy consumption, waste from used phones and hardware, and waste from used batteries. Based on these main categories, Orange developed programs such as collection of used mobile phones, labeling functional mobile phones with disposal instructions, and other initiatives to contribute further to the sustainability principle of their business.

D.9.3 Good practice in terms of community support: Citi Slovakia

Citi Slovakia has been selected as an example of good practice because of its support and investment within the local community. The strategic goal of this company, according to the manager for external relations, is to engage with clients, employees and local communities with responsibility. This includes addressing and managing the expectations of all stakeholders the company has. These expectations were categorized into three specific areas: one, a responsibility towards customers and clients therefore not only creating products that will bring added value, but products and services that enable future cooperation and collaboration between the business and its client base; two, a responsibility to employees, based on strong internal communication, sharing of information and knowledge, and mutual support; three, the company`s responsibility in terms of its franchise and towards the good name of the company or brand. Citi Slovakia`s CSR activities are institutionalized and managed by the CSR Committee composed of ten people from different levels within the company. Citi Slovakia has identified two key areas of focus within its CSR activities: corporate governance and corporate citizenship. Corporate governance, according to Citi, means transparent and to a certain extent controllable company management. In this field it also means the responsibility towards the companies` own employees. Corporate citizenship means everything that a company does for the community. Realization of CSR brings a new line of understanding to the company`s mission and benefits the company internally through increased employee motivation and loyalty. Although it is not the primary intention, improvements in external communication and corporate image is also a benefit. However, as clearly defined by the manager for external relations, "It is not productive if CSR within a company is under the same heading as PR. CSR is about deepening the bond between the company and the community."

Slovak strategies of Citi are in compliance with global strategies. These are based upon the activities that are

associated with Citi's core competencies: financial education, support for entrepreneurs, social enterprises and microfinance. Strategy is aimed not only at community areas where Citi has an expertise, but also at activities which Citi can manage and contribute through its own internal workings, such as environmental responsibility (using eco-paper, monitoring different environmental indicators such as consumption, and other environmental management programs). At a corporate level within Citi are guiding principles mandating that the bank conducts its business using the appropriate values. This is the strategy not only within environmental but within social concerns as well. For example, besides the classical code of conduct that the bank has, it also has a specific code of conduct for financial professionals, which broadens and specifies the need to work against corruption and money laundering. This code is meant for all employees in direct contact with customers. The need for such specific training comes from the global character of Citi and from the fact that one of the economic impacts of CSR is working against money laundering, etc, which is very significant in such a global institution.

Projects in Citi are created and implemented in two ways. The first is top-bottom, where projects are implemented internationally, such as the global programmes with Junior Achievement-Young Enterprise, Habitat for Humanity, Global Community Day or Citi's Micro enterprise Awards. Here, global projects inform local markets and there is a sharing of best practice and knowledge. The second method is bottom-up, where projects are created locally, and shared internationally.

Specifically, Citi Slovakia in cooperation with The Pontis Foundation started an initiative called Engage. This initiative assembles companies from all sectors (financial institutions, IT companies, law firms, auditors, etc) with the aim to create a platform to support corporate volunteering. In 2006, Citi rolled out an international initiative called Global Community Day. On this day, 40,000 employees, family and friends gathered in 100 countries across the world, to volunteer their time in the community. Citi Slovakia participated in two

activities: money collection for an NGO dealing with victims of domestic abuse and their children, and support for a primary school in Lamač (Bratislava). It was up to the employee to choose the activity that fitted his/her needs and interest.

Citi's representative offers an interesting characterization of CSR: "CSR is always about multi-sectoral collaboration between the private, non-governmental and public sectors. The private sector is often the donor, the company that comes with financial sources and supports CSR in various capacities. The third sector or non-governmental sector is the executive, the sector that works with the private sector to make sure that they deliver a community or environment project that fits both their needs. But there is also the public sector whose aim is to create an environment that enables and empowers this cooperation between the private and the third sector. Going forward, how these three sectors act, react and interact will be important in setting the stage for CSR in Slovakia, but also in creating a platform for cooperation, transparency and communication. "

D.9.4 Good practice in terms of environmental CSR support: Holcim

Holcim operates in the field of provision and production of cement, aggregates and ready-mix concrete, mainly for western and middle Slovakia. They have a cement plant in Rohožník where about half of all Holcim employees work (up to 600 for the whole company). As said by the coordinator for CSR, the primary goal of the Holcim business strategy is to create value for all the stakeholders; including employees, providers, customers, and communities surrounding the production operations. This strategy is based upon five goals among which corporate social responsibility and sustainable environmental performance are explicitly mentioned. Environmental policy is built upon four pillars that have the members of Holcim group in common: management systems, effective use of resources to decrease environmental impact, and relationships with stakeholders. The formal documents

that manage the policy in sustainable environmental performance have an integrated policy of QMS, EMS, and HSMS. CSR and sustainable environmental performance is understood as a certain necessity on one hand, and as tool that helps to build a competitive advantage on the other.

Important in terms of CSR are activities outside of the compulsory legislative framework. An example can be given in the re-cultivation of the Konopiská clay-pit in Rohožník. According to legislative rules the producer must re-cultivate the land after mining the clay. The land was put into the correct state according to law, however, since it was left barren illegal trash dumps were created. Holcim reacted by building several islands and water systems, so that the landscape was been changed into moors, a biotope natural for that area. For this purpose Holcim created a fund for re-cultivation exceeding requirements set by the law. In Rohožník district it has re-cultivated several areas: (Malý Jarok, Šišova bída, Hrabník, Konopiská) with a total area of 50 ha. The environmental result is reinhabitation of these areas by different breeds of water birds whose number has doubled.

A second example of Holcim activities in the area of sustainable environmental performance is changing filters in cement production due to huge dust creation while producing cement. The production costs remained unchanged and a significant decrease of the emissions, far low below the limit stated by legislation, was also obtained. Compared to 1993, there was a 99 percent decrease. The complete cost for this change was 200 million crowns. Further plans for improving sustainable development include the ambition to publish a sustainable development report. What seems very important for CSR, according to Holcim, was the creation of separate position responsible exclusively for CSR and sustainable development activities. This person comes from middle management and reports directly to the CEO. The reason for this decision was to enhance external as well as internal communication, and to intensively communicate with people on the local level.

Based on the distinction of CSR and sustainable development, CSR is then based upon six pillars: corporate ethics, attitude toward employees, safety and protection at work, engagement in civic communities and relationships with customers and providers, and monitoring and reporting. As stated in the official documents: "We are committed to cooperating with groups that are influenced by our activities, to build and sustain relationships based on mutual trust. Our goal is to contribute to the quality of life of our employees, their families and communities surrounding our operations."

An example of this practice is in regional associations where Holcim is a member and active enforcer of sustainable development principles. Another project aimed at support for innovation in sustainable development is Holcim Foundation for Sustainable Construction. This foundation supports innovations in the building industry through regional and global competitions and an international forum. The commitment to cooperate with all the relevant stakeholders is represented by Holcim's close cooperation with five well known technical universities: Swiss Federal Institute of Technology, Zürich, Switzerland; Massachusetts Institute of Technology, Boston, USA; Tongji University, Shanghai, China; University of Sao Paulo, Brazil; and University of the Witwatersrand, Johannesburg, South Africa. The universities help to evaluate the projects within Holcim Awards and apply the innovations on scientific and technical levels.

D.9.5 Good practice in terms of wide range of CSR activities: US Steel

US Steel is very well known for its activities in CSR. Here it has been selected for its wide range of activities going through all three themes of CSR (social, economic and environmental). The CSR of US Steel was created at the beginning of the 20th century, giving a long history of experiences. It is, on the strategy level, based upon principles that in the words of the US Steel spokesman could be simply summed up into one statement: "doing the right thing." Some of the principles emphasized by the spokesman are as follows:

- “I believe that if the thing is right, it will succeed, sooner or later.
- The best results come when the practices are honest and clear. Bad long-term results come when the action is selfish, unfair and dishonest.
- I believe in competition, that competition drives not only the company but also the society further
- I believe in publicity; the most certain and most sensible of all regulators is public opinion.
- We have to put ourselves on a platform, on a certain level in a meaningful way such that it attracts the interest of others and forces them to do likewise.
- I believe that no industry, no company, can gain success in the long term, unless acting humanly and honestly towards its employees.”

The longevity of US Steel on the world market serves to reinforce these principles over time. CSR strategy is very well defined and principles are transformed into formal documents and rules. As written in CSR Report 2001-2005, the keys to sustainable success are six business drivers: safety, environment, quality, services, costs and productivity. Managers and other employees are evaluated according to these drivers. But what is significant for US Steel, according to Media Relationship Manager, is the attempt to connect the themes, projects and activities with one another and with business. Therefore they are able to create a variety of different activities in every area of CSR.

A good example in this respect is support for the Roma community. From regular communication US Steel has identified the need for technical equipment for the technical skills course in the primary school in Lunik 9—a well known Roma community in Košice with almost 100 percent unemployment. US Steel thus provided the equipment (material and tools for learning practical skills and protective clothes) and gave full safety training in the use of this equipment. The production of these protective clothes was given to sewing workshops of another Roma group that was created by another project. Therefore, two projects and two issues (safety and community support) were interconnected.

The code of conduct plays a significant role in CSR activities. “They aren’t just the words written on paper. Everybody saw that if US Steel published a code of conduct, management adheres to it and enforces it, then it is valid in good times and bad. It’s as if you are living somewhere and you know that you can rely upon your neighbour.” The code of conduct gives a clear message: you can’t be a part of the company if you do not follow these principles.

In terms of community support, a well known example of good practice is support for the Roma community. This specific project has been created in cooperation with the mayor of Ida in the Šaca district and the civic association Romintegra 7777. Within this project Roma people coming from areas of almost 100 percent unemployment were given contracts. It started with 20 people; today it is 155. The project is still ongoing. This project is an example of good practice in communication with stakeholders. Communication with the mayor of Ida has been regular, not only in crisis situations. The mayor of Ida defined the problem and US Steel proposed the solution. The condition was that the selection of people from the Roma community must be done through personal contacts, by a person who knows the members of the community and can tell who wants to work and who doesn’t.

Supporting education and the community, US Steel cooperates with an apprentice school in Šaca. US Steel is able to guarantee graduates of the school a certain number of positions three to four years in advance. This creates an incentive for students to graduate, and provides future job security.

When discussing the driving forces of CSR, US Steel recognizes the role of the government as the creator of a framework. “I think people, not the government, should be the driving force for social changes. Quite simply, it is either in people or not to affect change. I don’t think any governmental law could change corporate social responsibility overnight. The only ones capable of this are people.”

D.9.6 Employee-focused good practice: Dell

Dell is a multinational information technology corporation headquartered in Austin, Texas. Dell Slovakia, established in 2002, presently employs 1,600 people. This arm of Dell is primarily tasked with marketing, accounting and customer service functions.

According to PR Senior Communications Manager, the company relies heavily on a code of conduct. “We strongly emphasise the need to follow the principles of ethical behaviour. Our code of conduct is therefore a strategic document, where company goals are defined.” Dell Slovakia’s code of conduct follows seven principles:

- **Trust**—Our word is good. We keep our commitments to each other and to our stakeholders.
- **Integrity**—We do the right thing without compromise. We avoid even the appearance of impropriety.
- **Honesty**—What we say is true and forthcoming, not just technically correct. We are open and transparent in our communications with each other and about business performance.
- **Judgment**—We think before we act and consider the consequences of our actions.
- **Respect**—We treat people with dignity and value their contributions. We maintain fairness in all relationships.
- **Courage**—We speak up for what is right. We report wrongdoing when we see it.
- **Responsibility**—We accept the consequences of our actions. We admit our mistakes and quickly correct them. We do not retaliate against those who report violations of the law or policy.

Every employee must be familiar with this code and participate in the training. Dell has established an ethic link, which allows employees in every country to anonymously inform management about abuses of the code of conduct.

Dell is the 2005 recipient of the Employer Responsive to Family award for its wide range of measures to support

parents. Specifically, Dell provided women on maternity leave with home computers and Internet connection so they could stay informed about company activities and access online training. Dell also developed a women’s networking forum that brings female employees together to share information and create cooperation. Another employee-oriented initiative supports employees with children. Dell provides a list of kindergartens situated close to company premises that offer flexible hours.

Besides its strong employee focus, Dell supports the local community through an initiative called Global Community Involvement Month. The Dell donates both financial and human resources and supports philanthropic volunteering. The philosophy behind voluntarism is again employee oriented: employees propose community-based projects in which the employee can directly volunteer and Dell can provide financial support.

E. SLOVAKIA'S CSR IMPLEMENTATION CAPACITY

Slovakia's capacity to implement CSR should be analyzed and evaluated within the context of its own post-communist transformation, as well as the transformation of Central Europe as a whole. Bearing in mind the complicated democratic processes from 1991 to 1998, when economic reforms were essentially postponed and the country's reputation as "backward" prevailed, we can state that the concept of CSR in Slovakia has in fact developed adequately. This does not mean, however, that the issue of CSR has received high-level attention—even when compared on a relative basis with neighbouring countries.

E.1 THE NGO SECTOR IN SLOVAKIA

Civil society in Slovakia remains one of the most vibrant in Central Europe. Basic data about Slovak NGOs are recorded by different institutions, including the Slovak Statistical Office, the Ministry of Interior, the Ministry of Culture, and within the Service Center for the Third Sector. In 2006, the Ministry of Interior listed more than 22,000 organizations that could be considered NGOs. Of these, 95 percent were civil associations (societies, clubs, associations, movements, trade unions, international non-governmental organizations, various sports clubs) or their separate organizational units; 1.2 percent were foundations; 2 percent non-investment funds; and 1.8 percent non-profit organizations. According to the Slovak Statistical Office, NGOs employ more than 1 percent of the working population and contribute approximately 1.5 percent to the country's gross domestic product. Opinion poll data on voluntarism and personal charity show that Slovak citizens'

volunteering efforts are systematically increasing, and donations are even more frequent than volunteering. Moreover, the public holds a prevailing positive opinion of NGOs.

CSR promotion in Slovakia is conducted and promoted predominantly by NGOs able to define CSR in all its dimensions. Specialized NGOs have a clear vision of how corporations and all stakeholders might and should develop CSR principles and activities. According to interviews with stakeholders (e.g. The Pontis Foundation, PANET, Children of Slovakia Foundation), the NGO sector in Slovakia is effective at implementing CSR because:

1. The "third sector" is strong, vital, and vibrant;
2. When foreign donors left the country, NGOs were forced to search for new financing opportunities from domestic sources;
3. NGOs are involved in public policy making and are focused on cross-sectoral cooperation.

The implementation capacity of NGOs is limited to a certain extent, however. As interviews revealed, some NGO leaders believe the corporate sector should be the natural leader of CSR and its promotion. Since CSR should be driven by internal values, and a company's willingness to go beyond business must be put into a business context of profit and growth, NGOs must accept their roles as mediators, agenda setters, networkers and agents of awareness raising—but hardly leaders of the process.

E.2 CORPORATE SECTOR

Generally speaking, the **awareness and engagement with CSR is relatively low amongst business community in Slovakia**. This statement can be supported not only by quantitative data that are one of interviews result, but most importantly by impressions of researchers from interviews with company representatives.

In this respect, researchers were facing very different situations derived from very different understandings of CSR:

1. Company has not been aware of a term CSR and they were not involved. This has been a case of small and medium sized companies and some of large state-owned corporations.
2. Company recognized a term CSR, but in fact company was not practising it. This has been a case mostly among companies operating in regions of Slovakia, visibly in cases of marginalized regions.
3. Company has not heard about CSR, but in reality they were doing a lot in this field.
4. Company states they are involved in CSR activities, but in reality what they do is philanthropy, charity, and as far as Slovakia is concerned, just a 2 % dedications to precisely chosen NGO (usually either initiated, created, or even governed by a company).
5. Company claimed activities in the field of CSR and what they were doing was CSR in a broad sense.

The most common were examples from the group 3 and 4.

DIVERSITY IN A CSR AGENDA

There are different business-led initiatives in CSR that differ predominantly according to scale and origins. First, there are multinational companies that have branch offices in Slovakia. Their CSR agenda and strategy is significantly influenced and advised by a “mother” company abroad. In Slovakia, these companies exhibit the most developed CSR agenda; they are the ones most open to different stakeholders¹³.

Second there are large Slovak companies (250+ employees) from bigger cities (Bratislava, Košice). Interviews showed that this group starts to build certain aspects of CSR but very often loses direction

without action plans and a concise agenda. At the same time, this heterogeneous group confuses CSR with philanthropy. From the point of view of stakeholders, this group has the greatest capacity to implement CSR.

Third, there are large Slovak companies (250+ employees) from mid-size cities (e.g. Jelšava, Banská Štiavnica, Skalica) that do not have a CSR agenda but engage in philanthropy. Many are involved at the local community level and play an irreplaceable role in raising the quality of life in rural regions.

Finally, there are small enterprises; these comprise the most heterogeneous group. Many of these companies do not have a CSR strategy nor have they heard about CSR; some even refuse to be active in this field. Still, some of these small enterprises have created their own CSR without knowing anything about the concept (Komárňanské tlačiarne). This group tends to be very progressive in applying different CSR principles and strategies.

State-owned companies belong to a group that consists of all the above. Generally speaking, CSR is not defined at all within this group; very often it is not even understood as a term. Paradoxically, it is difficult to prove since the vast majority of state companies refused to meet with researchers.

CSR AS DISTINCT FROM PHILANTHROPY AND CHARITY

CSR in Slovakia is often reduced to philanthropy or charity for several reasons. Philanthropy as a concept has existed in Slovakia for longer than that of CSR. Moreover, philanthropy is less complex and diverse, making it more easily understood and implemented. Philanthropic activities are also more visible to the public than CSR activities, making it easier to generate support for it.

CSR awareness is relatively low within the local business community. Some companies are not aware of the term but in fact practice CSR. Other companies recognize the term and even claim to

¹³ Some companies have relatively expansive CSR strategies, as several interviews revealed. What they lack, however, is human capital. In order to be successful, companies need educated employees to apply their strategies. This visible lack of an educated labor force can be explained by poor academic preparation of students in the field of CSR at Slovak universities.

practice CSR, but in reality they are engaged in philanthropy or charity, or they have simply assigned their 2 percent tax dividend to an NGO. (The latter is the most common case in Slovakia.) Few companies can claim activities in the field of CSR, and what they are doing is actually CSR in its broadest sense.

Still, the situation is changing rapidly. Companies themselves are starting to develop more sophisticated and differentiated activities within this area. Corporate volunteering, environmental management, community involvement and other CSR-related activities are the currently most challenging issues for companies.

CSR TREATED AS A MARKETING INITIATIVE

CSR in Slovakia is very often treated by the business sector as a marketing effort. Editor-in-Chief Martin Mazág of *Stratégia*, a monthly Slovak publication, refers to CSR and marketing as one and the same: “CSR is becoming an extremely important agenda item for companies in Slovakia. Marketing in general is in crisis, and CSR is a chance to overcome it.”

Whether or not CSR is an extension of marketing is a controversial issue among key players supporting and implementing CSR. Opinions can be divided into two main camps:

1. CSR can be part of a company’s marketing strategy if the results benefit stakeholders (e.g. employees, NGOs, communities). The motive for doing “good works” is irrelevant.
2. CSR is a voluntary concept and must be separate from a company’s marketing and/or PR strategy. If a company is using CSR to its own benefit, it is abusing the very concept of CSR.

It is difficult to say which opinion prevails. Interviews with stakeholders indicate that they reflect personal feelings.

Companies are outwardly reluctant to admit that CSR is part of a marketing initiative. However, these

same companies rely on in-house marketing and/or PR departments to implement CSR-related activities. More often than not, it is the marketing director or the PR spokesperson tasked with CSR governance.

OUTSOURCING CSR TO FOUNDATIONS

Corporations often outsource CSR activities to foundations. Some of these are organized by businesses (business organized NGOs or BONGOs), initiated by businesses (business initiated NGOs or BINGOs), or independent foundations that cater to corporate agendas (quasi-autonomous NGOs or QUANGOs)¹⁴. The problem with such outsourcing is that CSR cannot be considered CSR once a corporation absolves itself of direct responsibility. In other words, when foundations act on behalf of corporations and its employees, it is an example of philanthropy, not CSR. The 2 percent tax assignment that corporations donate is likewise an example of philanthropy.

TAX DONATION: HELP OR HINDRANCE?

The financial viability of NGOs is considered their greatest vulnerability. Support from Western democracies has been instrumental in developing a vital civil society in Slovakia since 1989. However, changes to civil society legislation in 2001 made funding more complicated. According to an amendment to the Slovak income tax law (561/2001), tax payers were allowed to dedicate 1 percent of their income tax to civil society organizations. In 2003, parliament approved an increase to 2 percent. (see Table 2). The following year, an additional amendment allowed companies to dedicate 2 percent of their tax to NGOs (see Table 3). This last amendment was seen as a way to open new sources of revenue for NGOs, and as a way to help sustain the Slovak civil society sector.

¹⁴ Fisher (1997) in *Občianska spoločnosť v teoretickej perspektíve (Civil Society In A Theoretical Perspective)* by Michal Vašečka. Also appears in *Keď ľahostajnosť nie je odpoveď* by Majchrák, J. – Strečanský, B. – Bútorá, M. (eds). Institute for Public Affairs, Bratislava 2004.

Table 2: 2% tax 2001-2004 (private entities)

Year	Paid tax together (SKK)	Dedicated amount (SKK)	Entities that used the opportunity to donate (in %)
2001	27 600 000 000		
2002	29 928 712 247	101 882 272	36.91
2003	31 892 211 860	97 070 228	32.43
2004		266 466 218	41.78

Source: 1. SNSC, 2004.

Table 3: 2% tax 2003-2004 (companies)

Year	Paid tax together (SKK)	Dedicated amount (SKK)	Entities that used the opportunity to donate (in %)
2003	29 113 920 663		
2004		550 217 900	94.49

Source: 1. SNSC, 2004.

The number of registered NGOs fell between 2002 and 2004 (see Table 4). Some NGOs realized that they were not benefiting enough from tax donations and so did not register. The number of registered NGOs started increasing after 2004, which can be described as a turning point.

Table 4: Registered beneficiaries of 2% tax 2002-2004

Year	Number of registered beneficiaries
2002	4 035
2003	3 369
2004	3 829

Source: 1. SNSC, 2004.

Table 5: 2% tax dedicated to NGOs 2002-2004

Year	Financial amount
2002	101 882 272 Sk
2003	97 070 228 Sk
2004	816 000 000 Sk*

Source: 1. SNSC, 2004.

The year 2004 constitutes a robust increase in the 2 percent tax dedicated to NGOs, and that amount continues to rise (see Table 5). The Slovak government,

however, announced a plan in November 2006 to abolish the 2 percent tax assignment. For the time being, NGO lobbyists have managed to negotiate a compromise with the government to allow the 2 percent assignment to continue. Starting in 2007, the 2 percent tax assignment will only apply to certain types of NGOs. The Business Leaders Forum strongly opposes any change to the income tax law. They argue that 90 percent of companies donated 2 percent tax to more than 7,000 civil society organizations in 2006; of those 7,000, the BLF alone gave to 1,200 different organizations.

Besides state officials, others agree that changes in the income tax law are needed. The third sector (e.g. Changenet) argues that the 2 percent rule benefits only a few specialized NGOs and that the introduction of the law in 2001 served to cripple a previous, more effective system of private, tax exempt donations. Members of this study might agree that the 2 percent rule hinders the concept of CSR, since corporations use the 2 percent assignment to fulfil their "obligation" to social stewardship.

One positive result of the 2% rule is that it made the business sector more involved in civil society and the public good. It also inspired companies to cooperate more closely with NGOs, thus creating an opening for CSR.

E.3 GOVERNMENT

State institutions do not play any significant role in raising awareness for CSR, nor do they support its agenda. According to our survey the state fails to identify CSR in any of its documents; consequently, it has not created any CSR-related positions in its administration. Neither does the state provide any institutional framework that would encourage other sectors to help the government achieve its economic and social goals. State representatives do not understand CSR in its complexity; representatives of the Ministry of Economy believe laws regarding Social Funds ensure that companies fulfill their “obligations” to CSR. The Ministry of Social Affairs and Family can be said to understand the need for CSR-related activities, but strictly in terms of employee rights. The state as a whole remains ignorant of all other dimensions of CSR.

Coalition building between businesses and CSR stakeholders happens every day in Slovakia. The government’s involvement in such efforts could be very beneficial to it, given the country’s robust annual economic growth of 9 percent. At present, the government doesn’t use this potential. At the very least, CSR should be mentioned in the state’s National Sustainable Development Agenda or its National Program of Reforms of Slovakia for 2006-2008.

E.4 MEDIA

Like the government, the media has a limited capacity to implement and promote CSR. One reason is that it lacks partners, and those most likely to support CSR coverage often question the legitimacy of involving the media in the first place. Moreover, the media does not clearly grasp CSR and confuses it with philanthropy, thus complicating any implementation efforts at best.

The most powerful disincentive to the media’s support for CSR is its fear that it might inadvertently participate in corporate marketing efforts. The media understands CSR as an extension of corporate public relations—which is not entirely misguided, considering the way corporations use marketing strategies to drive CSR-

related activities. Only local media outlets seem willing to cover CSR-related activities without fearing reprisal.

Media representatives suggest that the corporate sectors’ communication about their CSR-related activities borders on incompetence. Clearly, the business sector needs to improve its own communication strategies regarding CSR. In order to build CSR capacities in the media successfully, business leaders and NGO representatives need to research ways to communicate with the media more effectively.

E.5 TRADE UNIONS

Trade unions in Slovakia are underutilized and not only in terms of implementing CSR. The Confederation of Trade Unions (KOZ) represented fewer than 510,000 employees in 2006. KOZ’s own involvement in politics may contribute to its image problem. Consequently, corporations and CSR stakeholders are unwilling to cooperate with them.

In general, Slovak trade unions are passive promoters of CSR. They have not initiated any CSR-related activities, nor do they show an interest in the concept. KOZ has not created any department or position to implement a CSR agenda.

Representatives of the Ministry of Economy believe that trade unions should play the most important role in CSR promotion in Slovakia. This finding is important for the future of state-supported CSR in Slovakia, since it reveals that the state might consider exerting pressure on trade unions.

E.6 ACADEMIA

The current implementation capacities of academic institutions in Slovakia are limited. According to a representative of Comenius University, which is the oldest and biggest University in Slovakia, academia can only make a difference in CSR by influencing students. But even this long-term strategy seems problematic, since academia fails to provide adequate discourse on the topic. Any inclusion of CSR-related topics is driven not by those in academia but by those employed at NGOs.

F. FINDINGS AND RECOMMENDATIONS

F.1 GENERAL FINDINGS

1. CSR promotion in Slovakia is conducted predominantly by NGOs. The NGO sector is strong in this field because of its need to search for new financing opportunities from domestic sources, and its focus on cross-sector cooperation.
2. There are different business-led initiatives in the sphere of CSR in Slovakia and they differ predominantly according to the scale and origins of businesses.
3. CSR in Slovakia is often reduced to philanthropy and charity.
4. CSR in Slovakia is very often, although sometimes unconsciously, understood by corporate business as belonging to the marketing department. CSR is often realized by marketing and PR divisions of companies.
5. Corporate businesses very often outsource their CSR activities to foundations, which are operating within the non-governmental sector (e.g. Bratislava Community Foundation, Children of Slovakia Foundation) or to foundations created by the companies themselves.
6. Although the 2 percent tax assignation cannot be characterized even as philanthropy, many companies describe it as their primary CSR activity.
7. The 2 percent tax assignation is changing and in certain ways crippling the very understanding of CSR. On the other hand, the 2 percent tax assignation created a very effective space for the corporate and non-governmental sectors to cooperate in CSR activities.
8. The awareness and engagement of CSR is relatively low amongst the business community. Some companies are not aware of the term CSR and are not involved; other companies recognize the term

but do not practise it; others have not heard about CSR but in fact do a lot in the field.

9. The most widespread cases of awareness and engagement are those companies that identify themselves as involved in CSR but in reality practise philanthropy, charity, or even merely assign 2 percent of their tax dividend to selected NGOs. Relatively few companies claim activities in the field of CSR and actually implement CSR in a broad sense.
10. There is a discrepancy between the general definitions of CSR and its understanding by business leaders in Slovakia.
11. State institutions do not play any significant role in awareness raising and capacity building of the CSR agenda. According to our survey CSR is not mentioned in any government materials. The Slovak government does not have a CSR strategy.
12. Trade unions show the greatest lack of knowledge as far as CSR is concerned among all other stakeholders.
13. The media often does not clearly understand the term CSR; at most, they understand it as a part of marketing on behalf of companies.
14. Implementation capacities of academia are limited and academic circles dealing with CSR are usually connected with NGOs.

F.2 MAIN FINDINGS OF THE RESEARCH AND RECOMMENDATIONS FOR IMPROVEMENT

F.2.1 Strategy

Companies with no formal CSR strategy develop certain activities that are directly attached to the character of their business (usually eco-activities) or to their employees. These activities are ad-hoc and spontaneous, and arise from the actual needs and ideas of different subjects within the company or from outside pressure. The reason for undeveloped CSR strategy is in most cases simple: companies do not

recognize the concept of CSR and do not use the term to describe their activities; therefore they don't recognize the need for a formal strategy to improve their performance in the respective field. Examples of good practice were dominant in subsidiaries of multinational companies because such companies could make use of the experience of their mother companies. Companies "on the way" in terms of developing a formal strategy are often new to CSR and just trying to define their position and implementation methods.

RECOMMENDATIONS

We strongly recommend that companies focus on creating a formal CSR strategy that defines the goals and methods of implementation and evaluation/measurement. Such a strategy is crucial to improving CSR activities; it enables companies to incorporate CSR into their core business, which is a keystone CSR success.

F.2.2 Stakeholder engagement

In general, stakeholder engagement is undeveloped in the Slovak Republic. The most common reason is that stakeholder dialogue is done on ad-hoc basis. Activities then have to be corrective rather than preventive. In very few cases did dialogue arise from within companies. Stakeholders (NGOs in particular) are the ones raising questions, addressing needs, and broaching topics, making it impossible for companies to be the main drivers. The second reason for poor stakeholder engagement is the lack of identification of a broad range of stakeholders. Companies communicate most often only with business stakeholders (business partners) and their employees. If a company has a well developed, formal CSR strategy, however, it usually has a strategy for communicating with and identifying stakeholders and is therefore able to incorporate them into its CSR activities.

RECOMMENDATIONS

Analyzing the statistical data based on interviews, we recommend that a company wishing to enhance its CSR undertake the following:

- Perfectly identify its stakeholders and develop regular dialogue. This enables companies to avoid ad-hoc project designs and opens the field to a variety of possibilities. It makes CSR implementation go smoothly and prevents conflicts.
 - Start CSR initiatives before problems arise; do not wait until someone else addresses the request.
- The NGO sector should insist on regular dialogue with companies and help them identify other possible stakeholders in their projects.

F.2.3 Governance

Governance is the action of developing and managing consistent, cohesive policies, processes and decision rights for a given area of responsibility. The governance of CSR therefore depends on the degree of implementation. Nevertheless, there are many different ways to govern CSR activities.

Nearly half of the companies within our sample have no/little evidence of any governance of CSR activities. One third of the companies have some kind of governance—there are people directly responsible for CSR but they are not members of a management team. Usually these people prepare reports for the management team but not on a regular basis. This model is typical for companies in the process of creating a CSR strategy. Good practices are represented by large (especially multinational) companies that have a formal CSR strategy in place. In a few cases there is a special CSR department, but more often there is just one person responsible for the CSR agenda.

One of the most interesting findings of this research is that the people responsible for CSR are often the most enthusiastic in the company and therefore are the "driving force" for CSR implementation. In many cases, CSR representatives are people who pressure management to be more proactive in CSR.

RECOMMENDATIONS

Companies should be more active in CSR governance. CSR strategies are often not formalized and thus those

responsible for its implementation are difficult to identify. As an option, companies should create a unique CSR department or at minimum assign one person to be responsible for CSR. This person should be a member of the management team and be required to report regularly on CSR activities. Without a formal organizational structure of CSR governance it is almost impossible to implement CSR strategy in consistent way.

F.2.4 Performance management

Many companies are new to CSR and have not developed the tools to measure the success of their activities, although they are trying. More than half of the companies within our sample have no/little evidence of any activities connected to CSR performance management. Even those companies that have assigned CSR to specific people or departments do not know how to measure or evaluate CSR.

Examples of good practice have been observed in only three companies. Another observation is that foreign ownership appears to encourage domestic management teams to perform their own CSR activities.

Some companies find it difficult to motivate employees to participate in CSR and therefore do not pursue its implementation. Other companies organize internal activities to showcase their CSR activities and encourage future efforts. Because not all the companies interviewed for this study produce goods, their ability to use labels emphasizing responsibility in fields such as the environment is not always possible. Companies truly interested in CSR implementation, however, go beyond the obvious and look for ways to behave responsibly.

RECOMMENDATIONS

Although the public perceives CSR as positive and businesses have good intentions, it is hard for companies to measure the success of their CSR activities. It is often impossible to quantify performance improvements, thus companies should solicit community feedback from the relevant stakeholders.

F.2.5 Public disclosure

Public disclosure of companies can be divided into two main groups:

- A) general information about the company;
- B) general information about CSR activities.

General information about a company is usually published in annual reports as regulated by law. Thus, publication cannot be viewed as voluntary. The degree to which a company publicizes its CSR activities depends on the level of commitment to implementing CSR. There are only a few companies that publish their own CSR reports, and if they do, these reports are made available online. A very important finding of this research is that many companies plan to publish a CSR report in the near future.

Companies that provide good information about their CSR activities are mainly large multinational companies that create their own reports and have a history of transparency. Some companies publish CSR reports but not in a consistent way. Most companies within our sample have no/little evidence of public disclosure. This is naturally the case of companies inactive in CSR, but there are some companies that do not recognize their activities as CSR and therefore do not report on it.

RECOMMENDATIONS

Companies should publish their annual reports online. In some cases, simple information about CSR activities is part of the annual report; as such, it is the only information on CSR made public. If the annual report is not easily accessible, information about CSR is virtually lost.

Many Slovak companies are doing a good job implementing CSR principles but do not communicate the fact. NGOs and other players in CSR promotion should organize seminars or prepare guidelines on how to publicize CSR activities. There are just a few organizations using GRI¹⁵ Sustainability Reporting Framework for reporting about CSR. General awareness about CSR reporting is very low. Members of the

Business Leaders Forum and Club of Corporate Philanthropists are successful in reporting their activities, but there are many other companies that should be involved in this process.

F.2.6 Assurance

The assurance process seems to be the weakest point of CSR implementation in Slovakia. Despite the fact that there are some good practices of companies with very good CSR strategy, governance, and stakeholder dialogue, no single report of these companies has been the subject of independent assurance. Generally speaking, awareness of companies about the possibilities of external assurance is very low. Representatives of Slovak companies often could not identify the independent institutions providing assurance of CSR reports. Companies often conduct internal evaluations of their activities and try to find out whether these activities fit into their CSR strategy, but nothing like a systematic, independent evaluation process is part of the CSR implementation strategies in our selected companies.

RECOMMENDATIONS

Assurance is the weakest point in CSR implementation in Slovakia. Companies are not aware of the possibility of external and independent evaluation. There are some institutions that provide assurance (e.g. DNV¹⁶, AD consulting¹⁷), but they are not well known. These organizations should play a more important role in raising awareness about their services.

F.2.7 Reporting

Reporting on CSR activities is insufficient in the entire business sector; most firms that normally pursue such activities do not have a clear strategy. Structured and standardized information on CSR and other similar

policies and activities are published mostly by affiliates of international corporations or firms. A majority of these are foreign-owned companies that have imported their CSR philosophy and/or activities from their mother companies.

RECOMMENDATIONS

It is desirable to strengthen general awareness about the importance of standardized reporting on CSR, mostly in terms of providing a framework for media content and creating communication strategies. It is also important to encourage the business sector to learn more about CSR reporting and to strengthen the mechanisms and structures that provide education on this issue.

F.2.8 Initiatives

Most Slovak corporations are at the beginning of the process of obtaining relevant certificates and joining internationally accepted initiatives. Leading the way in this respect are national affiliates of large international firms that automatically incorporate principles previously introduced by their mother companies, or foreign-owned firms that have previously obtained relevant certificates abroad. Not all foreign investors strive to obtain certifications on the national level, however.

RECOMMENDATIONS

It is desirable to invite certification bodies into Slovakia and encourage the business sector to implement principles ensuing from certification initiatives.

F.3 RECOMMENDATIONS FOR KEY PLAYERS IN CSR PROMOTION

F.3.1 Recommendations for state institutions

The state should systematically promote CSR in Slovakia; however, the state should not make CSR

¹⁵ www.globalreporting.org, accessed May 2007.

¹⁶ www.dnv.sk, accessed May 2007.

¹⁷ http://www.adconsulting.it/traduzione_SL.htm, accessed May 2007.

activities obligatory. Potential directives from the European Commission are not welcomed by the corporate sector, and most companies believe that directives are contrary to the principles of CSR. Rather, the state should play a crucial role in establishing a national CSR agenda, particularly within the Ministry of Economy, Ministry of Social Affairs and Family, and Ministry of Justice. Ideally, high ranking public officials should be held responsible for implementing CSR within the government and promoting it in the private sector.

As part of its overarching CSR policy, the government could:

1. Support environmentally friendly entrepreneurs;
2. Initiate and support CSR awards;
3. Introduce tax relief to companies with developed CSR activities;
4. Allow preferences to companies with CSR activities during state tenders.

The World Bank provides further recommendations, suggesting that the government should:

- Mandate—Define minimum standards for business performance embedded within the state’s legal framework;
- Facilitate—Enable and/or motivate companies to engage in CSR or make social and environmental improvements;
- Partner—Act as participants, conveners or facilitators of CSR-related activities;
- Endorse—Among others, demonstrate the positive effect of public sector management practices.¹⁸

F.3.2 Recommendations for academic institutions

Public universities should be a pioneer in CSR in Slovakia, raising awareness and building a critical mass for its implementation. At a minimum, academic institutions

should offer CSR courses at its various faculties of economics and management. These institutions are responsible for preparing students to eventually hold positions of power in the business sector, and these future managers should be well versed in implementing a formal CSR strategy.

F.3.3 Recommendations for NGOs

NGOs should continue working with the corporate world on promoting and explaining the principles and goals of CSR. This long-term goal can be achieved by spreading awareness of best practices and modeling appropriate behavior. NGOs should spend more energy promoting CSR among small- and medium-sized companies, which are sometimes more involved in complex CSR activities than their large multinational counterparts.

F.3.4 Recommendations for the media

The media could help raise awareness for, and increase the public’s understanding of CSR and simultaneously help create a social environment that encourages corporations to act responsibly and ethically. In order to achieve this, however, the business sector must improve its communication with the media so that it does not perceive such communication as corporate marketing efforts.

Public service broadcasters should better inform the public about CSR-related activities. Specifically, Slovak Television and Slovak Radio should not only inform the public about the state of CSR but also implement their own CSR strategy. Their CSR agenda should be reflected not only in their choice of media content but also in their approach to doing business. Given their social status as well as influence and public credibility, Slovak Television and Slovak Radio could greatly benefit CSR.

F.3.5 General recommendations

It would be beneficial for CSR in the long term to welcome trade unions into the group of stakeholders of CSR-related activities.

¹⁸ CSR Implementation Guide. Non-legislative Options for the Polish Government, The World Bank, November 2006.

In order to build modern CSR strategies, the corporate world should distinguish between a 2 percent assignation of tax, philanthropy, and CSR. CSR in Slovakia cannot be replaced by 2 percent tax dividend donations.

The UNDP can play a crucial role in CSR promotion and implementation because it is an international organization operating in many different regions. The UNDP should be a mediator between different stakeholders and players active in CSR promotion and encourage governmental institutions to implement their own CSR agenda.

G. ANNEXES

G.1 TERMS OF REFERENCE

Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness, and social cohesion in the EU¹⁹

Baseline study on CSR in new EU member states²⁰ and candidate countries²¹

National Expert Team

I. BACKGROUND

Context

The new Member States (MSs) of the European Union are facing integration challenges to adapt and internalize the most progressive developments of the EU. Moreover, new MSs and candidate countries have to unfold their capacity to respond rapidly to unprecedented global environmental and social threats, as they become integrated members of the global community, especially through economic and business connections.

Corporate social responsibility represents one of the most progressive developments in the private sector, urging private companies to evaluate their operations differently from what they are accustomed to, and to stretch the borders of their responsibilities. A narrow shareholder value approach is no longer valid under current environmental and social challenges, and the more open stakeholder model is paving the way into the business world as a tool for creating more innovative, competitive and sustainable business that benefits both business and society.

As business-to-business relationships are increasingly becoming based on CSR principles in the EU, the MS's businesses supplying other EU companies will eventually be asked to demonstrate their commitments to social and environmental values. Also, as investment foundations start to evaluate investment projects taking into account social and environmental criteria, and with the increasing emergence of green/social/ethical funds, there is a strong incentive for companies to comply with these new criteria and take advantage of the pool of these funds.

However, low awareness of CSR coupled with a lack of trust between social partners is making this process cumbersome. Also, several companies in the region perceive the lack of a conducive environment with appropriate economic incentives as impeding further engagement of companies in CSR activities.

To make CSR practices sustainable and responsive to local needs would require a number of complementary efforts, namely (a) a shift in thinking on the part of both businesses and stakeholders to acknowledge their respective role as partners in sustainable development; (b) raising awareness and knowledge of CSR; (c) creation of a business-friendly environment to support and encourage CSR practices and (d) strengthen capacity of both existing and future CSR stakeholders.

Regional Project

In the context described above, the United Nations Development Programme (UNDP) prepared a project proposal in 2006 and received funding from the European Commission to work on addressing some of CSR challenges persistent in the new MSs and candidate countries. The main objective of the project *"Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness, and social cohesion in the EU"* (Project) is to accelerate the implementation of CSR practices in new MSs and in candidate countries by examining the CSR activities and players; identifying capacity gaps and corresponding areas of intervention; exchanging experience and good practices; raising awareness; and building capacities of national stakeholders. The target

¹⁹ This project is carried out with funding by the European Union.

²⁰ Lithuania, Poland, Hungary, Slovak Republic, as well as Bulgaria as of 1 January 2007.

²¹ Croatia, Macedonia and Turkey.

countries of the project are: Poland, Lithuania, Hungary, Bulgaria, Slovak Republic, Macedonia, Croatia and Turkey (Project countries). Spain, Germany and the United Kingdom will be involved in the Project by contributing to an exchange of experiences and good CSR practices with the Project countries. The target beneficiaries are local (small-, medium- and large-sized) and foreign enterprises, business and professional associations, local and national governments, trade unions, academia, non-governmental organizations and the media in the Project countries. The Project will comprise three main components:

1. Diagnosis of CSR status and mapping out of the actors' engagement in CSR in the Project countries through research and consultations;
2. Promoting multi-stakeholder dialogue at the strategic level to enhance awareness and knowledge of CSR, contribute to the creation of social trust, and discuss the establishment of a business-friendly environment for CSR promotion and implementation;
3. Support development and strengthening of capacities of existing and future CSR stakeholders at the national/local level to promote and implement CSR.

II. OBJECTIVES AND SCOPE OF THE ASSIGNMENT

The Assignment under this TOR will involve the implementation of the first component of the regional Project—to diagnose CSR status and mapping out of the actors' engagement in CSR (Baseline survey) in a particular project country (Slovakia).

A baseline situation analysis of CSR issues is critical to understand the status of CSR awareness and engagement among the various targeted stakeholders in the region concerned prior to putting in efforts and formulating activities to accelerate CSR promotion and implementation in the region. Furthermore, any future benchmarking on CSR in the region requires the availability of a baseline data.

The main aims of the Baseline survey are to:

- Identify the actors/entities who promote CSR at the country level (further-CSR promoters).
- Assess the level of engagement in CSR of actors/entities promoting CSR at the country level

by mapping their past (not earlier than the past two years) and present CSR promotion activities.

- Assess the level of dialogue between different actors promoting CSR (e.g. through joint activities).
- Identify the level of foreign/domestic business engagement in CSR implementation at the country level and collect examples of good practices (in particular those that are linked to a business case).
- Identify capacity gaps/constraints of CSR promoters and business entities in engaging in CSR activities.
- Formulate recommendations and suggest specific activities based on the findings of the survey.

The survey will be carried out among all relevant stakeholders (local and foreign businesses, business and professional associations, trade unions, local and national governments, non-governmental organizations, media and academia) in the country.

The findings of the survey are expected to generate data at two levels:

1. At the level of actors involved in CSR promotion (business associations, NGOs, media, government bodies and others), the survey will inventorize who does what in which area of CSR and how their actions translate into a better understanding/awareness of CSR as well as practical actions on CSR by companies. The survey results will indicate how these actors influence CSR development at the national/local and company level and also serve a capacity needs assessment in achieving this objective with the ultimate aim of having a greater impact on CSR implementation.
2. At the company level, the study will provide:
 - a. a snapshot of the level of CSR implementation (according to sector, area of CSR and other parameters determined by the experts) ;
 - b. good practices in CSR implementation (focusing on business case);
 - c. an indication of their CSR implementation/engagement capacity.

III. METHODOLOGY

The Study will employ a variety of methodologies and will include both qualitative and quantitative methods, as follows:

1. Desk review (review of existing documentation and materials on CSR, identification of stakeholders, their activities, good practices, etc.);
2. Consultations/interviews with up to 30 national stakeholders and approximately 30 companies;
3. Preparation of national report and its presentation during national/local events.

In consultation with the European Commission as well as the project partners involved in the regional Project (The Pontis Foundation in Slovakia), the Commission's definition of CSR will be used as the main basis against which CSR status in the Project countries will be analysed, as well as internationally agreed instruments such as the ILO core labour standards, OECD guidelines for multinational enterprise, Recommendations of European Multi-stakeholder Forum on CSR, EU Charter of Fundamental Rights, Rio Declaration on Environment and Development, Johannesburg Declaration and its Action plan for Implementation, the EU Sustainable Development strategy and Aarhus Convention, UN Global Compact Principles and others, as appropriate.

It is expected that the baseline survey will be carried out in each Project country by a National Team of Experts (NET) employed by the Contractor, who will carry out desk reviews and consultations with national stakeholders and prepare and present the findings of the national baseline report at the national level. To assist the NET with methodological and other advice for the study and preparation of the national report, an international expert team will also be employed (IET). The role and responsibilities of the international experts will be the following²²:

- a) Develop a methodology (including sectoral approach, numbers of respondents, etc.) and a questionnaire for the baseline study to be undertaken at the national level.
- b) Conduct one field visit in the Project country to discuss the results of the desk review, meet with the

most important stakeholders, and advise the NET on the preparation of the national report.

- c) Draft a European synthesis report on the basis of national surveys conducted in eight Project countries and present it during a regional conference.

IV. EXPECTED OUTPUTS

The main expected output is a comprehensive National Report on the Baseline Study in English, including relevant annexes with detailed data. Also, a Powerpoint presentation in the local language should be prepared that can be used for its presentation with national stakeholders. The final report by the NET should contain, but is not restricted to, the following:

- Executive Summary (including main conclusions and recommendations);
- Background with analysis of the country context;
- Actors in CSR promotion in the country (governmental bodies, international organizations, civil society, private sector, etc.), key areas/activities of their involvement, relationship between these actors and their input to CSR promotion, if any;
- Good practices of CSR implementation in the country;
- Analysis of CSR implementation capacities in the country (at the level of CSR promoters and companies).
- Findings and recommendations for further activities (in particular with regard to awareness raising, capacity building, and establishment of national CSR agenda);
- Annexes (TOR, abbreviations, persons met, documentation reviewed or references, statistics, etc.).

V. MANAGEMENT ARRANGEMENTS

The overall coordination of the assignment and liaison with contacts at international level (discussions with the IET) will be ensured by the Regional Project Leader based at UNDP Lithuania. On a country level, local UNDP Office will take a lead role in dialogue and interaction with stakeholders on the findings and

²² Detailed TOR of IET is provided in a separate document.

recommendations, support the National Expert Team in liaising with the key partners and provide any other assistance as necessary in the process of carrying out the national Baseline study.

G.2 METHODOLOGY OF THE RESEARCH – SELECTION OF COMPANIES

The methodology for selection of companies has been prepared by the International Experts Team. The main aim of the selection procedure was to create a representative sample of companies. The research focused primarily on large companies (250+ employees) and therefore the sample includes a large proportion of this type of company.

The selection of companies also took into account the most significant industrial sectors in the country. The initial sample therefore included examples from each of the following types of industry: service, finance, agribusiness, extractives, chemical/oil gas, manufacturing and any other sectors significant to the national economy.

In order to identify companies to be included into sample we have used public available lists and databases of Slovak companies:

- **State-owned companies:** database of state companies founded by particular ministries (Ministry of Economy of SR, Ministry of Agriculture of SR etc.) Note: As state companies we consider those with major ownership of the state (more than 50 percent)
- **Large national and transnational companies:** databases of the largest companies of Slovakia (the largest employers of Slovakia, the largest producers, the largest financial institutions, etc.) and Company of the Year 2006 (Trend Top, National Union of Employers, The Business Alliance of Slovakia)
- **Small and medium enterprises:** database of small and medium enterprises (The Business Alliance of Slovakia, Slovak Chamber of Commerce and Industry, Company of the Year 2006)

Companies in our initial sample were selected randomly. The initial sample consisted of 10 small- and medium-sized companies, 11 large state-owned companies and 46 large private national and multinational companies. In spite of the fact that all of the selected companies were contacted directly by our researchers, the final sample was reduced to 37 companies. Many of the companies were reluctant to give us an interview due to time constraints. Some were not interested in our research at all and so it was impossible to arrange a meeting with them.

The revised sample is represented by different companies due to their size, type and sector:

1. Size of company

Size	Absolute figures	Percentage
5 – 49 employees	3	8,1%
50 – 249 employees	7	18,9%
250 + employees	27	73,0%
TOTAL	37	100%

2. Type of company

Type	Absolute figures	Percentage
Private - national	11	29,7%
Private – subsidy of multinational	17	46,0%
State - owned	9	24,3%
TOTAL	37	100%

3. Industrial sector

Industrial Sector	Absolute figures	Percentage
Services	17	45,9%
Manufacturing	6	16,2%
Finance	3	8,2%
Chemical/Oil Gas	2	5,4%
Agri business	2	5,4%
Extractives	1	2,7%
Other	6	16,2%
TOTAL	37	100%

G.3 PERSONS MET

STAKEHOLDERS			
Organisation	Person	Position	Date
1. The Pontis Foundation	Ivan Ježík	Program Director for Corporate Philanthropy and Corporate Social Responsibility	27. 03. 2007
	Michal Bunčák	Program Coordinator	05. 04. 2007
2. Komunitná nadácia Bratislava (Community Foundation Bratislava)	Monika Kompaníková	Program Coordinator	03. 04. 2007
3. Nadácia pre deti Slovenska (Children of Slovakia Foundation)	Lucia Štasselová	Executive Director	04. 04. 2007
4. PANET (Partners for Networking)	Eduard Marček	Director	11. 04. 2007
5. Integra Foundation	Dagmar Mekiňová	Program Coordinator	12. 04. 2007
6. Fórum Donorov (Donors Forum)	Katarína Podradská	Project Manager	11. 04. 2007
7. Ministerstvo hospodárstva (Ministry of Economy)	Peter Ondrejka	Director of Department of Economic Strategy	12. 04. 2007
8. Ministerstvo práce, sociálnych vecí a rodiny (Ministry of Labour, Social Affairs and Family)	Maria Jacková	Department of Equal Opportunities	16. 04. 2006
9. VUC Košice (Self Governing Region of Košice)	Dušan Šlosár	Head of Risk Management and Community Projects Department	13. 04. 2007
10. Podnikateľská Aliancia Slovenska (The Business Alliance of Slovakia)	Róbert Kičina	Executive Director	30. 03. 2007
11. Fakulta sociálnych a ekonomických vied Univerzity Komenského (Faculty of Social and Economic Sciences)	Miroslav Beblavý	Department of Public Policy	05. 04. 2007
12. Republiková únia zamestnávateľov (National Union of Employers)	Jozef Špirko	Vicepresident	17. 04. 2007
13. Stratégie	Martin Mazág	Editor in Chief	18. 04. 2007

COMPANIES			
Company	Person	Position	Date
1. IBM International Service Centre, s.r.o.	Marta Nováková Carmen Čapkovič	Marketing Director Corporate Community Relations	10. 04. 2006
2. OLO, a.s.	Roman Achimský	Director	11. 04. 2006
3. Continental Matador, s. r. o., Púchov	Petr Sehnal	Director	03. 4. 2007
4. Slovenský vodohospodársky podnik, š. p., Banská Štiavnica	Štefan Borušovič	Economic Director	12. 04. 2007
5. Citibank (Slovakia) a. s.	Branislav Cehlárik	Public Affairs Officer	02. 04. 2007
6. Slovenské magnezitové závody, a. s. Jeľšava	Ivan Nemeth	Director of Administration and Personal Affairs	03. 04. 2007
7. Hewlett-Packard Slovakia, s. r. o.	Branislav Makyta	Marketing Communications Specialist	12. 04. 2007
8. KPMG Slovensko spol. s r.o.	Luboš Vančo	Partner	02. 04. 2007
9. Západoslovenská energetika, a.s.	Ján Orlovský	Head of Board Administration	10.04.2007
10. U.S. Steel Košice, s.r.o.	Ján Bača Lubomíra Šoltéssová	Spokesman PR Manager	12. 04. 2007
11. Orange Slovensko, a.s.	Beáta Hlavčáková	Orange Group Relations Manager	27. 03. 2007
12. DELL, s.r.o.	Urszula Macher	PR Senior Communication Manager	03. 04. 2007
13. Anasoft APR s.r.o.	Stanislav Čekovský	Executive Director	28. 03. 2007
14. Tauris, a.s.	Stanislav Bruder	Human Resources Manager	02. 04. 2007
15. Holcim (Slovensko) a.s.	Peter Robl	Communication Manager	02. 04. 2007
16. Ernst & Young, k.s.	Zuzana Kochanová	Senior Marketing Coordinator	03. 04. 2007
17. Pivovary Topvar, a.s.	Dagmar Mandíková	PR Manager	03.04.2007
18. GlaxoSmithKlein	Mária Záhorcová	External Communication Coordinator	03. 04. 2007
19. SkyEurope Airlines, a.s.	Ms. Horváthová	PR Manager	11. 04. 2007

COMPANIES			
Company	Person	Position	Date
20. Komárňanské tlačiarne spol. s r.o.	Monika Bodnár	Marketing Manager	12. 04. 2007
21. Východoslovenská energetika a.s.	Andrea.Danihelová	Corporate Spokeswoman	13. 04. 2007
22. Vojenský opravárenský podnik Trenčín, a.s.	Ms. Žuchová	Human Resources Manager	
23. DEXIA banka Slovensko a.s.	Mr. Rozbora	Director of Human Resources Department	13. 04. 2007
24. Slovak Telecom, a.s.	M. Šuleková	Senior Human Resources Manager	10. 04. 2007
25. TESCO STORES SR, a.s.	Ms. Gerová	Corporate Affairs Coordinator	10. 04. 2007
26. Slovenská elektrizačná prenosová sústava, a.s.	Vladimír Puchala	External Communication Director	03. 04. 2007
27. Zinkoza a.s.	Mr.Klein	Director	13. 04. 2007
28. Penta Group	Jozef Špirko	Member of Management Board	17. 04. 2007
29. Philip Morris Slovakia, s.r.o.	Ms. Prokšová	Corporate Affairs Executive	18. 04. 2007
30. Slovenský rozhlas	Mr. Talian	Chairman of the SRO Board	18. 04. 2007
31. AllDeco s.r.o.	Mr. Mečiar	Director	19. 04. 2007
32. PROTHERM s.r.o.	Ms. Matulová	Human Resources Manager	19. 04. 2007
33. MERCK spol. s r.o.	Mr. Šlosárik	Director	19. 04. 2007
34. CSC Servis, s.r.o.	Mr. Zmeček	Sales Director	19. 04. 2007
35. SICA s.r.o.	Ms. Absolónová	Quality Manager	20. 04. 2007
36. Letisko Milana Rastislava Štefánika – Airport Bratislava, a.s.	Ms. Kalousková	PR Manager	20. 04. 2007
37. Železnice Slovenskej republiky	Martina Pavlíková	PR Manager	23. 04. 2007

G.4 GLOSSARY OF BASIC CSR-ORIENTED TERMS

CSR is an area that has its own specific terminology that can confuse people who are not initiated. Given that so far no widely accepted “guide to terminology” exists, in Slovakia there is no agreement between individual players on the meaning of certain terms that are in use. For this reason as well, the first publication about CSR in Slovakia (*Socially Responsible Entrepreneurship: An Overview of Basic Principles and Examples*) attempted to translate the lexicon of terms in order to unite the understanding of basic CSR terms in Slovakia. We will select at least the basic terms of CSR used also in Slovakia:

Accountability

The ability and willingness of an organization or its representatives to demonstrate the manner in which they handle resources, and the effectiveness of their activities.

Business-Community Partnerships

This term expresses support by businesses for the community including corporate philanthropy and corporate citizenship.

Corporate Community Relations

Relations between a company and the community in which it operates—this is partly about building relationships with other players and partly about the impact of company activities on the community. It includes programs that serve the interests of both the company and the community, such as corporate philanthropy, employee voluntarism, and community partnerships.

Corporate Governance

The nature of relations between the management of a company, the supervisory board, shareholders and other players. The administration of a company creates a structure through which the goals of the company are set along with the means to reach them and means of evaluating performance.

Corporate Philanthropy

Support by companies for non-profit organizations or projects through their own philanthropy or corporate foundations. This support can take the form of offering finances, products, material gifts, equipment, information, know-how or even the time of company employees.

Corporate Social Responsibility (CSR)

This is the overall relationship between a company and all of the other actors concerned—customers, owner-investors, employees, public administration officers, suppliers, competitors, communities, etc. It includes the company’s commitment to pursue its economic activities effectively and responsibly towards society and the environment while taking into account the interests of all actors concerned.

Charity, Charitable Organization

In Slovakia, the term charity or charitable organization is used to express the delivery of basic social aid to people in material need (e.g. offering food, clothing, accommodation), mostly by Christian organizations. The English term has a wider meaning and is used in the general sense of a non-profit organization.

Employee Involvement

This term covers various forms of cooperation between companies and non-profit organizations, which use the interest, time, talent and/or money of employees to the benefit of non-profit activities. This may include employee voluntarism, workplace campaigns, employee donations, matching donations from the company, etc. See also the term “employee volunteer programs”.

Employee Volunteer Programs

Some firms have strategies to motivate employees to get involved in volunteer activities of their liking within their own communities. This may help firms recruit and retain better quality employees, and motive their overall efforts. See also the term employee involvement.

Long-term Sustainable Development

The ability of a community or society to develop a strategy of economic growth and development that is

able to function without time limits but within ecological restrictions and that is a benefit to all of the actors involved as well as the environment.

Responsible Entrepreneurship

The United Nations developed a concept that recognizes the specific role of businesses in achieving sustainable development. At the same time it stressed that companies should develop their activities in a way that not only supports their own economic growth, but also contributes to the protection of nature and the environment, and increases their social engagement.

Social Auditing, Social Reporting

This concerns an audit which evaluates the output and activities of a company with the help of a range of social indicators examining labor relations, impact on the community, social dialogue, consultations with the actors concerned, the observance of labor standards and the contribution to the building of social architecture. These terms arose in the context of socially responsible entrepreneurship (see the definition) and address a wide range of corporate activities, not just the observance of minimum labor standards. They should not be confused with terms like monitoring, inspection or verification, which are used in the context of ethical trade.

Social Entrepreneurship

Entrepreneurship that connects the creation of profit with a wider social calling. It can be performed by non-profit companies as well as companies that have some socially beneficial goal (such as non profit organizations that do business in order to gain funds to fulfill their mission or to meet the needs of the community).

Social Impact Assessment

A systematic analysis of the impact of an activity or project by a company or organization on the social or cultural situation in a given community.

Stakeholder

Any individual, group or entity that directly or indirectly influences or is influenced by the activities of a firm or organization. This includes internally concerned actors

(such as employees and their families, unions, volunteers) or external actors (clients, customers, suppliers, owners, donors, financial groups, the local community, politicians, professional and academic organizations, environmental groups, the biosphere, the overall population, etc).

Tax Assigantion

The ability of individuals or legal entities to assign a certain share (2 percent in Slovakia) of their paid taxes for the previous tax year to some non-profit entity (for more go to www.rozhodni.sk).

Transparency

The system of doing business in an open manner and offering information to allow all concerned players to monitor decisions, activities and the resources used. It helps to build the trustworthiness of organizations and confidence among the public.

Venture Philanthropy

This is a model of charity giving in which the “investor” creates a close and long-term relationship with a non-profit organization, and offers not only money but also energy and expert knowledge. Such donors treat their gifts as investments and regularly demand effective results and proof that these gifts are having an impact on society.

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G.6 Abbreviations

BINGO	– business initiated NGO
BLF	– Business Leaders Forum Slovakia
BONGO	– business organized NGO
CEO	– Chief Executive Officer
CSR	– Corporate Social Responsibility
CVA	– Customer Value Analysis
ERM2	– Exchange Rate Mechanism 2
ESA 95	– The European System of Accounts 1995
EU	– The European Union
FDI	– foreign direct investment
GDP	– gross domestic product
GRI	– Global Reporting Initiative
ICT	– information and communications technology
ISO	– International Organization for Standardization
KOZ	– Confederation of Trade Unions
NACE	– the international coding system for industrial classification used by the EU
NBS	– National Bank of Slovakia
NGO	– non-governmental organizations
OECD	– Organization for Economic Co- operation and Development
PANET	– Partners for Networking
PR	– public relations
QUANGO	– quasiautonomous NGO
SD	– sustainable development
SR	– the Slovak Republic

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