What is Corporate Social Responsibility?

1.1. CSR within the European Union

In short

Corporate Social Responsibility (CSR) describes the general responsibility of a company for sustainable management in an economical, ecological and social respect. The multitude of companies and markets results in different interpretations of the term. As an orientation guide, CSR is defined as follows by the European Commission:

"Corporate Social Responsibility (CSR) is a fundamental concept designed to help companies integrate social and ecological concerns into their corporate activities and relationships with stakeholders."

Learning targets

- Get to know the CSR definition of the EU commission
- Be able to clearly illustrate the CSR management concept

CSR learning contents

In 2001, the European committee published a Green Paper on CSR entitled "European framework conditions for corporate social responsibility (CSR)". The definition of CSR contained therein has established itself in the economic, social and political discussion. It reads as follows: "Corporate Social Responsibility (CSR) is a fundamental concept designed to help companies with the voluntary integration of social and ecological concerns into their corporate activities and their relationships with stakeholders."

This definition of CSR describes the responsibility of companies on three pillars of sustainability (1.) Economy/"Profit", 2.) Social affairs / "People" and (3.) Environment / "Planet" (so-called triple bottom line). An easily interpretable triangle can be formed comprising "People / Planet / Profit" as vertices (see diagram). This triangle can be considered in companies to symbolise effects on the economy, social affairs and the environment. CSR management integrates social and ecological goals into the corporate activities in such a way that the economic success can be combined with the benefit for the society and the environment (so-called win-win situation).
The crucial element of the CSR definition from the European Commission is the voluntariness of the concept. It highlights advantages and disadvantages for the implementation of CSR: On the one hand, the principle of voluntariness emphasises that CSR is supposed to go beyond the statutory provisions. Thus, CSR is supposed to make an additional social and economical profit possible. In addition, it is preferable if companies can decide by themselves what can socially and economically be improved aside from complying with the statutory provisions. This allows companies to focus CSR closely on their main line of business and to develop an individual strategy. However, on the other hand CSR may be criticised as an empty phrase or "Greenwashing" of public relations because of the lack of a legally binding character for the implementation of CSR due to its voluntary character.

As an additional characteristic of the EU definition, CSR integrated into corporate activities is not so much focusing on the extent the generated profit is used for socially or ecologically relevant purposes. In fact, integrated CSR means that all processes capable of generating a profit are socially and ecologically sustainable. Consequently, CSR should refer to the entire life cycle of products and services (e.g. product development, value added chain, life span and recycling). The following statement by Kellie McElhaney, director of the Centre for Responsible Business at the University of California, brings it to the point: "CSR is not about how you spend the money you make. It's about how you make the money you spend."

Moreover, a credible and sustainable CSR concept covers all functions within the company. In order to have the path for achieving this understood less as cost-related expenses but rather as an investment into an improvement process, comparable for example to investments into quality management, the stakeholders (so-called interested parties in the company) play a key role: In the process of the CSR strategy, a systematically managed stakeholder dialogue activates all groups and stakeholders who (potentially) have a real impact on the latitude of a company.
Additional information and resources

Green Paper entitled "European framework conditions for corporate social responsibility in the EU (CSR)"


English Version:

German Version:

Portuguese Version:
What is Corporate Social Responsibility?

1.2. Definitions and concept classifications in the field of CSR

In short

In the corporate practice as well as in scientific and sociopolitical discourses, voluntary corporate responsibility and commitment are addressed under different terms. The most commonly used terms are Corporate Social Responsibility (CSR), Corporate Responsibility (CR) and Corporate Citizenship (CC).

Learning targets

- Develop a comprehensive understanding of differently used terms relating to the voluntary corporate responsibility and commitment

CSR learning contents

Corporate social responsibility is increasingly distributed and further developed throughout the world under various concepts and names such as especially Corporate Social Responsibility (CSR), Corporate Citizenship (CC) and Corporate Responsibility (CR). Because no globally uniform definition of corporate social responsibility exists, the concepts relating to the topic are historically and culturally influenced both in the corporate practice as well as in the scientific and political environment and vary depending on the respective regional or national understanding, legal framework conditions and corporate focus.

The idea of corporate social responsibility and civil commitment is mainly based on liberal market economies with relatively few welfare state institutions. In contrast, state-run, collective bargaining or corporate structures result in a different understanding of corporate responsibility and civil commitment in social market economies or welfare states such as they are predominant in Europe.

The following definitions of CSR, CR and CC have been collected from the glossary relating to corporate responsibility issued by the CSR forum of the German Federal Government and illustrate the differences and overlaps in the conceptual classifications:
Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to companies and other organisations and institutions who voluntarily accept social responsibility - beyond their statutory duties. The European Union defines CSR as a system "designed to help companies integrate social and environmental concerns into their corporate activities and into their interaction with stakeholders on a voluntary basis". CSR does not replace political actions and legislation. However, CSR offers the opportunity to pursue further social goals and to set standards.

Corporate Responsibility (CR)

Corporate Responsibility (CR) describes the sense of responsibility of a company any time its business activities affect society, the employees, the environment and the economic surroundings. In the process, corporate responsibility stands for a corporate philosophy in which the focus is on transparency, ethical conduct and respect of the stakeholders. The term comprises the topics Corporate Social Responsibility (CSR), Corporate Governance and Corporate Citizenship. The terms CR and CSR are often used synonymously; yet the concept of CR is significantly broader than the one of CSR. The concept of CSR has a greater focus on ecological and social challenges for companies, thus only considering two of the three dimensions of sustainability. While CSR only conceives the profit of a company as framework condition for responsible corporate actions, the concept of CR explicitly integrates the economical dimension of sustainability. The open dialog with relevant stakeholders is one of the cornerstones of CR. This includes for example customers, employees, investors, suppliers, the state and non-governmental organisations.

Corporate social commitment (Corporate Citizenship / CC)

Corporate social commitment refers to voluntary non-profit investments into the community made by a company. For this purpose, the company provides for example money, products or the know-how and manpower of its employees. Commitment can be realised with a variety of tools, such as donations and sponsoring, corporate volunteering and public private partnership. In order to be credible, the commitment should be integrated into the sustainability strategy of companies and have a close connection to the main line of business or core know-how. Social commitment is capable of generating advantages both for society and for the company, resulting in a so-called win-win situation.

Conclusion

No universally valid conclusions can be drawn with respect to the conceptual classifications in the discussion about voluntary corporate responsibility and commitment. In fact, the basic concepts and management approaches relating to this topic are expanding when looked at more closely. Terms such as sustainable management, value-based management and responsible corporate management
can also represent comprehensive approaches which can be described both as CSR as well as CC.

The interpretation that Corporate Citizenship (CC) is the partial aspect of CSR which describes the external dimension within the meaning of a positive corporate influence on society is widespread. However - depending on the case - the terms CSR and CC are used interchangeably with the explanation that the term Corporate Citizenship is more approachable and easier to bring across to the business world.

**Exercise 1.2. (approximately 15 minutes)**

Allocate the corporate activities below to the terms CSR, CR or CC. Multiple nominations are possible. Discuss and justify your choices.

The building company "CSR Hochbau"...

A) is donating 10,000 Euro to the nursery school of a village in which the company recently completed a major residential development. The sale of the apartments is sluggish.

B) is betting on the trend "assisted living for seniors" and plans to develop a presentation condominium in the exclusive high-price segment of a health resort. The demand from the larger catchment area is significant.

C) is introducing flexible work hours for office employees.

D) is appointing a renowned artist from abroad with the design of a sculpture for the outdoor area of a newly constructed office building.

E) is compiling a CSR brochure with selected construction projects to emphasise ecological construction measures used in certain projects.

F) is responding to media accusations of partisanship involving a major construction project with an ethics code for the employees of the company.

**Additional information and resources**

CSR forum of the German federal government

http://www.csr-in-deutschland.de (Website in German)
http://www.csr-in-deutschland.de/portal/generator/4420/startseite.html (Website in English)
The project “InnoTrain CSR” is organized by GILDE GmbH and has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein. 12/2010
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1.3. Social entrepreneurship and social business

In short

The goal of social entrepreneurs is to identify and implement innovative entrepreneurial solutions for urgent social problems. The content and purpose of the work as social business is strictly of non-profit nature; this is the key difference compared to the profit orientation of traditional companies.

Learning targets

- Contrast differences, interfaces and potentials of CSR and social business
- Reflect the concept of social business and the social enterprise as perspective for the professional development in the field of CSR

CSR learning contents

In the debate about Corporate Social Responsibility (CSR), social entrepreneurs and social business are regularly discussed as a related and partly competing concept. CSR describes responsible corporate management as a profitable business model and a secondary solution to a social problem. In contrast, the primary objective for the social entrepreneur and the social business is in finding solutions for corporate, ecological and social shortcomings.

Consequently, social business describes a corporate activity committed to achieving a sustainable significant positive change in society through innovation and pragmatism. Possible fields of action include education, environmental protection, combating poverty or human rights. Because the idea of making a profit traditionally takes a back seat in social business, the co-operation, donation, grant or income-based financing models are focusing on the respective social goals. The path to generating income strongly depends on the fact whether paying customers, i.e. a market exists for the topic-related concern.

Social business experienced an upward trend in the economic and (development) policy-related agenda thanks to the peace Nobel price in 2007: Bangladeshi economist Muhammad Yunus was awarded the price for his micro return system "to the poorest of the poor". Since its foundation, the Grameen Bank (translated: Village Bank) has been geared toward a population group which has been classified as not credit-worthy by commercial credit institutions. Meanwhile, the Grameen Bank itself has become one of the most successful banks on the continent and has grown with a
corporate social business family which is dealing for example with the shortcomings of the poor concerning access to communication technologies, education and healthy food.

Meanwhile, Muhammad Yunus and other organisations have also created a cooperation option relevant for the corporate CSR management: Social business joint ventures with commercial enterprises. For all intents and purposes, social business and the corporate CSR strategy are interacting in this form of organisation. Social as well as economic value is generated jointly in that social entrepreneurs and traditional companies are taking turns with the management and are contributing their expertise. For companies, this includes for example their products as well as the financing, while social entrepreneurs are in the possession of sales networks as well as information about and adequate financing models for the customer. An example of these types of alliances, especially with respect to the poorest of the poor, the “base of the pyramid market (BoP)”, is a joint venture between Danone and the Grameen Bank (see example case).

Ashoka is the first and largest international organisation for the promotion of social entrepreneurs. Since 1980, the organisation has selected and promoted close to two thousand people as fellows in more than seventy countries. Many of them succeed in developing their projects into profitable companies over time, but re-invest their profits to continue pursuing the social goal. Others remain dependent on donations and endowments because they are working in fields in which it is impossible to generate financial income on the free market. Muhammad Yunus is the best known fellow of the organisation.

**Example case (based on information provided by the company)**

"Grameen Danone Foods - Social Business Enterprise" - is the name of the joint venture between Danone and Grameen Bank with which Danone is embarking on a new path in Bangladesh. It is a social business - the focus is not on generating a profit but on the social commitment for combating poverty in the Third World. Generated income is re-invested into the company. A maximum dividend of 1 percent is permitted.
Danone is producing "Schokti Doi" yoghurt here in local factories using the milk from local farmers. The milk is purchased at a fixed price and free veterinary service ensures the health of the animals and as a result the quality of the milk. The yoghurt is sold by the "Grameen ladies". They are going door to door with a cool bag and sell the product for 6 cents per cup. This corresponds to the local consumption level. The Grameen ladies are earning a small amount for every cup sold, allowing them to earn a livelihood.

The produced yoghurt is vitamin A, zinc and iodine-enriched. It is tailored specifically to meet the needs of Bangladeshi children who are often malnourished. One 80 gramme cup of yoghurt covers 30 percent of the daily vitamin A, zinc and iodine requirements of a child. The product was developed in accordance with the corporate vision of Danone "Bring health through food to as many people as possible".

The project was launched with great success in 2006. So far one factory has been set up in Bogra, producing close to 10,000 cups of yoghurt daily and providing a work place to 50 people. Other production sites are planned; 50 factories are slated to be opened throughout Bangladesh by 2016. The yoghurt is to be produced in local factories for the corresponding region in order to save expensive and high-energy cooling transports across the country.

To help the locals produce milk for the factory or to work as "Grameen lady", the Grameen Bank is awarding micro credits at an average amount of 30 to 40 Euro. This allows farmers to buy a dairy cow or feed and to finance refrigerators for storing the milk until it is picked up for delivery to the factory. The credit provides the Grameen ladies with kick-off financing to fill for example their first cooling bags. In doing so, the joint venture is creating work spaces, supporting the agricultural sector, while at the same time securing the food supply for the local people.

The investment sum for the construction of other factories is collected via investment fund of the "Danone communities". People around the globe have the opportunity of participating in the project with an investment.

**Additional information and resources**

The international website of Ashoka for the promotion of social businesses

http://www.ashoka.org/international

For example: Grameen Danone Foods

German Version: http://www.danone.de/grameen.html
Portuguese Version:
http://www.danone.pt/folder/press/docs/372_DIARIO%20ECONOMICO_DANONE%20GRAMEN.pdf

Hungarian Social Business Tour 2010

http://www.szocialisfejlesztes.hu/index.php?option=com_content&task=view&id=214&Itemid=1
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1.4. Corporate ethics and value-based management

In short

Corporate ethics deals with ethical rules and principles within a commercial context. Corporate ethics is expressed in very specific situations in which company owners, managers and employees are faced with difficult business decisions. It concerns basic fields such as truthful accounting, compliance with rights of employees and fairness in business relationships. By developing corporate mission statements or codes of behaviour and ethics, principles for Corporate Social Responsibility (CSR) and a value-based management system can be derived from corporate ethics.

Learning targets

- Get to know the terms corporate ethics and value-based management
- Discuss values and standards as basis of CSR and value-based management

CSR learning contents

Normally, corporate ethics is not dealing with the justification of ethics, but rather with the evaluation of practical questions, problems and duties associated with business actions and relationships. Decisions relating to corporate ethics arise for example, if business interests (often in connection with so-called inherent economic necessities) are conflicting with the ethical conduct or personal attitudes and values of the actors.

The distinction between values and standards is helpful for understanding corporate ethics. Values are objects, spiritual or religious customs or goals considered important, valuable or desirable - usually by a group such as for example the employees of a company, stakeholders or the entire society and different cultural circles. Some examples include peace, freedom, progress, human rights, property, solidarity, education or fairness.

Standards are value-based expectations. Standards are a basic orientation guide for the individual and his/her social and professional life. A simple example of standards is: "Our Company is not open on Sundays" - the associated values may be the recovery and health of the employees.
Deontological ethics (e.g. Immanuel Kant) and utilitarianism (e.g. John Stuart Mill) are particularly important movements in the field of ethics.

Deontological ethics is based on the principle that "the good" is something firmly established from time immemorial, something defined independently of human insight and so the main thing is to recognise the moral command. For example, this type of ethics can never justify a lie, even if a moral motivation can be detected behind it.

In contrast, utilitarianism is strongly focused on the consequences of an action and considers an action as being morally good if it is useful. If the good consequences outweigh the potentially bad consequences of the action, the action is justified within the meaning of utilitarianism. In short, "the final outcome" is what's relevant.

Companies are able to express the basic economical, social and ecological corporate values within the scope of CSR and value-based management. A structure scientifically referred to as "Value square" (Prof. Dr. Josef Wieland, Constance University) can be used as practical access point. A "Value square" is divided into 1. performance values, 2. communication values, 3. cooperation values and 4. moral values.

**Performance values**
- Benefits
- Qualification
- Willingness to perform
- Flexibility
- Creativity
- Focus on innovation
- Quality

**Communication values**
- Respect
- Belonging
- Openness
- Transparency
- Communication
- Willingness to assume risks

**Cooperation values**
- Loyalty
- Team spirit
- Conflict management skills
- Openness
- Focus on communication
Moral values

- Integrity
- Fairness
- Honesty
- Contractual fidelity
- Responsibility

Several process levels within the company are required for setting up a value-based management on this foundation. Normally, a company starts by defining its core values in the form of a code (1. codification), followed by the next step consisting of the implementation into the work processes (2. implementation). For example, this concerns labour agreements or work instructions as well as specifications for handling CSR measures. Steps 3. Systematise and 4. Organise refer to management systems and responsibilities for the execution of the web-based management within the company.

**Exercise 1.4. (approximately 30 minutes)**

Reproduce a "Value square" in the seminar room by distributing four flip chart papers labelled with the following titles:

1. Performance values
2. Communication values
3. Cooperation values
4. Moral values

For the brainstorming concerning the "Value square", select a CSR measure from the corporate movies of this compendium. Ask your group to write in bullet form on the "Value square" which values can be positively influenced with the the corresponding CSR measure within the company. Discuss the results within the group after approximately 20 minutes of brainstorming.

**Additional information and resources**

European Business Ethics Network

http://www.eben-net.org

Business Ethics – The Magazine of Corporate Responsibility

http://business-ethics.com
Social Europe Journal: The Ethics of Capitalism, Volume 4, Issue 3, Summer 2009

http://www.social-europe.eu

Constance Institute for Value Management (Prof. Dr. Josef Wieland)

English Version: http://www.htwg-konstanz.de/English.20.0.html
German Version: http://www.htwg-konstanz.de


http://www.fofos.at

Hungarian Business Leader Forum
Working Group on Business Ethics


Hungarian news on corporate ethics

http://www.uzletietika.hu/index.php

More information on corporate ethics in Portugal:


Portuguese experts on corporate ethics:

http://www.forumrso.aip.pt/docs/Painel_Etica_Confianca_e_Redes_de_Valor_Jorge_Rodrigues.pdf

http://www.forumrso.aip.pt/docs/Painel_Etica_Confianca_e_Redes_de_Valor_Hugo_Pinto_Oikos_Inovaworks.pdf
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1.5. Fields of action of CSR

**In short**

The business world in itself is diverse. Hence, the respective perspectives and strategies concerning responsibility, commitment and sustainability of corporate actions have to be individualized. Corporate Social Responsibility (CSR) strengthens the social and ecological responsibility as component of a corporate strategy. In doing so, CSR is more than just the sum of isolated actions and programs. Within the company, the topic covers areas such as work place (find more one CSR film DE), market (CSR film HU), environment (CSR film PT) and community (CSR film UK).

**Learning targets**

- Get to know the main fields of action of CSR
- Discuss CSR topics and answer opening questions about the realisation of CSR
- Explain the change of perception of expenses versus benefits of CSR (business case)

**CSR learning targets**

The credibility and sustainability of CSR activities is immediately challenged as soon as corporate misconduct, scandals or crises and catastrophes causing major consequences come to the public's attention. For example, what good does a recent donation to a charitable institution do to a corporation if the company recently caused extensive damage to the environment because of safety gaps within the own operation?

Companies which are handling "CSR topics" only "on the side" and always "outside" their core business for PR purposes, are seriously putting their trust and image on the line. This means that no aspect of corporate responsibility may be excluded if CSR is to be a strong framework for the design of the sustainability and the market success.

The impact of CSR has both a company-internal perspective as well as an exterior perspective opposite customers, media and opinion formers, the public and other groups. In summary, CSR comprises the "equitable" fields of action work place, market, environment and community, as illustrated in the diagram below:
Accordingly, CSR is a comprehensive solution for corporate responsibility in any areas that allow and are associated with economic activities. The presented overview of fields of actions of CSR has not been designed to be complete, but to provide a preliminary insight into the variables of an individual responsibility strategy.

**CSR at the work place - example topics**

- Employee's rights
- Flexible work times, compatibility of family and profession, work-life balance
- Education and further training
- Non-discrimination and equal opportunities
- Conveyance of corporate values and ethical codes of conduct
- Health protection and occupational safety
- Fair pay and employee involvement

**Business case**

- Reduction of health- and accident-related absences
- Higher identification of the employees with the company
- Higher attractiveness to obtain and retain skilled employees
- Performance increase through recognition and incentives for employees
- Less fluctuation and lower human resources recruitment costs
CSR on the market - example topics

- Quality and safety of the products and services
- Consumer protection and comprehensive product information
- Fair pricing
- Fair collaboration with business partners and suppliers
- Labels with social and ecological reference
- "Cause-related marketing" (CSR programme for the promotion of sales)
- "Design for all" solutions, for example for "redlined" customer segments

**Business case**
- Good long-term relationships with business partners
- Higher customer satisfaction and customer retention
- Development of new customer groups and market segments
- More efficient production sequences and resource efficiency
- Awards and prices in the field of CSR, if applicable

CSR relating to environmental concerns - example topics

- Saving energy and environmental protection
- Promotion and use of renewable energies
- Recycling and reduction of the exploitation of resources
- Minimisation of negative environmental impacts on corporate locations
- Quality management systems for the environment

**Business case**
- Financial savings as a result of resource and energy efficiency
- Ecological process and product innovations thanks to environmental management systems
- Image improvement with an active corporate contribution to climate-related concerns

CSR in the community - example topics

- Stakeholder dialog (spanning across all CSR fields of action)
- Donations and corporate endowments
- Promotion of voluntary employee commitment
- Orders placed with social organisations and operations
- Lobbying for social and corporate concerns

**Business case**
- Acceptance and appreciation as employer and at the corporate location
- Improved corporate chances with respect to the public award of contracts and market models in the field of public private partnership
o Investments into an intact environment which in turn represents the basis for sustainable corporate success

**Exercise 1.5. (approximately 30 minutes)**

The following questions about the topic CSR are focusing on the main fields of action work place, market, environment and community. They can be used as opening of an individually compiled seminar programme or may be helpful for the individual modules based on the topic-related focus. The catalogue of questions has been designed for an open group discussion.

**General opening questions about CSR**

- Why are companies concerned about the environment and social affairs?
- In which areas are companies assuming responsibility?
- What is driving the CSR commitment in your company?
- Where would you like your company to become engaged in?
- Which companies are particularly successful with the realisation of CSR?
- Which companies would you “never buy” CSR from and why?
- What future CSR goals is your company pursuing?

**Opening questions about CSR at the work place**

- What is the first thing you as an employee would change at your company? (Change of perspective if this is a group of employers: What would your employees ...)
- Why would you recommend your company to family and friends as a “good employer”?
- How are employees integrated into the decision making process concerning important matters?
- How are you planning to develop your qualifications and long-term professional perspectives within the company?
- Are you familiar with the working conditions of employees at own companies or suppliers abroad and what is your opinion about them?
- Are a concept or codes governing the ethical co-existence available within the company?
- Who do you contact at the company in the event of difficult situations or if you wish to propose improvements?
Opening questions about CSR on the market:

- How good is your knowledge of the ecological and social impacts of your products?
- How do you make sure that your customers are properly, completely and intelligibly informed about products and services?
- Do you know under which ecological and social conditions your suppliers and business partners work, especially those abroad?
- Is your company settling invoices from suppliers and sub-contractors timely and fairly?
- Is your company cooperating in the development of CSR, for example in your industry within the network of other companies?
- Is your company generating competitive advantages or an increased turnover thanks to CSR?

Opening questions about CSR relating to environmental topics

- Are you recording the environmental impacts of your company, e.g. the energy consumption or waste generation?
- How are you reducing the negative environmental impacts within your company?
- Are possible environmental impacts a criterion when developing new products or services (e.g. energy consumption, life time, recycling)?
- Are you informing customers, business partners or the local surroundings about the environmental impacts emanating from your company? What are the reactions and the feedback and how are you dealing with them?

Opening questions about CSR in the community

- From the company's point of view, what are the problems in the community at your location?
- What developments have a negative or positive effect on your company and what can your company do about it?
- Are you as employee encouraged or supported to participate in the local community?
- How could the social commitment of employees and the company overall be integrated into the human resources development and the corporate concept?
- Is your company communicating social commitment to employees, customers, business partners and the public?
- Is your company leading an active dialogue with external experts and stakeholders from the community or other areas?
Additional information and resources

Foundation "Wertvolle Zukunft"
Presentation „Wie kann CSR in der Praxis umgesetzt werden?“ (2008)
http://www.wertvolle-zukunft.de

Presentation of Alternate Kft. – CSR Consulting in Hungary
http://www.jointventure.hu/docs/teritesmentes/mifan.pdf (p. 5)

Further CSR information in Portuguese
http://www.iapmei.pt/iapmei-art-03.php?id=1860
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1.6. Framework conditions for CSR in the company

In short

Corporate Social Responsibility (CSR) is a management strategy. Its purpose is to permanently focus the core business of the company on the company-specific sustainability requirements. While the purpose of donations and sponsoring is dealing with the distribution of profits, CSR in contrast addresses the question on how the success of a company can be increased with social, ecological and corporate commitment. However, in today's economic practice, numerous companies are still applying CSR projects where the actual business activity has already ended. Although well-meant CSR projects are created as a result, they lack the CSR strategy and have little to do with the company's core business. In critical cases, CSR is exclusively subordinate to the public relations goals. Consequently, the value creation potentials lie idle and the accusation of "greenwashing" will emerge sooner or later.

Learning targets

- Get to know and discuss the correlation between CSR and core business

CSR learning contents

As long as CSR projects do not affect a company's business processes, they do not represent a sustainable reorganisation of the core business. Such projects pass by the criteria of CSR. Indeed, donations and sponsoring are commendable, but they fail to achieve the foundation of responsible corporate management. The strategic re-orientation toward guaranteeing the future and sustainable corporate success through CSR fail to materialise. Meanwhile, politicians and society acknowledge the need for sustainable development. They consider companies to be part of society and this attitude is associated with the corresponding corporate responsibility. Companies can link this co-responsibility for sustainable development with their economic goals by systematically managing social and ecological requirements in the daily corporate routine through CSR.

CSR requires companies to pursue an approach with long-term focus. Similar to quality management, this focus should not be subject to volatility, but it should be unmistakably tied in with the company. CSR is a particularly driving force for innovation and added value in the core business in the fields of research and product development.
Consequently, the implementation of CSR in all corporate processes does not differentiate between the size of the company and the industry. However, especially small and medium-sized enterprises have a high potential to achieve competitive advantages through CSR: the connections with their employees and their location are generally closer and more personal than in large enterprises. In addition, the transparency across the entire value chain is easier to manage in SMEs. But personal motivation for CSR measures outweighs corporate motifs especially in SMEs.

**Exercise 1.6. (approximately 15 minutes)**

Ask your participants to discuss the following aspects with a partner for about 15 minutes based on a company of their choice and to discuss them in the plenum:

A) 3 long-term CSR measures in the company's core business. Which departments are the CSR measures assigned to?

B) 3 long-term CSR measures in the company's environment. Which departments are integrated into these measures?

**Additional information and resources**

"markets 3/2010: Zum Wohle der Gesellschaft" (Berlin 2010)

Germany Trade and Invest – Ges. für Außenwirtschaft und Standortmarketing mbH

http://www.gtai.com/web_en/homepage

Heike Leitschuh: "CSR ist gut, Nachhaltig Wirtschaften ist besser" (Heidelberg 2008)

http://www.fairwirtschaften.de

UNDP: Strategic recommendations to the Hungarian Government


CSR Background information of Abovegroup (in English)

http://www.abovestudios.com/csrmapping/files/Background%20of%20CSR.pdf
What is Corporate Social Responsibility?

1.7. Sociopolitical framework conditions for CSR

In short

Sociopolitical framework conditions form a "resonator" for corporate action. This requires permanent adjustments – including and especially with respect to the concept of CSR. As a result of the economic crisis which started in 2008, companies within the European Union are confronted with a "resonator" gridlocked in excessive debts, sluggish structural growth and high unemployment. With "Europe 2020 – A strategy for smart, sustainable and integrative growth" the European Commission hopes to inspire the vision of a social market economy for the 21st century.

Learning targets

- Become familiar with relevant sociopolitical framework conditions for the economy in the European Union
- Gather basic knowledge of the economic policies in the EU
- Be able to discuss the role of CSR within the context of economic policies

CSR learning contents

In the so-called Lisbon strategy, the heads of state and government of the European Union formulated the strategic goal in 2000 "to make the Union the most competitive and dynamic knowledge-based economic area in the world - an economic area capable of achieving permanent economic growth with more and better workplaces and a greater social cohesion" within the next ten years. Within this context, the European Commission also compiled a Green Paper on Corporate Social Responsibility in 2001.

"Europe 2020 – A strategy for smart, sustainable and integrative growth" is tied in as "Governmental declaration" with the Lisbon strategy that expired in 2010. With its goals, the strategy is setting new accents within the meaning of CSR. It strives to realise the sustainability triad of economic success, social cohesion and ecological responsibility. Because, in the opinion of the EU Commission, the growth priorities at the heart of "Europe 2020" are mutually amplifying one another: smart growth, sustainable growth and integrative growth.

The following insight into the political growth priorities of the EU summarises the essential framework conditions in European societies.
Smart growth describes an economy based on know-how and innovation. It is mainly based on the
- quality of the education systems,
- increase of research achievements,
- promotion of innovation and knowledge transfer within the EU,
- potentials of the information and communication technologies and
- implementation of innovative ideas into new products and services designed to generate growth and high-quality work places.

Sustainable growth is intended to consider economic goals against the backdrop of a world facing a shortage of resources. The economy is supposed to become
- more efficient with the sustainable utilisation of resources,
- more environmentally friendly/more focused on low-emissions and
- more competitive.

Integrative growth aims for high employment and economic, social and territorial cohesion. Especially the following is intended to assist people in being better able to anticipate and handle changes
- investments into skills,
- combating poverty,
- modernisation of labour markets, the general and professional education and the social welfare systems,
- having access and opportunities throughout the entire professional career
- policies to promote equality between the genders.

The "Europe 2020" strategy formulates its growth priorities on the macro level of politics. However, with respect to the content, they are directly transferrable to the micro level of CSR management within the company. For example, "smart growth" is mainly dealing with aspects of a forward-looking management strategy with clear innovative character. On a corporate level, "sustainable growth" is reflected in CSR aspects concerning the environment. And finally, "integrative growth" is addressing social improvements. Consequently, the three pillars of CSR (economy, ecology and social affairs) are systematically integrated into the EU framework concept.

The political measures CSR commissioners can expect as a result of the "Europe 2020" strategy are highlighted with the five quantitative strategical core goals which the EU member states are supposed to convert into national goals:

1. Employment: Among 20 to 64 year old women and men, an employment rate of 75 % is envisioned, this also concerns the better inclusion of youth, older employees and people with fewer skills as well as the better integration of migrants.

2. Research and development: The conditions for research and development are to be improved especially with the goal of achieving an overall public and private investment volume in this field of 3 % of the GDP. In addition, the European
Commission is striving to develop an indicator for the intensity of research and development as well as innovation.

3. Environment: Greenhouse gas emissions are to be reduced by 20 % compared to the 1990 levels, the share of renewable energies in the total energy consumption is to be increased to 20 % and the energy efficiency raised by 20 %.

4. Education: The rate of school drop-outs is to be reduced to below 10 %. The share of 30 to 34 year olds with a university degree or similar qualification is to increase to at least 40 %.

5. Social integration and combating poverty: At least 20 million people are to be protected against the risk of poverty or exclusion. This population group is defined as number of persons who are threatened by poverty or exclusion based on three indicators (risk of poverty, material deprivation, unemployment).

Additional information and resources

Internet site "Europe 2020" of the European Commission

http://ec.europa.eu/europe2020/index_en.htm

UNDP: “Baseline Study on CSR in Hungary 2007“

http://www.acceleratingcsr.eu/uploads/docs/NationReports/Executive%20summary%20of%20baseline%20study%20on%20CSR%20in%20Hungary%202007_Hungarian%20language.pdf
What is Corporate Social Responsibility?

1.8. New profession: CSR manager

In short

The management of Corporate Social Responsibility (CSR) is becoming more professional. More and more companies are now using CSR specifically to boost their competitive edge and trustworthiness. This generates a new field of further training and degree programmes for CSR. Until now, people in charge of CSR at their work place came from the most diverse of professional backgrounds with a variety of experiences. However, in the past few years, professional expertise on CSR with own methods and scientific research has evolved. A new CSR manager profession is emerging.

Learning targets

- Assess and discuss the profession and labour market for CSR

CSR learning contents

Within only a few years, the number of scientific publications, studies, theses and technical literature concerning CSR has risen dramatically. At the same time, the number of corporate CSR and sustainability reports is constantly growing. In the media, ecological topics such as climate change but also the profound loss of trust for example into the banking system have been achieving almost historic significance since the beginning of the global financial crisis.

Managers are increasingly asked to take responsibility for the long-term effects of corporate decisions and to expand the strategic focus of the companies with ecological and social aspects aside from purely economical factors. In order to secure a positive development in the national and international competition, CSR experts are consulted or own CSR commissioners appointed within the company.

Compared to the growing professional interest in CSR especially on the part of young university graduates and in view of an enormous increase of professional CSR consulting offers in the service sector, the demand and labour market for this field continues to develop slowly. So far only a manageable number of the generally largest companies of a country are using their own CSR commissioners, partly with an associated smaller speciality department. In some cases, global company groups are also cooperating with "CSR branch offices" at different locations to help them bolster their CSR strategy in the national environment.
In small and medium-sized companies, the managers themselves are often considering CSR part of their responsibilities as the "boss". So far, relatively few have appointed CSR managers for these duties. Correspondingly, when dealing with the topic of CSR, recent graduates often focus on the service level, such as agencies for advertising or strategic communication as well as corporate consulting firms which are in part specialising in CSR and smaller special institutes and research institutions. As well, the freelance activity as CSR consultant and service provider is gaining increasing popularity as professional perspective, but it should be backed by adequate demand on the market, good contacts and corresponding experience. Even though only few job offers for CSR are available, skills in this field are increasingly in demand including from social, charitable, cultural and political institutions. Because CSR comprises new financing opportunities as well as the interaction and cooperation between non-profit organisations and companies, for example in cases where the public resources are no longer sufficient.

Several target groups can be identified for the professional implementation of skills and experiences in the field of CSR. Continuing education offers are usually geared toward:

- managers in large corporations and in small and medium-sized companies
- managers of non-profit organisations
- people responsible for sustainability, environmental protection, human resources management, communication and management systems within a company
- executive employees of social, charitable, cultural and communal establishments as well as (for example development policy-related) authorities
- representatives of social partners, local authorities, NGOs, associations and initiatives with a connection to social responsibility
- employees of welfare associations, environmental associations, human rights organisations, animal protection associations etc. with interfaces and contact points to the target group "company"
- service providers such as corporate consulting firms, advertising and PR agencies

**Additional information and resources**

KÖVET Association for Sustainable Economies (Hungary)


Első Magyar Vállalati Felelősségvállalás Egyesület/EMVFE (Hungarian CSR organization)


The project "InnoTrain CSR" is organized by GILDE GmbH and has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein. 12/2010
What is Corporate Social Responsibility?

1.9. CSR in history

**In short**

The term "respectable businessman" describes the model for responsibility in economic life which has been growing in Europe since the 12th century. A "respectable businessman" acts on virtues that pursue long-term economic success without interfering with the interests of society. His economic activities are sustainable.

**Learning targets**

- Get to know the history of responsible corporate management based on the "respectable businessman" and discuss it using a practical example

**CSR learning contents**

The model of the reputable businessman has been taught in business manuals in Europe since the 12th century. It is rooted in Italy and the North German Hanse League of Cities. The reputability is based on the businessman's practical skills to pursue successful economic activities as well as his character traits which are supposed to help him promote the long-term business success while at the same time upholding social peace in his city.

Aside from the practical skills of the "respectable businessman" which essentially allow him to carry out his business activities, the historic review reveals the following character traits and virtuous conduct:

- Creating trust
- Tolerance
- Love of peace
- Courteousness
- Smartness
- Orderliness
- Promotion of the arts

These days, the responsibility of the "respectable businessman" as entrepreneur or manager covers a much broader scope than in the historic past. Because responsibility in companies and organisations goes beyond their own activities, extending to employees, suppliers, business partners (as well as other stakeholders)
and all processes within the company which have an impact on the environment and on society. The role model function of the "reputable businessman" plays a key role, because it is possible that a model for the entire company can develop based on his exemplary conduct.

**Exercise 1.9. (approximately 60 minutes)**

The following example of a research and group exercise on the history of CSR concerns the "reputable businessman" Robert Owen. The structure and questions of the exercise are easily transferrable to other examples within the context of the respective country or industry.

Friedrich Wilhelm Raiffeisen (1818 - 1888) could be considered one exciting example in Germany. The social reformer and municipal civil servant is one of the founders of the co-operative movement in Germany and the Raiffeisen organisation is named after him.

As a "reputable businessman", Robert Owen (1771–1858) was a prominent figure in the process of industrialisation in England, which was accompanied by the accentuation of social contrasts and the associated poverty and lack of rights of large parts of the working population. These days, Owen's ideas are a matter of course in modern industrialised nations. The responsible management of a company, a factory in the cotton industry makes him one of the first "reputable businessmen" of the industrial revolution.

Take your group on a "time travel" through the history of CSR and ask the participants to research the "reputable businessman" Robert Owen. You may want to introduce this exercise with the quote provided below. Divide your participants into small groups based on the following questions and ask for a 5 minute presentation of the research results for each topic:

A) During which historical event did Robert Owen introduce his ideas into his company? What was the social impact of his concept?

B) What "practical skills" can be assigned to the "reputable businessman" Owen? What kind of success was achieved with these skills?

C) What "character traits and virtues" might be the basis of Owen's corporate model? What benefits did they generate?

At the end of the "historic presentation" of Robert Owen, discuss current possibilities of working on a sustainable corporate model in advance of certain developments of our times.
„Eight hours daily labour is enough for any human being, and under proper arrangements sufficient to afford an ample supply of food, raiment and shelter, or the necessaries and comforts of life, and for the remainder of his time, every person is entitled to education, recreation and sleep.”

Robert Owen, “Foundation Axioms” of Society for Promoting National Regeneration (1833)

**Additional information and resources**

UNDP: Study on CSR in Hungary 2007

[http://europeandcis.undp.org/home/cst/show/A0AED266-F203-1EE9-BF23CDADCAF7C4F4](http://europeandcis.undp.org/home/cst/show/A0AED266-F203-1EE9-BF23CDADCAF7C4F4) (p. 14)
What is Corporate Social Responsibility?

1.10. Value auction as easy access to the CSR practice

**In short**

Corporate Social Responsibility is a process designed to integrate social, corporate and ecological values and requirements into corporate management and corporate development focusing on economic sustainability. In the majority of cases, this process develops gradually and follows a defined strategy with fields of actions, procedures and measurable goals. The market-oriented reason to achieve the greatest possible benefit with a limited expense of time and resources is the basis for the "CSR auction" in hand.

**Learning targets**

- Practical development of priorities and goals of CSR within the team
- Assume co-responsibility for a CSR process
- Constructive critical evaluation of the outcomes of one's own CSR solution

**CSR learning contents**

Medium-sized companies are often deemed exemplary for their social commitment and sustainable economic actions. However, it becomes particularly obvious with small and medium-sized companies that expenses in addition to the day-to-day business are subject to restricted time-related and financial resources. Similar to the implementation of a quality management system, the comprehensive CSR approach spanning the entire corporate structure also occurs as process in different steps and levels.

The easy access into the CSR practice using a value auction takes into consideration the lack of time, financial and personal resources which are opposed to the introduction of CSR in the daily corporate routine. With its goal of becoming the industry leader in the field of CSR in the competition with rival companies, the team work of the CSR auction is exposed to a real market situation and is therefore suitable for the practical exploration of strategic opportunities and limits of responsible corporate management.

The content-related part of the CSR auction can basically be adjusted to match different industries and groups of participants.
Exercise 1.10. (approximately 90 minutes)

Preparation (approx. 10 minutes)

Divide your seminar group into teams which represent the management board of a company in the "SCR auction" group exercise. You should be working with 4 - 5 teams comprising each at least 4 people. Inform the teams about the main points of the group exercise and the chronological sequence:

Part A) Board meeting (20 minutes)

The teams will be using the first 20 minutes to discuss the 10 components of the CSR strategy of their company in a virtual board meeting; the components can be found on the handout prepared for the energy sector. In addition, every team will receive 100 virtual talents (money, time, know-how, human resources, etc.) as currency to bid for the components in the auction.

Every group will be asked to discuss and record the rankings 1 - 10 (priorities) of their CSR components (= procedures and goals) on the handout during the 20 minute board meeting. The board members in the teams all have an equal vote.

Remind the groups to distribute the talents limited to 100 simultaneously with ranking the CSR components. During the subsequent auction, the components will be auctioned off in 5 talent increments (for example: 5 / 10 / 25 talents). The more talents are purchased by auction for one CSR component the more relevant its content is for the outcome of the CSR strategy.

Part B) CSR auction (approx. 30- 45 minutes)

After the end of the board meeting, ask the teams to nominate a spokesperson for the impending CSR auction.

Start to auction off the 10 components in accordance with the order on your handout. Present every component to the teams with your own words and call out the components, starting with "who is bidding 5 talents for ...". similar to an auction procedure (example: "20 talents for the best CSR report to company "XY" - going once, going twice and ... anyone bidding 25? 20 talents sold.")

As auctioneer, record the result of the purchase by auction for every component, allocated to the corresponding group each. It is recommended to create a calculation table in Excel format in order to obtain an extrapolation of the used talents automatically and at a glance. Please keep in mind the "CSR capacity limit" of 100 talents. Moreover, a simple Excel table (columns = components, rows = companies 1-X) provide you with a clear overview of the number of talents used to purchase a component by auction when evaluating the results.
In your role as auctioneer, you can use surprising motivational "sales elements" and argumentations to drive up the bids for the CSR components. As well, you can achieve an additional knowledge transfer via CSR in a truly entertaining manner. The CSR auction ends after you have "advertised" and auctioned off or kept all 10 components "in the inventory".

Based on experience, you should reserve about 30 - 45 minutes for the auction part.

**Part C) Evaluation of the CSR auction (approx. 10- 15 minutes)**

Use your calculation table to obtain information about the number of used talents per corporate team. Inform the teams about the results and initiate a discussion in which you also ask the individual teams to evaluate their own CSR strategy.

As a result of the auction process (competition for CSR within the industry, influence of the rational decisions or influence by your additional "sales arguments", emotional factors within the team, etc.), it is expected that the outcome of the CSR strategy differs from some of the original plans made during the board meeting.

During the evaluation phase of the CSR auction, the teams have the opportunity to talk about their original intentions and the results achieved with their CSR strategy.

Although it is not necessary that a winning team emerges from the CSR auction at the end of this opening exercise, the evaluation benchmark should nevertheless be set high: It makes a difference whether a company is using all 100 talents for CSR, or whether they hesitate to make the respective investments and only exploit their capacities with 50 or 70 talents.

For this final part of the CSR auction you should again reserve 10 - 15 minutes.

**Additional information and resources**

Wolfgang Keck, Karl Resel: „1. CSR-Praxistag“ (Vienna 2005) in cooperation with FO.FO.S – Forum for the promotion of independence and respACT austria

http://www.fofos.at
## Components for CSR market leadership in the energy sector

<table>
<thead>
<tr>
<th>Ranking / talents</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-class customer focus and our customised energy packages (including for the socially disadvantaged) contribute to the positive image that we are consistently offering the best and most innovative solutions for the public welfare.</td>
</tr>
<tr>
<td>Our management exemplifies leadership ethics and management responsibility. Our CSR strategy is integrated into all corporate areas such as Research &amp; Development, Corporate Communication and Controlling.</td>
</tr>
<tr>
<td>Alarming bottle necks in the energy supply are expected in 2012. Our stable supply helps us gain 10 percent of the customer base from our two main competitors.</td>
</tr>
<tr>
<td>Our integrated business and CSR report reflects (up to 2015 and possibly beyond) an impressive track record of permanent goal achievement of sustainable corporate development. The report is also based on our exemplary stakeholder dialogue.</td>
</tr>
<tr>
<td>With respect to the topics climate change, energy efficiency and renewable energies, we are considered competence partner number one in the industry and in politics. At the same time, we possess the best risk management in our sector.</td>
</tr>
<tr>
<td>The most renowned financial analysts are rating our sustainability performance with AAA. We are quickly gaining a new major investor.</td>
</tr>
<tr>
<td>With an award-winning PR campaign we demonstrably succeed in reducing the energy consumption by 10 percent for 50 percent of our customers. Our customer number increases by 15 percent thanks to the public attention.</td>
</tr>
<tr>
<td>Our CSR is tying skilled workers to our company. We will continue to attract the essential skilled workers and managers in the future. Corporate volunteering is important to us.</td>
</tr>
<tr>
<td>The European Commission is hiring us for a project in which we are transferring our CSR know-how to small and medium-sized companies from the energy sector. The project is globally unique and significantly supports our lobbying activities, especially in the EU.</td>
</tr>
<tr>
<td>Our work force is growing contrary to the trend in the industry and we are tying incentive payments to social and ecological factors in addition to economic ones.</td>
</tr>
</tbody>
</table>
Facts & figures about CSR

2.1. CSR in small and medium-sized enterprises (SMEs)

In short

A very large number of small and medium-sized enterprises (SMEs) behave responsibly towards their environment and surrounding stakeholders. Nevertheless, they often deem social commitment to be so self-evident that they do not even bother to use "modern terms" such as Corporate Social Responsibility (CSR) or Corporate Citizenship to describe them. For an extended period of time, CSR was initially a strategic topic used by large companies. However, SMEs are increasingly starting to recognize the strategic success factors of CSR. There are some 23 million SMEs in the European Union, providing around 75 million jobs and accounting for 99% of all enterprises. Thus, SMEs represent the foundation for the further development of responsible corporate management.

Learning targets

- Be able to discuss the specific character of CSR in small and medium-sized enterprises

CSR learning contents

After the concepts of Corporate Social Responsibility (CSR) and Corporate Citizenship were initially adopted by large companies, small and medium-sized enterprises (SMEs) are slowly discovering them for their own benefit. However, before re-igniting the debate about sustainability in connection with the buzzword CSR, social responsibility was already strongly rooted in medium-sized companies. Many small and medium-sized enterprises are acting socially and ecologically responsibly, usually based on tradition and ethical attitude. Nevertheless, many of these operations do not realize that they are already acting within a CSR concept.

Not only the huge number of around 23 million SMEs in the European Union, but also the broad range of individual CSR engagements of companies and varying CSR cultures in different countries, make comparable data extraordinarily difficult. Micro-, small and medium-sized enterprises are collectively referred to as SMEs. Within the EU, the following size classes are used for SMEs:

- Micro enterprises: less than 10 persons employed
- Small enterprises: 10 – 49 persons employed
Medium-sized enterprises: 50 – 249 persons employed

Companies with 250 and more persons employed are large enterprises. The average European business provides employment for 4 persons, including the owner. Altogether, SMEs in the EU provide around two-thirds of all employment.

The Observatory of European SMEs by the European Commission found already in 2002 that around half of European SMEs have been engaged in some form of socially responsible activity in favour of their local community. These activities range from donations for charitable causes or sponsorships for sports and cultural activities, to employee volunteering or partnerships with non-profit-organisations. Also today, many of these activities are not carried out in a strategic way. They miss a relation with the company’s core business and its communication. Nevertheless, SMEs have always been very close to what we call today “CSR”. Through their typically local anchoring, they are well placed to make a strong contribution to socio-economic development at a local level and act as responsible members of a community.

In 2005, the European Commission has established the “European Expert Group on CSR and SMEs”. The group that comprises experts appointed by EU member states has summarized facts and developed solutions on CSR from a SME perspective. Some of the key messages of the expert group are:

- CSR is not a new concept for SMEs in the European Union. What is new is the growing attention given to CSR by policy-makers, consumers, trade unions and non-governmental-organisations. Those actors should give more recognition to what SMEs already do in CSR. SMEs realize CSR mostly less formal and more intuitive than larger enterprises. But this fact does not make it less valuable.

- CSR can bring strategic advantages to SMEs. CSR is not a short-cut to business success, but a strategic investment that can pay off in the longer term. By managing CSR in SMEs in a more strategic and conscious manner, enterprises can better reap economic advantages. At the end of the day, CSR is about continuous improvement and quality management and should be seen by SMEs as part of the modern model of business excellence.

- Personal and ethical values are important. A common finding within most countries of the EU is that the personal and ethical values of SME owners, managers and employees are a strong motivation to pay more attention to social and environmental issues. Support for CSR in SMEs should seek to build on and respond to these value-based motivations, not to replace or ignore them.

As SMEs usually identify themselves closely with the region or town where they are located, CSR issues of concern will probably be local and regional in nature. The positive impact of having a greater uptake of CSR in SMEs can best be felt – whether
it be in economic, social or environmental terms – at the local and regional level. CSR is culturally specific and looks different in different EU countries. The understanding and practice of CSR varies according to political traditions, the nature of social dialogue, and the degree to which certain social and environmental issues are regulated by law. The European expert group on CSR and SMEs also points out, that of course, it is useful to have a common understanding at EU level about the definition and importance of CSR, but ultimately the practice of CSR can only be evaluated under the specific circumstances and characteristics of varying nations and regions.

**Additional information and resources**

European Commission DG Enterprise and Industry – CSR and SMEs


The Magazine of Enterprise Policy


European Commission DG Employment, Social Affairs and Equal Opportunities – CSR

http://ec.europa.eu/social/main.jsp?catId=331&langId=en

CSR Europe (leading European business network for corporate social responsibility)

http://www.csreurope.org/

EU-Project: SOCIALSME - Sustainability and social responsibility through learning in SME

http://www.socialsme.org

Report: “Opportunity and responsibility. How to help more small businesses to integrate social and environmental issues into what they do.” (Brussels, 2007)
European Expert Group on CSR and SMEs


"Corporate Social Responsibility as success factor among SMEs" (2006) – EU programme "Mainstreaming CSR among SMEs"

http://csr-mittelstand.de/pdf/Projektdokumentation_englisch.pdf

European Commission: Recommendations in Hungarian for CSR in SMEs


European Commission: Recommendations in Portuguese for CSR in SMEs


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2.2. CSR from the perspective of globally acting companies ("global players")

**In short**

In one of the largest surveys on sustainability conducted among top executives, the CEOs (Chief Executive Officers) believe that a turning point might be achieved within a decade, in which sustainability will be interlocked completely with the core business of the company - with its processes, systems and capabilities as well as the entire global supply and value chain and the subsidiaries.

**Learning targets**

- Get to know the valuation concerning sustainability and CSR of top managers of globally acting companies

**CSR learning contents**

In spite of the latest economic crisis, 93% of CEOs of leading global companies surveyed in 2010 believe that sustainability is crucial for the future success of their own company.

The study conducted with 766 CEOs from the circle of member companies of UN Global Compact reflects the assessment that the global economic downturn is not in the least bit impairing the sustainability commitment of their company. Because 80% of surveyed managers state that it was in fact the recession that boosted the meaning of sustainability as management topic. This is how their companies addressed the challenges associated with the financial crisis, whereby sustainability is perceived as a resource for cost savings and sales increases. In addition, many companies consider sustainability a critical element for growth in new markets.

88% of CEOs believe that they should be integrating sustainability into the companies via supply chain, while 54% indicate that this has already been realised in their companies.

As well, consumer trust is considered one of the main tasks: For almost three quarters (72%) of CEOs, the value increase of brands as well as the development and conservation of the reputation and trust are the greatest motivation for dealing with the topic of sustainability.
The study entitled "A new era of sustainability" was presented in mid 2010 by UN Global Compact and the consulting firm accenture. Global Compact is a corporate network launched by the United Nations designed to promote universal social and environmental principles based on voluntary self-commitment. Founded in 2000, Global Compact currently represents the largest CSR platform in the world with close to 7,000 subscribers in 135 countries and own networks in about 90 countries.

**Additional information and resources**

The international website of UN Global Compact

http://www.unglobalcompact.org

A New Era of Sustainability – CEO reflections on progress to date, challenges ahead and the impact of the journey toward a sustainable economy:


UNDP: Study on CSR in Hungary 2007

Chapter about a global player in Hungary

http://europeandcis.undp.org/home/cst/show/A0AED266-F203-1EE9-BF23CDADCAF7C4F4 (p. 40)
Facts & figures about CSR

2.3. CSR from the perspective of corporate communication

*In short*

Three out of four communication experts in the European Union are involved in CSR activities. Consequently, they can be considered the professional group most closely connected to CSR. Companies mainly rely on the internet as means of communication for CSR. Close to three quarters of monitored companies worldwide are discussing CSR topics on their websites.

*Learning targets*

- Get to know and be able to assess the significance of CSR for the communication sector

*CSR learning contents*

Based on the bon mot of public relations "Do good and talk about it", CSR activities offer a multitude of options for image-promoting communication. Corporate communication and communication agency employees are considered the professional group with the closest ties to CSR. Because as early as in 2008, three out of four communication experts stated that they are involved in CSR activities in the study "European Communication Monitor" conducted throughout Europe. 45% of all surveyed communication employees are playing an active or managing role in CSR developments, while 28% are exclusively integrated into the communication of CSR activities.

The surveyed explain the motivation for CSR in corporate communication and communication agencies as follows:

- 70% reputation management
- 60% corporate values
- 40% pressure from customers and stakeholders
- 37% legitimation of business activities
- 33% employee expectations

In addition, the results of the study conducted among 1,500 communication experts working for enterprises and agencies make it clear that the main purpose of the communication of CSR is to strengthen the corporate profile (61%). The focus of CSR activities concerning the environment and social affairs is 38%, followed by...
employees (34%), products and services (32%) as well as Corporate Governance (27%).

In the debate surrounding CSR, cases are often criticized in which responsible management essentially remains a lip service and "words are not followed by deeds". The credibility of enterprises is on the line if CSR is communicated purely for PR purposes, while there is not even a hint of CSR in the "hard day-to-day business activity" (or the core business). Nevertheless, the following applies to either side of the debate: further development, improvement and constructive-critical review of CSR will only be possible when enterprises are also communicating the topic.

Up to 75% of enterprises are already reporting about CSR topics on their internet pages, as demonstrated by the consulting firm PricewaterhouseCoopers in a global review of 800 corporate websites. Close to three quarters of companies that are publishing their own CSR reports are providing information about their sustainability performance annually, compared to only 20% in Canada. In terms of the breadth and depth of the reported contents, the reports from European and Australian enterprises consistently surpass the reporting by Canadian and US American companies; in some cases with an extremely large difference.

**Additional information and resources**

"European Communication Monitor 2008"

EUPRERA European Public Relations Education and Research Association

http://www.euprera.org

"CSR Trends 3 - A comprehensive survey of corporate social responsibility report trends, benchmarks and best practices" (2009)

PricewaterhouseCoopers

http://www.pwc.com/ca/sustainability

International congress „Responsible way of the Future“ 2005 in Hungary

http://www.szovivok.hu/index.nof?q=0&nyelvid=1&k1=3&k2=15
International conference „4th Corporate Social Responsibility and Sustainability Forum - Value Networks“, 2010 in Portugal

http://www.forumrso.aip.pt/index.asp?LN=1

Media CSR Forum (UK)

The "Media corporate social responsibility (CSR) forum" is a group of media organisations developing CSR and sustainability practices and understanding for the UK media sector.

http://www.mediacsrforum.org
Facts & figures about CSR

2.4. CSR from the perspective of consumers

In short

Consumers increasingly want companies and brands to engage socially. The majority of consumers (62% in 2008 and 71% in 2009) believe that too much money is invested into advertising and marketing and request that it is spent for good purposes instead. For example, two out of three persons would be willing to switch brands if another product with comparable quality is additionally associated with social commitment.

Learning targets

- Get to know the potentials of "Social Marketing" based on consumer attitudes and conduct
- Get to know possibilities for combining the promotion of sales with social commitment.

CSR learning contents

People who are focusing their consumption on sustainable product criteria and a socially compatible lifestyle, are referred to as new target group of LOHAS (Lifestyle of Health and Sustainability) in consumer research and marketing. LOHAS refers to the group of consumers that can be considered the equivalent of the group of CSR-active enterprises in the economy.

However, "social brands" are gaining increasing popularity in general with consumers and especially in times of global recession, consumers expect more than ever that enterprises and brands are socially engaged. In the consumer study "goodpurpose" conducted globally in 2009, eight out of ten people surveyed stated that they would change their consumption behaviour for the long-term if it would contribute to making the world a more liveable place. In addition, six out of ten people surveyed expect that brands are socially engaged and would also be willing to switch to a product with comparable quality from a CSR-active enterprise in this context.

The consumer survey "goodpurpose" conducted among 6,000 consumers in ten countries throughout the world indicates that half of the surveyed have previously purchased brands that are indeed more expensive, but which support a good purpose. For the same reason, more than half (60%) of the surveyed remained faithful to a brand in spite of the economic recession. Moreover, 64% of consumers...
state that they would recommend a brand that promotes a good purpose. In the previous year 2008, this number was 12% lower on average. This value generated a particularly strong increase of 26% among the surveyed in Germany.

The connection between the promotion of sales of products and services and social commitment and a good purpose is referred to as "Cause-related marketing". Based on the principle: the greater the profit is for the enterprise, the greater the benefit is for the social purpose, "Cause-related marketing" can represent a CSR activity with measurable benefit for the enterprise and be a solid win-win concept.

The possibilities to link good purposes with distribution and sales are multifaceted and must not necessarily be focused on the core business of the enterprise. For example, a campaign of a brewery which gained great popularity in Germany supports the acquisition and hence protection of a piece of rain forest with every sold case of beer. In turn, other examples for "Cause-related marketing" are closely related to the image affinity with enterprises and brands, similar to sponsoring.

One of the special features of "Cause-related marketing" for enterprises and brands is that financial means to support a good purpose are self-generated by the sale of the products. For the consumer, "Cause-related marketing" represents the option of linking the "sense and meaning" with one's own consumption and to support a good cause, thus essentially making the purchase a good deed.

**Exercise 2.4. (approximately 30 minutes)**

Your group of participants is launching a new fashion collection on the market and hopes to win over the target group of LOHAS.

Ask the group to brainstorm and find CSR characteristics for your collection. Discuss the ideas and choose 5 CSR criteria.

Develop a brand name for your product in the group. Invent an additional slogan.

**Alternative topic:**

Conduct a vote among the participants:

"May advertising for alcohol contain CSR topics?"

Initiate a discussion between the two sides in your group.
Additional information and resources

Consumer survey "goodpurpose"
http://www.goodpurposecommunity.com

SWOT analysis of TVE Hungary

SDC – SAIR DA CASE (Portuguese consultancy)
http://www.sairdacasca.com
http://www.forumrso.aip.pt/docs/Painel_Analise_Ciclo_Vida_Rui_Loureiro_Sair_da_Casca.pdf
Facts & figures about CSR

2.5. CSR from the perspective of young professionals

In short

For an average of more than half of globally surveyed students and job starters, the climate and environmental policies of an enterprise (58%) play a key role for their decision in favour of an employer. Almost nine out of ten surveyed (86%) state that they are willing to switch jobs if the CSR of an employer does not meet their expectations.

A survey conducted among young people in Germany itemises the world's major challenges for sustainable development. 75% of the surveyed mention poverty in rank one, followed by climate change (73%) and lack of food and drinking water in many countries of the world (70%). The surveyed request a cross-social change process, especially achieved with long-term strategies in politics (80%), stronger corporate commitment in the economy (78%), and globally valid basic rules concerning social and environmental standards among other things (74%).

Learning targets

- Get to know the young people's assessment of sustainable development
- Scrutinise the role of CSR as a criteria when deciding in favour of the future employer

CSR learning contents

That job starters explicitly expect responsible corporate management when selecting their future employer is demonstrated with the study “Managing tomorrow’s people: millennials at work”. Asked about the corporate social responsibility (CSR), 88% of study subjects have the same expectations of the employer as of themselves. The readiness to switch jobs if the employer's values in terms of CSR do not meet their expectations is stated by an average of 88% of surveyed throughout the world. This is most strongly expressed in Argentina with 94%, followed by the USA and Brazil with 92%, while India is at the bottom of the list with 66%. Strong national differences mainly exist with respect to the evaluation of environmental and climate-related policies of the enterprises: for 86% of surveyed Brazilians this is an important aspect for their decision in favour of an employer. In contrast, this ratio is only 40% in the USA or Belgium. For this study, the international consulting firm PricewaterhouseCoopers surveyed 4,200 students in 44 countries in 2008.
"Millennials" is a term used by sociologists for the generation of people born after 1980. Many of them are currently in the process of launching their career. For companies, the integration of younger, more mobile and well educated workers is playing an increasingly important role. Because the corporate requirements are intensifying: on the one hand, they need to work more efficiently in order to cope with short-term challenges. On the other hand, they must not lose sight of the long-term goals in order to sustainably secure the future.

With Corporate Social Responsibility (CSR), companies can contribute to a fair design of globalisation. A representative survey entitled "Youth and the future of the world" conducted by the Bertelsmann Foundation in 2009 sheds light on whether in the point of view of young Germans the economy is making an adequate contribution in this respect: three out of four surveyed Germans are still seeing a pronounced need for economic action beyond all sociodemographic differences. More than half of adolescents "fully" (55%) and "somewhat" (24%) agree with the statement that the strong economic players should show a stronger commitment for the resolution of global problems. More than three quarters of all surveyed young people are concerned about the future development: Close to four out of ten are rather or very concerned, while two out of ten are virtually unconcerned about the future. For six out of ten adolescents, sustainability is a topic they have dealt with before.

Based on the traditional definition by the World Commission for the Environment and Development of 1987, sustainable development is characterised by the satisfaction of the current needs without risking that future generations are no longer able to satisfy their own needs (innergenerational and intergenerational equity).

Additional information and resources

„Jugend und die Zukunft der Welt – Ergebnisse einer repräsentativen Umfrage in Deutschland und Österreich“ (2009)
Bertelsmann Foundation
http://www.bertelsmann-stiftung.de

"Managing tomorrow's people: millennials at work" (2008)
PricewaterhouseCoopers
http://www.pwc.com/managingpeople2020
Facts & figures about CSR

2.6. CSR as a business case

In short

The business case is based on a cost-benefit relation. In business economics, it designates the consideration and illustration of the forecast financial and non-financial consequences of an action, decision or investment of a company. The goal is to utilise the scarce corporate resources for the most promising projects and initiatives. With respect to Corporate Social Responsibility (CSR), the business case must be assessed according to the individual CSR requirements and measures in the respective particular case.

Learning targets

- Get to know the discussion about the business case in the field of CSR and reflect it using practical examples

CSR learning contents

The business case of CSR puts the focus on the question about whether, in which fields and to what extent it is beneficial for companies to invest into sustainable development and social commitment. Thus, the business case establishes the responsible handling of the concept CSR from an economic perspective.

In terms of the business case of CSR, it should generally be taken into account that companies can benefit in many different ways by assuming corporate, social and ecological responsibility. Business case and CSR go hand in hand in successful companies and are matched to the individual CSR strategy and its development levels within the particular company. The economic benefit of sustainability is shown in the CSR fields of action work place, market, environment and community - usually more pronounced from a long-term perspective. Indeed CSR solutions can result in cost savings within the short-term, such as in the field of energy efficiency. However, the crucial beneficial factors achieved with CSR such as for example the establishment of trust, high reputation and loyalty opposite the company only take effect with a sustainable view on corporate success.

The business case of CSR which summarises all investments of a CSR strategy can be evaluated with an individual example of a company. Because the extent of economic benefits generated with a specific CSR strategy is directly dependent on the respective context of the company (e.g. sector, size of the company, location,
brand strategy). The research on the business case of sustainability and CSR explores the correlations of corporate success and sustainable economic actions mainly in the following central areas:

- Risk management (e.g. "License to operate")
- Human resources management
- Operative efficiency (especially energy and eco-efficiency)
- Financial performance
- Shareholder value
- Marketing
- Image and reputation

**Exercise (2.6. Group discussion of the business case)**

Discuss the business case of CSR with the group, using an example movie from this compendium:

- What makes the CSR solution of the company a promising business case?
- What economic benefits are expected for the company thanks to the CSR solution and how do you assess these results?
- Which financial and which non-financial consequences may arise for the company if A) it increases its CSR commitment or B) suspends its CSR commitment?

**Additional information and resources**

Analysis: Business Case for Sustainability

imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH

http://www.imug.de

Nachhaltiges Wirtschaften aus Sicht des „Business Case of Sustainability“ (2005)

Federal Ministry for the Environment of the Federal Republic of Germany

http://www.bmu.de

Interview in Hungarian with László Zsolnai (CEMS - Global Alliance for Management Education – Business Ethics Faculty Group)

http://www.fn.hu/makro/20100922/profiton_tul_is_van/
Facts & figures about CSR

2.7. Insights into the CSR situation in Germany

In short

In Germany, corporate social responsibility is part of the basic "social market economy" elements, the guiding principle of the German economic system. Compared internationally, the level of Corporate Social Responsibility (CSR) is high here. Statutory social and environmental standards and collective agreements are comprehensively regulated in Germany. However, "genuine" CSR activities of enterprises by definition exceed these statutory requirements. Against this backdrop, companies are subject to a high degree of regulated responsibilities, not lastly also associated with corresponding bureaucratic expenses. Germany's economy is characterised by its substantial share of exports. It is also colloquially referred to as "World champion of exports". The Federal government intends to rename the term "Made in Germany" established for this purpose into "CSR - Made in Germany". CSR is to be established as location factor for the national economy.

Learning targets

- Be better able to gauge the background and developments of the CSR situation in Germany

CSR learning contents

The German Federal government has adopted the "National strategy for corporate social responsibility (CSR) - action plan CSR" in October 2010. The "Action plan CSR" is designed to help bring about a change in awareness so that CSR is perceived as worthwhile for companies and society. The action plan highlights the opportunity of linking CSR with high class workmanship and quality management. On this basis, the proposed quality seal "CSR - Made in Germany" is designed to benefit German companies worldwide to achieve sustainable competitiveness.

However, the term Corporate Social Responsibility (CSR) is not yet well established in Germany. In a survey of medium-sized enterprises conducted in 2006, close to half (48 %) of companies stated that they never heard of CSR. Large enterprises also tend to address customers and consumers more with traditional and easier to understand terms such as "responsibility". Not lastly due to the often random use of the term CSR and the negative connotation as "fashion trend", the term per se is an
exclusion criterion for many press and media representatives to report more extensively about the facts.

In Germany, the concept of CSR mainly emerged from the professionalization of environmental topics in companies which lead to environmental management systems, officers and reports in the majority of large and medium-sized enterprises. Environmental aspects continue to be a primary topic in the debate surrounding CSR. However, especially companies that already professionalised their environmental management are more open to the corporate integration of further social and corporate aspects of CSR.

So far, individual action fields and initiatives with a focus on CSR prevail in the majority of companies ahead of a systematic consideration, registration and communication under the term CSR. Initiatives in collaboration with the civil society, associations and ministries have emerged in part over many years which address different CSR-relevant topics such as family compatibility in the company, education initiatives, equal opportunities, etc. Accordingly, the main activities of CSR officers appointed in large enterprises recently involved recording pre-existing activities in order to develop strategic CSR approaches on this basis.

The increasingly "critical" and eco-socially oriented consumers in Germany motivate a growing number of companies to launch greener and more sustainable product lines. Especially companies which are indeed involved in and communicate corporate commitment but which act based on questionable benchmarks when it comes to their core business ("greenwashing") such as in connection with the closure of operational centres, downsizing or manager salaries are coming under crossfire.

**Outlook: CSR in German SMEs**

A survey on CSR in SMEs, conducted by GILDE economic promotion Detmold, identifies a strong CSR focus for SMEs in Germany on human resources-related questions. Accordingly, most companies are aware of the value of well educated and motivated employees and are willing to make increasing investments into the education and measures for the "compatibility of profession and family", especially in view of the demographic changes and the continuously growing lack of skilled workers. In doing so, medium-sized companies are able to hold up as attractive employers against the competition of usually better paying large corporations. The CSR measures for employees most frequently mentioned in the GILDE study are training and further development opportunities (86%), followed by flexible work time in 83% of the SMEs.

Indeed, the concern for the environment is not as strong as CSR in human resources among the surveyed SMEs, but again numerous measures are being conducted and planned for the future. The study emphasises that the focus is on cost cutting measures and at the same time on climate protection. Much more than half of
participating entrepreneurs and managers state that measures to reduce the use of energy and resources are in place (76%) and a recycling management has already been implemented (64%). The corporate activities surveyed SMEs most commonly engage in on a corporate level are social institutions (71%), followed by educational initiatives (69%) and sports (59%).

Other than with large companies which can usually fall back to corporate consultants or CSR experts or have separate departments dealing with CSR, these are the factors making it difficult for SMEs to introduce CSR: too few human resources (65%) and lack of know-how to implement the CSR concept (62%). The lack of financial resources is only mentioned in third place (54%).

The personal relationships with employees, suppliers, customers and institutions on location are much better developed with entrepreneurs, proprietors and owners of family and small businesses than in the structures of larger corporations. This precisely generates fertile ground for the credible and sustainable implementation of CSR in small and medium-sized enterprises, if only it is promoted accordingly, anchored specifically in SMEs, communicated fruitfully and appreciated by society. By responding flexibly to changes and directly utilising opportunities on the market, SMEs may potentially rise from their “shadowy existence” to become a role model for social responsibility.

Additional information and resources

"A Guide to CSR in Europe – Country Insights by CSR Europe’s National Partner Organisations" (Brussels 2009)

http://www.euprera.org


EU programme "Mainstreaming CSR among SMEs"

http://www.csr-mittelstand.de


German Federal Ministry for Labour and Welfare

http://www.bmas.de/portal/48598/property=pdf/2010_10_06_aktionsplan_csr.pdf (German version)
(English version)

"Corporate Citizenship in SMEs in Germany - current status and future development" (2006) – EU programme "Mainstreaming CSR among SMEs"

http://www.csr-mittelstand.de

Union Mittelständischer Unternehmen e.V. - UMU

http://www.umu.de
Facts & figures about CSR

2.8. Insights into the CSR situation in Hungary

In short

In Hungary, the meaning of Corporate Social Responsibility (CSR) has increased considerably since the country joined the EU in 2004. This development is due mainly to multinational enterprises which are increasingly implementing CSR across the borders. With the growing demand for the implementation of CSR into corporate policies, corporate values, procedures, employee programmes and reporting in all subsidiaries, the profile of the concept is growing in Hungary. However, the public awareness of CSR is less developed to date. The dialogue and willingness to co-operate between companies, civil society and national institutions require a greater increase in trust and transparency. The main problem in Hungary is the prevailing opinion that CSR is simply costly for companies and detrimental to corporate success.

Learning targets

- Be better able to gauge the background and developments of the CSR situation in Hungary

CSR learning contents

According to a study conducted in 2008, as many as 60 % of the 100 top-selling companies in Hungary are reporting on CSR and sustainability. However, the majority still fails to take into account the economic aspects of sustainability. What's more, only 6 % of examined reports are certified by an independent external institution. Only every tenth report contains comments from external stakeholders of the company.

Hungarian companies are traditionally reluctant when it comes to the exchange of information with the public and legislator beyond the required scope. The only common form of dialogue with interest groups these days are customer satisfaction surveys. Therefore, CSR organisations in Hungary are asking companies to increase the exchange, integration and cooperation with stakeholders from the society, media and politics. Because the awareness about the role companies might be playing for social goals is only developing in Hungary over time.

This is understandable in view of the social restructuring in the aftermath of the political events of 1989. The economic transition from a state-directed economy...
toward privately run companies and responsible consumers initially put politicians before the most urgent economic and bureaucratic requirements. Only on this basis was the young democracy able to approach further developments relating to sustainable social and environmental concerns. New freedom also emerged for the population as employers, employees and not lastly as consumers after the political era of communism. The connection between this design of administrative frameworks and social responsibility can only evolve as a cross-social process.

These days, mainly topics such as renewable energies and climate change are promoting the developments of the discussion surrounding CSR. The Hungarian government has adopted a national action plan for energy efficiency in 2008. In connection with the implementation of EU guidelines and international standards into the national laws, a number of social topics such as equality and equal opportunities have become part of the companies’ agendas. The Hungarian government presented a comprehensive national sustainability strategy designed to address all social levels in 2007.

The corporate commitment is constantly growing in the local Hungarian community. Sponsoring from small and medium-sized companies is also testimony hereof. But sponsoring is often equated with CSR. This can make it more difficult to integrate CSR into the core business of companies. Tools such as Corporate Volunteering, which can be used to apply CSR also without additional financial expenses and with the integration of employees are currently rare.

Overall, consumers in Hungary show little interest with respect to CSR. Currently, society only punishes companies in case of significant violations of CSR. Positive incentives on the part of markets or politicians to display a stronger commitment with respect to CSR are only rarely recognisable for companies.

Additional information and resources

"A Guide to CSR in Europe – Country Insights by CSR Europe’s National Partner Organisations" (Brussels 2009)

http://www.euprera.org

German-Hungarian Chamber of Industry and Commerce

http://www.duihk.hu
GKI Zrt. Economic Research

Surveys on CSR in Hungary

http://www.gki.hu/hu/individual/csr/

GSZT (Gazdasági és Szociális Tanács - Economic and Social Council)

Recommendations of GSZT on Corporate Social Responsibility in Hungarian and English

http://www.mgszt.hu/index.php?option=com_content&task=view&id=155&Itemid=38

KÖVET Association for Sustainable Economies

Hungarian partner organisation of CSR Europe

http://www.kovet.hu

Study "KPMG International Survey of Corporate Responsibility Reporting 2008"

KPMG Hungary Ltd.

http://www.kpmg.hu

Study on CSR in large companies in Hungary in 2010

KPMG Hungary Ltd.

http://www.kpmg.hu/dbfetch/52616e646f6d4956ebcf5fd058304bf9f3ad3caf81e6e40/kpmg_hu_n100_csr_jelentesek_20100309.pdf

UNDP: Study on CSR in Hungary 2007

http://europeandcis.undp.org/home/cst/show/A0AED266-F203-1EE9-BF23CDADCAF7C4F4
Facts & figures about CSR

2.9. Insights into the CSR situation in Portugal

In short

The European Council presented its goals for economic, social and ecological renewal of the European Union in Portugal in 2000. This so-called "Lisbon strategy" was the impulse for a number of Portuguese organisations to attach closer attention to the topic of Corporate Social Responsibility (CSR). In recent times, CSR experienced a pronounced upswing mainly in large enterprises. In 2006, every tenth of the top-selling 100 enterprises in Portugal issued CSR and sustainability reporting. This rate rose to 60 % in the financial sector during the two subsequent years alone. In 2008, as many as half of large enterprises with a particularly high environmental impact reported on their sustainability performance.

Learning targets

- Be better able to gauge the background and developments of the CSR situation in Portugal

CSR learning contents

The “Corporate Social Responsibility, State of Art in Portugal 2004” Report accepted the definition of Corporate Social Responsibility (CSR) adopted by the European Commission in the Green Paper in which CSR is described “as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (2004).

Innovation and employee motivation are the main reasons for CSR and sustainability reporting for large enterprises in Portugal. It is striking that a clear correlation with the business opportunities and the financial value of CSR is formulated in as many as 38% of the reports of these companies. Compared to the top-selling companies in other countries, Portugal ranks directly below the USA (40 %) and ahead of Sweden (36 %) in this respect. The major enterprises in Portugal also managed to establish an internationally respectable level in recent years in terms of CSR along the value chain. Compared to 22 industrialised nations, they are ranked in 8th position. Close to half (48 %) of the corporate reports identify risks in the value chain associated with CSR and sustainability.

However, CSR is hardly discussed publicly in Portugal and the awareness among the population is low. Generally, the media addresses the topic on a local level based on...
isolated activities, for example on the occasion of non-profit support by companies or "good deeds" such as donation programmes within the chronological context of Christmas.

While equal opportunities and gender-related questions have become a central concern of major enterprises, CSR organisations in Portugal are demanding that tools to reduce social marginalisation, increase transparency and heighten environmental awareness are used more commonly. In doing so, the link between CSR and civil society benefits in that greater attention is attached to the importance of the third sector. The social services sector in Portugal provides close to 250,000 workplaces and the recognition of this sector as driving force for jobs and entrepreneurship continues to grow. The importance of the third sector is significant in this respect. The main drivers for assurance on corporate social responsibility are vital to promote materially a competitive advantage as far as reputation assets.

On the other hand, the corporate social responsibility influences the innovation in terms of products and services, as already mentioned, in combination of factors that varied strongly from business to business. However, responsible conduct is only gradually linked to economic actions in the public perception. In the past, mainly the smaller enterprises were often vulnerable in Portugal with respect to the implementation of statutory measures. Insofar, a clear commitment in terms of CSR and a corresponding profiling are uncommon in small and medium-sized enterprises.

The panorama is changing for the best since the central and the local authorities, the public and the private organizations are aware that CSR initiatives are more powerful when related to their own missions, visions and business activities, when addressed to their internal and external stakeholders. More recently, several national and European projects have been co-finance to support such goals as the promotion of the debate about corporate social responsibility and the commitment to implement good working practices inside Portuguese companies, in particular, SME under the social responsibility ground.

The higher percentages of Portuguese enterprises are SME: 73% are Medium SME; 32% belong to the Lisbon region, 30% belong to the North region (30%) and 28% belong to the Centro region; the industry (traditional sectors) and trade are the most representative sectors and 42% have between 20 to 49 years and 32% have between 10 to 19 years.

According to the SOCIALSME Project (www.socialsme.org) results the most frequent objection to initiatives and to increase the level of SR in companies are the potential costs involved. The calculation of these costs however should not ignore the costs of not becoming more social responsible. In this respect, some threats may emerge as:

- High turnover of staff, loss of know-how and increasing frictions in the production process leading to less productivity;
- Buyer’s strikes as a consequence of consumers being ever more aware of the behaviour of companies regarding pollution, quality of goods and work conditions;
- Costs from conflicts with employees;
- Costs from conflicts with civil society groups;
- Legal and moral responsibility for pollution leading to costs and loss of reputation;
- Legal problems;
- Loss of some markets positions, etc.

Research also shows the social responsibility business is well managed business that ensures its success also in the long-term perspective. But, according the SOCIALSME project, there are also a range of short-term effects as:

- Ability to attract, motivate and maintain the most talented and best qualified employees;
- Higher flexibility of the workforce;
- Higher productivity through better qualified and higher motivated employees;
- Bigger sales and market share;
- Stronger brand image;
- Better reputation and authority;
- Lower costs from conflicts;
- Lower costs through optimized use of resources;
- Higher attractiveness to investors;
- Better chances in the market through stronger partnership relations.

In 2006, another study was published in Portugal Responsabilidade Social nas PME – Casos em Portugal (Social Responsibility in SME – Case Studies in Portugal). It aims at diagnosing the social responsibilities practices in Portugal, disseminating best examples in the field, identifying networks and partnerships targeted to develop the social responsibility area and presenting tendencies and recommendations towards the future evolution of CSR in SME.

The study was carried out in Portuguese SME and started with the construction of the conceptual model, the SME characterization, the application of questionnaires, the conception of case studies, the prospective analysis, the conclusions and recommendations. The universe of the study was Portuguese SME. From the 2000 questionnaires sent by traditional mail, 235 persons participated in the study (11,75% level of return).

The data collected in this study suggested that there are similarities between the CSR practices in Portuguese SME and the CRS practices in the other European SME. The Portuguese SME inquired confirm that CSR practices are still done in an informal and not structured way, with occasional occurrence and not integrated into the SME business strategy (49% of the Portuguese SME investigated don’t integrate the CSR activities in their business strategy and 33% of the SME promote CSR practices but only occasionally).
The total number of SME inquired referred that they practice some kind of CSR actions, however, the internal and the economic dimensions are the most predominant. Low levels of knowledge and awareness on the CSR topic seems to be also a conclusion from the study.

For the majority of the SME inquired, CSR as a concept is still associated with compliance with legal regulations, nevertheless, as practice CSR is perceived as a very important resource for internal management. This duality is due to the fact that CSR practices are mainly compulsory: compulsory by law or by the rules imposed by the market. In a competitive context, the adoption of CSR measures reflect the need for increasing management efficiency (the relationship between the economic variables and the orientation towards employees) and is also associated with ethical and citizenship issues not always assumed in a clear and conscious way.

According to the same study, the main reason for SME to be socially responsible is the SME clear conscience that CSR contributes to the efficiency of the management practices and to the economic performance improvement. According to the study authors, the CSR benefits are clearly perceived by this sample of Portuguese SME and they are considered as a positive differentiation factor to promote the implementation of CSR practices.

Nevertheless, SME stated their need to know best CSR practices and to participate in CSR training initiatives. The results also suggested that SME claim for a higher involvement of the Public sector, through fiscal benefits and public support, since financial resources were considered as insufficient and one of the obstacles preventing a higher level of CSR practices implementation.

According to the KPMG International Survey of Corporate Social Responsibility Reporting 2008, the results of Portugal showed a significant increased in reporting from the Portuguese N100 companies compared to 2006. However, the leading sectors include enterprises and organizations with higher environmental impact, with more than 50% reporting information about performance on sustainability issues. Plus, the financial and the securities sector represent more than 60% of reporting companies.

Finally, according to the Requirement Analysis: State of art and identification of SME needs and CSR learning situation in Portugal (CECOA, 2009), in Portugal, the incorporation and implementation of CSR initiatives and measures are increasing; however, there are some areas which demand further development:

- Fighting against the limited understanding of the ways in which SME owner/managers’ perceived CSR and suggesting strategies which influence their enterprises’ involvement in CSR activities;

- Training of consultants, human resources managers and supervisors about the advantages of CSR;
- Implementing CSR under the framework of lifelong learning and aligning with improvement of the internal CSR dimension.

**Additional information and resources**

"A Guide to CSR in Europe – Country Insights by CSR Europe’s National Partner Organisations" (Brussels 2009)

http://www.euprera.org


KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A

Study "KPMG International Survey of Corporate Responsibility Reporting 2008"

CECOA – Centro de Formação Profissional para o Comércio e Afins

http://www.cecoa.pt
http://www.socialsme.org


http://actassnip2010.com/conteudos/actas/PsiTrab_15.pdf
Facts & figures about CSR

2.10. Insights into the CSR situation in the United Kingdom

In short

In UK, Corporate Social Responsibility (CSR) is closely linked to the model of "Anglo-Saxon capitalism". Since the privatisation of the financial system and public utilities in the 1980s, British enterprises have assumed direct responsibility beyond the statutory provisions. UK is a global pioneer of CSR. It is ahead of the CSR development of most EU countries by many years. Meanwhile, CSR has evolved into a competitive factor in UK when it comes to benchmarking of good corporate practices. On a political level, the actors are co-operating across social, economic and development policies, to push the business case of CSR.

Learning targets

- Be better able to gauge the background and developments of the CSR situation in UK

CSR learning contents

The contribution through CSR measures of small and medium-sized enterprises (SMEs) in UK is estimated to be up to 3 billion pounds annually - almost ten times the one of large enterprises. The large majority of SMEs deems it necessary to pay close attention to the corporate responsibility in its social surroundings and opposite the environment. This perception paired with a positive correlation between CSR and the corporate success are growing proportionately with the increasing size of the company and the participation in networks and associations. Nine out of ten SMEs in UK consider their business practices to be responsible.

The company's internal CSR perspective of SMEs is generally very pronounced and geared toward the employees with CSR programmes and responsible business practices. The employees are often integrated into the entire CSR strategy of the company, thus directly taking part in it through the company's commitment in the local community.

Large and internationally active companies in UK put their focus in the further development of CSR on the complexity of social and ecological factors in their value chains. In doing so, some companies form a pool of networks for the knowledge transfer and exchange of experiences and collaborate in value chains with the
government and Non-Governmental Organisations (NGOs) to improve global standards such as the reduction of CO2.

UK is among the most strongly deregulated national economies in the world. The British economy evolved into a "shareholder value capitalism" based on the principles of liberalisation, low taxes and low regulation. In the process, the government keeps out of the economic life as much as possible. It considers its main duties to be safety and a functioning legal system. Nevertheless, UK's government has appointed a separate CSR Minister - unique in the world so far - and his responsibilities are to promote good corporate practices and to offer guidelines for CSR.

CSR has experienced a significant legal impulse in UK as a result of the Companies Act 2006. The law is designed to modernise the corporate law and to make the establishment and management especially of smaller enterprises easier. The directors are required to act according to the Companies Act 2006 to achieve the success of the company and the wellbeing of society. They are required by law to consider the employee, customer, supplier and the impacts of the enterprise on the society and the environment in the management of their business.

**Additional information and resources**

"A Guide to CSR in Europe – Country Insights by CSR Europe’s National Partner Organisations" (Brussels 2009)

http://www.euprera.org

"Engaging SMEs in Community and Social Issues" (London 2003)

Business in the Community

http://www.bict.org.uk

German-British Chamber of Industry and Commerce

http://www.ahk-london.co.uk
CSR interfaces within the company

3.1. Corporate culture as setting for a focus on CSR

**In short**

Corporate culture comprises the basic ideas, values and the corporate philosophy jointly supported in the company. The technical literature describes three main streams which modern corporate culture is based on: Corporate goals, employee satisfaction and customer focus. Based on these, corporate culture can lend a unique character to the company and support it to establish itself sustainably on the market. Moreover, the value-oriented corporate culture represents a stable structure for the strategic orientation of Corporate Social Responsibility (CSR). Because as soon as CSR is an integral component of the corporate culture, the identification of the employees with CSR becomes part of the daily routine. In turn, new impulses generated by the CSR strategy can lead to the forward-looking orientation of the corporate culture.

**Learning targets**

- Get to know the interaction between corporate culture and CSR and to identify important characteristics for the corporate practice

**CSR learning contents**

For many small and medium-sized enterprises as well as the majority of employees, the term corporate culture is much better understandable and pliable than the management term Corporate Social Responsibility (CSR). In fact, CSR is neither authentic nor sustainable for the long term if it is not an integral component of the corporate culture itself and exemplified by managers and employees. The principle of corporate culture is especially important for family and owner-operated businesses with a long-standing tradition of corporate culture in which responsible economic management with corporate, social and ecological commitment is considered an explicit management duty. Against this backdrop, CSR as mutually supported overall concept can make a significant contribution to the further development of the corporate culture and focus it on the global standards of corporate responsibility management.

Corporate culture develops over the years as a result of activities, behavioural patterns and methods which were successful in the past and have been repeated and institutionalised over time. In the process, every company develops its own specific culture, characterised by the social interaction of the employees and the
outward appearance. In marketing language, this is also referred to as Corporate Identity (CI), the self-perception of the company recognisable on the inside and the outside by the concerted use of behaviour, communication and image.

The following ten theses about the forms of appearance of corporate culture were taken from the publication "Unternehmenskultur. Ein Weg zum Markterfolg" (a standard reference by Richard Bachinger):

1. Corporate culture is social
The term culture refers to the entirety created by humans and not the act of a single individual. Even if stories and "myths" exist about companies, alleging that one single or a few individuals founded or established the company (company founders), it is a fact that all members of a company have contributed to its existence.

2. Corporate culture controls behaviour
Corporate culture affects interpersonal relationships within the company, in fact unknowingly without the need written standards and laws. It is precisely this engagement concerning the relationship with one another that characterises the corporate culture, makes it unique and distinctive.

3. Corporate culture is made by humans
Corporate culture is the result of the employees' shared experiences. It is the result of human thinking, action and the ability to make decisions within a company.

4. Corporate culture is generally accepted
To a large extent, all members consciously or unconsciously act, work and live in accordance with the values and rules applicable in a certain company.

5. Corporate culture is passed on
It is the result of a historic process and is passed on in joint beliefs, conducts and stories. This way, the past history of the company remains omnipresent in current decisions. There are no companies without a history.

6. Corporate culture is learnable
Cultures can mainly be experienced and learned through the human ability of forming a system. Symbols are explained and passed on during grand opening, admittance and initiation celebrations. Training and further education opportunities also serve the development of the employees in the spirit of the corporate culture.

7. Corporate culture is flexible
Only if organisations offer their members successful solutions do they have a long-term chance of survival. Even if companies sometimes have bizarre and even pathological traits and characteristics, their survival is not necessarily threatened, as long as the successful solutions are dominant in the long run.
8. Corporate culture is conscious and unconscious
Values and codes of conduct are memorised both intellectually as well as emotionally by the employees.

9. Corporate culture is not directly discernible
Industrial enterprises can be analysed with economic and quantitative methods and described anecdotically as well as interpretively. A specific aspect of the culture is recorded, depending on the method. However, the entire appearance of a culture only becomes visible with the public use of many parts and methods.

10. Corporate culture is a result and a process
Every company has a specific culture. While working, acting and living in the company, this culture is constantly changed and re-created.

In many cases, companies describe their social responsibility in direct correlation with their corporate culture. For example, Deutsche Telekom headlines their Corporate Responsibility report 2010 on the internet site as follows: "Our corporate culture - living responsibility on a daily basis." Reference to the corporate culture is again made in the first paragraph of the company's CSR report: "Today it is more important than ever that our corporate culture is value-oriented and sustainable and a responsible corporate management is established."

For employees in a company, the corporate culture is a crucial factor for the motivation and identification with their own scope of work and responsibilities. CSR can be convincingly supported by the employees if it is perceived as part of the joint corporate culture. In these cases, employees personally back the CSR of the company and help bring it effectively to the outside. This helps increase the interest and commitment of the employees to develop new forms of corporate culture and to contribute for example to CSR measures such as "Corporate Volunteering".

Exercise 3.1. (approximately 45 minutes)
Discuss with your participants the question whether certain "un-cultures" in a company have the potential to exclude Corporate Social Responsibility.

You may wish to work in small groups and assign a sector of your choice to every group (e.g. textile industry, food wholesalers, gastronomy, insurance industry, media sector, construction business etc.). The participants are given 30 minutes to define 5 possible characteristics of a poor corporate culture. The groups will subsequently present the "un-cultures" of their industry.

Then discuss with the entire group whether CSR is excluded in the respective companies due to their corporate culture and which CSR measures might
significantly improve the situation. What benefits might the companies gain from specific CSR measures?

**Additional information and resources**

Richard Bachinger: "Unternehmenskultur. Ein Weg zum Markterfolg.“ (Frankfurt/Main 1990)


Initiative Unternehmenskultur (editor): Information Service 03/2007 "Unternehmenskultur – mehr als Corporate Social Responsibility?“

[http://www.initiative-unternehmenskultur.de](http://www.initiative-unternehmenskultur.de)


CSR interfaces within the company

3.2. The global value chain

In short

The value chain represents the path of a product or service, starting with the harvest of the raw materials and ending with the disposal of products. Due to the global market, the value chain of companies often contains many countries throughout the world. With respect to the question about Corporate Social Responsibility (CSR), this makes it more difficult to obtain information from and conduct audits concerning minimum standards for environmental protection and employment conditions at supplier operations. Grossly simplified, the value chain of a product is as follows: Harvesting of the raw material > Transport > Production > Transport > Trading > Consumer > Disposal.

Learning targets

- Be able to recognise connections between companies based on the value chain from the local to the global level
- Develop a practical understanding about how value chains can be focused corresponding to CSR

CSR learning contents

The compliance with social and environmental standards along the value chain is the foundation for a positive image as social and environmentally conscious enterprise. Mainly global companies are vulnerable in the value chain. Because western industries with distinct social standards often systematically rely on developing countries or newly industrialising countries in South East Asia, Eastern Europe or South America for the purchase of raw materials for mass production. The justification based on economic benefits such as lower salary costs and tax reductions are however often offset by corruption practices, deficient social work and environmental conditions. If child labour is identified within the value chain of a company which is for example using suppliers in South East Asia, the turnover and reputation may suffer a significant blow. Aside from producing revelatory journalism, some organisations ("watch dogs") also check the companies for codes of conduct and self-statements about CSR with an ever growing focus on the entire value chain.

CSR cannot be reduced to the part of the production or service that takes place at the corporate domicile or on the domestic market, but it must be observed, monitored
and documented along the entire value chain, for example with sustainability reporting. For companies benefiting strongly from their market value, a lack of knowledge about the details of the value chain represents a high risk due to the pressure from the media and public associated with scandals. US billionaire and major investor Warren Buffett brings it to the point: "It takes ten years to establish a positive image for a company but only ten seconds to loose it."

However, advantages along the value chain are found for example for small and medium-sized enterprises (SMEs) as suppliers of large operations. With growing calls for transparency and CSR in large companies which are much more heavily scrutinised by the media, NGOs and the public than small enterprises, SMEs are able to position themselves as safe and sustainably reliable partners in the competition of suppliers thanks to their own CSR strategy. As well, with the socially and ecologically-focused consumer group of LOHAS (Lifestyle of Health and Sustainability), companies with a responsible value chain or one consistently focused on the region, are increasingly gaining importance. An important aspect that is in favour of a value chain within a specific region is to keep the transport of merchandise low. It allows for both cost and energy efficiency.

The value chain concept illustrates the added value for the consumer based on all corporate activities used to create the final customer product or the final service. As regards to competition, the value chain can be focused on achieving a competitive edge through cost leadership (price/costs, standard production) or follow a differentiation strategy (performance/quality, uniqueness/CSR) within the industry.

The value chain is comprised of primary and secondary activities which may develop within and outside of a company.

Aside from the production, primary value chain activities include the logistics or service, i.e. direct performances used for the physical alteration of the product, such as for example:

- conversion of raw materials
- customer service after selling products

Secondary value chain activities are used for the conservation of the primary activities, for example:

- procurement management
- technical processing
- Human resources management

Methods for the value chain analysis can comprise an internal cost analysis, internal differentiation analysis and a vertical correlation analysis. This is how competitive advantages can be generated with the components of the value chain, mainly cost
savings potentials. But these opportunities on the cost side can at the same time represent risks in other areas.

**Exercise 3.2. (approximately 60 minutes)**

Ask the participants in small groups to research branded companies which made headlines because of child labour. The groups are asked to research at least two sources on the respective event. The sources should illustrate developments and consequences for the company and refer to different points of view for example from the media, on the part of the company or from NGOs.

At the end, every group will be asked to present their research results. Discuss the following questions and attitudes amongst others:

- Can the request to abolish child labour be transferred from the western value system to developing countries?
- Are western branded companies obligated because of their power in the market to campaign for an improvement of the local conditions in the host countries?
- Should the money spent for elaborate image or CSR campaigns of branded companies be used directly for the improvement of the situation of the workers in the host countries (e.g. by means of educational programmes for former child labourers)?

**Additional information and resources**

Michael E. Porter: “Competitive Advantage: Creating and Sustaining Superior Performance” (Frankfurt/Main 1998)

Europa InterCluster: White Paper - The emerging of European World-Class Clusters (in Hungarian)


White Paper - The emerging of European World-Class Clusters (in English)

CSR interfaces within the company

3.3. Stakeholder relationships in the CSR strategy

**In short**

Stakeholders (target groups) of a company include any persons, groups or organisations which are affected by the respective corporate activity. Stakeholder relationships are considered reciprocal if target groups themselves are influencing the company. Corporate Social Responsibility (CSR) requires companies to know about the needs and requirements of their stakeholders and to maintain a systematic stakeholder dialogue.

**Learning targets**

- Get to know the principles of stakeholder relationships in the CSR concept
- Identify stakeholders and their CSR topics based on practical examples

**CSR learning contents**

Stakeholders of a company are any persons, groups or organisations connected to a corporate activity with financial and non-financial interests, expectations and claims. Typical stakeholders include shareholders, customers, employees, the local population (citizen's groups, if applicable), authorities, media, NGOs and consumer protection groups.

Contrary to the holistic concept of stakeholder relationships as target groups and proprietors of interests of a company, the concept of shareholders is often in the foreground in economic science and in practice. Shareholders are holders of shares, stock owners or members of a company who are expecting the company to raise the shareholder value, i.e. to maximise the stock price and the dividend. Shareholders are clearly financial "investors" of a company with an overriding legitimate claim for a monetary return. In the CSR concept of a company, shareholders form an important, but not exclusively strategic orientation.

A stakeholder analysis is generally one of the first steps for the development of a CSR concept. This analysis is designed to determine the main target groups for the company, clarify different meanings and degrees of stakeholder influence and identify possible expectations. Then a communication strategy for the stakeholder dialogue can be drafted or an equalisation strategy prepared in case of diverging interests or conflicts of interest.
From the point of view of CSR, the question about stakeholder relationships can be summarised as: Opposite whom and what is the company responsible for? Or: Who is entitled to make the company responsible for what?

The theory and corporate practice offers different models for categorising the stakeholder relationships into degrees of influences and effects and to systematically illustrate the expectations of these groups as well as the risks and opportunities on the part of the company.

In the practice, the focus is usually first on external stakeholders. Examples include lobby groups, competitors, suppliers, customers or cooperation partners and governmental offices such as taxation, environmental or cartel authorities. An important consideration in this respect is the following: Which groups can become active if this concerns the corporate policies? For example with legal procedures, strikes or protests?

Internal target groups include for example management levels, groups within the employees or a management board. A systematic stakeholder analysis can for example yield informative insights on whether there are any conflicts of interest also within the own company.

**Exercise 3.3. (approximately 45 minutes)**

The "Stakeholder map" exercise can be conducted using the example of companies shown in the movies of this CSR compendium. If your group comprises participants from different companies, the following approach is recommended for better content-related participation and identification:

Hand every participant a flip chart paper and ask them to describe the main activity of the selected company in the middle of the paper. It is helpful if the core business of the company is described with a sentence that is as short as possible. Then distribute the flip chart papers in the room.

Ask the participants to move around in the room for 10 minutes, walking from paper to paper several times. During this time, the participants are asked to record on the papers which stakeholders (= persons, groups and organisations) may be connected to the company based on the described activity or are affected by the corporate activity.

Introduce a second 10 minute round of brain storming. The participants are now asked to assign topics and trends to the stakeholders in bullet form.

At the end of the exercise, you may wish to discuss individual flip chart papers in the group or hand the participants their own "stakeholder map" for further reflection and use in their own company.
Additional information and resources

UPJ – CSR Consulting in Germany

http://www.upj.de/Beratung.131.0.html

Alternate Kft. – CSR Consulting in Hungary


RSO – CSR Consulting in Portugal

http://www.rsopt.com

BITC – CSR Consulting in UK

http://www.bitc.org.uk
CSR interfaces within the company

3.4. Human resources development to meet CSR requirements

In short

The goal of human resources development is to prepare employees methodically, systematically and specifically for current and future requirements of the company. Although human capital is not part of any corporate balance sheet as asset required for survival, the benchmarks employee productivity, employee loyalty and employee satisfaction make corporate success in human resources development measurable. Thus, Corporate Social Responsibility (CSR) and human resources development are mutually dependent. Human resources development is therefore an interface for the development of specific know-how and skills required to root CSR in the workforce of the company.

Learning targets

- Get to know the goals and functions of human resources development as well as potentials of CSR for employees

CSR learning contents

The interaction of the skills of all employees is what brings a company to life and makes general success factors possible, such as market share, product or service quality. The best strategy is no use if the qualifications for implementing it are missing. The required skills of employees change as the company develops and markets, consumption habits, customer requirements and entire societies are changing. Strategic human resources development is focusing the qualification of employees on the three most important comprehensive learning processes within the company: operative value creation processes, strategy development processes and management processes.

Corporate Social Responsibility (CSR) is directly associated with the human resources of a company through different factors. On the one hand, CSR measures serve as a tool for the company to recruit and retain employees and their know-how. This is especially important for small and medium-sized enterprises which are in a severe competition with large company groups for attracting skilled workers. On the other hand, CSR can only become useful and sustainable within a company if the employees and their personal and professional development are integrated into it. Exemplary measures such as Corporate Volunteering (promotion of social...
commitment of employees) contribute to the CSR of the company while at the same time supporting key qualifications, technical, social and management skills, i.e. the core area of human resources development.

As well, companies require special skills for the realisation of a CSR strategy, ranging from the company management to the employees in all functions of the company.

Human resource management for example distinguishes between human resources selection, human resources management, human resources development, salary scheme and human resources administration which all directly affect one another. Methods eligible for integration into the CSR measures include for example: on-the-job training of new hires, sponsorships and mentor systems, coaching, continuing education, job rotation, job enlargement, team development, temporary management, internships and stays abroad, learning by teaching, sideline and postgraduate studies, etc.

The necessity of coordinating CSR and human resources development becomes particularly obvious in connection with the introduction of a CSR strategy or corresponding strategic re-alignments. For example, if new CSR measures for the environment are required, it is essential that they are understood by the employees and can be implemented.

**Exercise 3.4. (approximately 90 minutes)**

Ask your participants to take part at a „CSR Think Tank“ in small groups from 3 – 6 persons. For this exercise, you can choose the company of your participants or one of the case studies presented in chapter 7. The „CSR Think Tank“ consists of 3 phases:

1. Critic: (15 minutes)
   The participants discuss in their teams about what goes wrong in the company. They note their results on a flipchart-paper.

2. Fantasy (30 minutes)
   The participants work out a flipchart-paper answering the following question: „How does the company look like in best ways of CSR possible?"
   In this phase of there is no restriction in money, means and time needed.

   As a follow-up to the 2. phase, the teams present their CSR company. All participants discuss about 2 – 3 CSR activities for each CSR company that should be developed and presented in a next step.
3. Reality (30 minutes)
   In a new combination of participants, partner teams develop a concept for the
   2 – 3 CSR activities that have been chosen by the plenum for each company.
   The question is about how these measures could take place in reality.

At the end, all partner teams present their results in front of the plenum.

**Additional information and resources**

Leitfaden „Personalentwicklung. Auf die Mitarbeiter kommt es an.“

RKW Baden-Württemberg

http://www.rkw-bw.de

Presentation of Alternate Kft. – CSR Consulting in Hungary

http://csrajanlas.wordpress.com/2010/10/02/fenntarthat-fejlodes-es-hr/
CSR interfaces within the company

3.5. Diversity management and non-discrimination

In short

Diversity management comprises equal treatment, integration and corporate non-discrimination guidelines. Its purpose is to emphasise the individual diversity of the employees in a positive way and to utilise it for added value and competitive advantages within the company. Thus, "Diversity management" supports the thesis that a diverse workforce is more successful than employees with a homogeneous background. With respect to discrimination at the workplace, companies in the European Union can also be legally prosecuted. In the practice, diversity management is considered a company-internal characteristic of Corporate Social Responsibility mainly in larger enterprises.

Learning targets

- Get to know the legal requirements of companies in terms of non-discrimination and the utilisation of Diversity Management

CSR learning contents

With the EU directive on equal treatment in employment and occupation, all human beings in the European Union are protected against discrimination at the workplace, on the grounds of age, disability, sexual orientation and religion or ideology. The EU directive on equal treatment irrespective of the racial or ethnic origin prohibits discrimination on the grounds of race or ethnic origin at the workplace and additionally in other areas of life such as education, social security, health care and access to goods and services.

For years, companies have been reflecting the immigration situation in our societies. Close to 15 million people with a migratory background are residing for example in Germany, corresponding to 18% of the total population. In the majority of companies people cooperate naturally, contributing their formal qualifications and know-how, but also their personal skills and own views. The diversity of employees and equal treatment can contribute to a positive image as promotional strategy and part of the Corporate Social Responsibility. Not lastly, companies with implemented Diversity Management are protecting themselves against sanctions associated with the non-compliance with non-discrimination directives set forth in the laws of the EU. A CSR
strategy can represent a suitable superordinate framework for the Diversity Management within the company.

But the purpose of Diversity Management is not only to prevent discrimination within the company and to create equal opportunities. Companies also use Diversity Management strategically to generate economic advantages. In terms of sales markets and customer relationships, the diversity of the workforce can make it possible to address specifically new customer groups with a migratory background (ethnomarketing) or represent competitive advantages thanks to the retention of customers by providing a range of multilingual services.

Within the company, the Diversity Management also helps resolve and prevent conflicts which may have a positive impact on the corporate climate. Companies can profess to this specifically by nominating a Diversity officer.

Sustainable companies consider demographic developments on the labour market and in the human resources management ahead of time. For example, Diversity Management helps them prepare for the idea that they will rely significantly more heavily on employees with a migratory background in the future against the backdrop of an increasingly aging workforce and impending lack of skilled workers.

Companies active on the global market require international and intercultural skills on every hierarchical level. Diverse teams with different perspectives are the best condition for dynamics and innovation, and it is virtually impossible to fathom an R&D department in major companies without international cooperation.

Some European Union member states have launched a national "Diversity charter", giving companies an orientation framework for the implementation of Diversity Management. In Germany, the "Diversity charter" is a corporate initiative, which companies can join with the signature from the management and the authorised agents of the Federal Government for Migration, Refugees and Integration. The initiative is designed to promote the recognition, respect and integration of diversity in the corporate culture in that the signatories are asked to create a work environment free of prejudices. The "Diversity charter" was launched at the end of 2006. Meanwhile, close to 800 companies and public institutions have joined the initiative.

With the "Diversity charter", the companies as employers are signing for

- valuation and respect of the individual as basis of the corporate culture
- human resources management that does justice to the diverse skills of the employees
- opportunity thinking about social diversity also outside of the company
- diversity as topic in the internal and external dialogue
- annual reports about the own activities concerning the "Diversity charter"
- integration of the employees for the implementation of the "Diversity charter"
Exercise 3.5. (approximately 30 minutes)

Ask your participants to create small groups with 3 – 6 persons for a „marketplace of possibilities“. Select for each team a company from the case studies presented in chapter 7. In the next 20 minutes the teams should decide, which persons should get which jobs in the company, according to their approach on diversity management. Afterwards, each team presents its company.

Additional information and resources

“A framework strategy for non-discrimination and equal opportunities for all”
European Commission


EU campaign "For diversity. Against discrimination."

http://www.stop-discrimination.info

"Diversity charter“ in German companies

http://www.vielfalt-als-chance.de

Hungarian study on equal opportunities at the working place
mtd Tanácsadói Közösség (2009)


Comissão para a Cidadania e a Igualdade de Género (in Portuguese)

http://www.cig.gov.pt
CSR interfaces within the company

3.6. Environmental management systems

**In short**

Environmental management systems (EMS) are increasingly being used by companies as voluntary tool for the preventative environmental protection that goes beyond the compliance with environmental laws. EMSs serve the systematic registration and reduction of negative corporate environmental impacts; and, thanks to the global establishment of standards such as ISO 14001, they are often used as a starting point for further strategic activities, programmes and reports, including in additional subareas of Corporate Social Responsibility (CSR).

**Learning targets**

- Get to know the EU and most important worldwide standards for environmental management systems

**CSR learning contents**

An environmental management system (EMS) is the management system of a company containing the structured definition of responsibilities, codes of conduct, procedures and provisions governing the implementation of corporate environmental policies. Usually maintained and managed by an environmental management officer, an environmental management system serves the systematisation, management and control of the company's environmental goals. In the European Union, mainly the globally valid environmental standard ISO 14001 or the EMAS directive (eco audit / Environmental Management and Audit Scheme) of the EU are used.

A growing number of companies that set up their environmental management system according to the specification of ISO 14001 and/or the EMAS directive, appoint external or environmental auditors to certify (ISO 14001) or validate (EMAS) their EMS. This can increase the ecological credibility of the corporate environmental management in the public and among customers and lead to a strategic competitive edge.

The two standards ISO 14001 and EMAS require the company to comply with all environmentally-relevant legal provisions. EMAS requires the additional compilation of an environmental declaration. According to the provisions of the respective environmental standard, an environmental manual and an environmental programme
need to be developed. The manual defines an organisational structure and corresponding staff responsibilities. The environmental programme sets out the environmental goals to be achieved and the measures required to do so. An independent auditor regularly monitors the compliance with all requirements, the realisation of the environmental manual and the environmental programme.

The international standard ISO 14001 is the most important specification for corporate environmental management in the world. The environmental management pursuant to the European "Eco audit" (EMAS) includes the requirements set forth in ISO 14001.

In Germany, approximately 4,000 companies are currently ISO 14001-certified. The expenditure of time and costs associated with the certification of environmental management systems is increasingly offset also for small and medium-sized enterprises by a global competition factor on the one hand and the attractiveness as partner or supplier in the value chain of larger enterprises with corresponding CSR provisions on the other hand.

**Additional information and resources**

ISO 14001

International Organisation for Standardisation

[www.iso.org](http://www.iso.org)

EMAS

Environmental Management and Audit Scheme

Help desk of the European Commission

CSR interfaces within the company

3.7. Employee motivation for environmentally-conscious conduct

In short

The environmentally-conscious conduct of employees in the daily routine of the company puts the ecological aspects of a CSR strategy to the practical test. At the same time, simple measures for an environmentally-friendly workplace can also generate significant cost savings within the company.

Learning targets

- Be able to translate environmental management topics practically and easily manageable to the workplace of individual employees

CSR learning contents

Corporate environmental management systems such as ISO 14001 and EMAS have become the trademark of forward-looking corporate management before CSR was in the discussion. In some companies, the corporate environmental protection grew into a comprehensive claim to act as a role model not only with respect to ecological topics but also with respect to social and corporate business concerns.

For all intents and purposes, waste separation, measures to save resources such as e.g. energy and water across all corporate entities and sectors are absolutely part of the daily routine, irrespective of environmental management certifications. More and more, the protection of the environment is considered a "Necessity", because non-observance is not only associated with legal and financial consequences, but also with a negative image for the company. On the other hand, the environmentally-conscious conduct inside the company also has a positive impact on the balance sheet with respect to the question about energy efficiency, for example by reducing the costs for the manufacture of products and the operation of office buildings and sales areas. How well a company fares in terms of environmental protection and energy efficiency significantly depends on the employees. With their conduct, they can achieve a continuous improvement and save resources through a number of small measures.

When integrating and training employees to achieve climate-related and environmental goals inside the company, the motivation of every individual employee is an essential factor. Important multipliers can be identified within the company and used to encourage employees for specific and routine changes in their conduct. This
role is often assumed by environmental officers, employees of the human resources department, the editorial staff of the employee newspaper or committed department heads. Especially in small enterprises, the management itself is often the most important multiplier.

The credible and sustainably promising implementation of CSR in the company requires the cooperation of all employees. The "co-responsibility" of the workforce can easily have a positive effect with specific measures especially in the CSR sub-area of the environment. A variety of practical guidelines have been developed by companies and additional free information and motivational materials such as posters are available which are designed to encourage employees to act in an environmentally conscious way.

**Exercise 3.7. (approximately 10 – 20 minutes)**

Use the fields of action below to discuss simple environmental management measures with your participants which can be generalised for employees in most companies.

**Tip for employees: office equipment**
In many industrialised nations, the energy consumption in offices increases by an average of about 1.5% every year, thus representing permanently rising costs for the company. In contrast, the observation of some simple rules in connection with the purchase and use of office equipment leads to a significant cost savings potential.

- What are the tips from your participants in this respect?

**Tip for employees: paper & printing**
An average of 800'000 tons of paper are used in offices and administrations throughout Germany every year, corresponding to more than 320 million packages of DIN A4-sized paper containing 500 sheets.

- What are the ideas of your participants for improving this ecobalance?

**Tip for employees: waste reduction**
The principle "Preventing waste supersedes recycling, recycling supersedes disposal" should also apply to the workplace.

- Ask the participants to draft practical solutions!
Tip for employees: diet
A conscious diet promotes health and can at the same time protect the climate. Because the production, transport, storage, packaging and preparation of food generates close to one fifth of the CO₂ emissions in Germany.

- What can employees and companies do in the opinion of your participants?

Tip for employees: mobility
A growing number of companies whose core business is associated with a high degree of employee travel have included ecological mobility measures in their CSR approach. However, congestion is also an example of a common reason in connection with the simple professional commute that employees are stressed out upon arrival at the workplace.

- Ask the group to develop tips for the eco-efficiency associated with mobility!

Examples of a poster campaign for environmentally-conscious conduct at the workplace:

Additional information and resources
„Mitarbeitermotivation für umweltbewusstes Verhalten. Ein Leitfaden für Umweltbeauftragte in Unternehmen."
Bavarian State Office for the Environment (2009)
http://www.lfu.bayern.de

Information material in Portuguese:
CSR interfaces within the company

3.8. Corporate Governance

In short

Corporate Governance comprises all topics relating to management and control structures especially of incorporations listed on the stock exchange. The transparent compliance with national rules governing Corporate Governance is designed to strengthen the trust of investors, customers, employees and the public into the management and monitoring of the companies. Since 2002, corporations listed on the stock exchange in Germany have been required to issue a compliance statement on the German Corporate Governance Code. With respect to Corporate Social Responsibility (CSR), Corporate Governance is an integral component of the CSR strategy and the CSR reporting for companies traded on a stock exchange.

Learning targets

- Understand the discussion about corporate management and corporate control (Corporate Governance) and recognise interfaces with CSR

CSR learning contents

Management scandals such as falsification of balance sheets, tax evasion or corruption regularly ignite the discussion of Corporate Governance, i.e. the benchmarks for corporate management and control especially in connection with multinational corporations. The laws are increasingly detailing the requirements for the management and monitoring of companies which are reflected in distinct national Corporate Governance codes. In the process, the components of Corporate Governance are constantly growing; these days, they are no longer only limited to the roles and responsibilities of the management and supervisory board. Risk management and compliance management (the latter refers to the compliance with laws, directives and voluntary codes) are as much part of modern Corporate Governance as an internal control system monitored by a competent internal revision department is.

Until now, no direct conceptual correlation between Corporate Social Responsibility (CSR) and Corporate Governance has been established in the applicable wording of the laws and codes. Nevertheless, important interfaces concerning the topics of transparency and reasonable risk management exist based on which Corporate Governance codes are ascribed to the management of the company. Because risks
associated directly with CSR can be found in matters concerning the environment, work, social affairs and the reputation. If these risks materialise, companies can suffer significant damage, causing a corresponding impairment of the company's value, such as lost sales and income and even loss of the "license to operate". In addition, CSR reporting is gaining increasing significance and is considered part of good corporate management.

No uniform global understanding or definition of Corporate Governance exists yet. On a European level, the EU commission has set up a European Corporate Governance Forum in 2004. The forum is designed to promote the convergence of national Corporate Governance codes.

The German Corporate Governance code represents the legal provisions governing the management and supervision of German corporations listed on the stock exchange and includes the following:

- shareholders and general assembly
- co-operation between management board and supervisory board
- management board
- supervisory board
- transparency
- accounting and annual audit.

**Additional information and resources**


Systain Consulting GmbH

[http://www.systain.de](http://www.systain.de)

European Corporate Governance Institute

Index of national codes

[http://www.ecgi.org/codes/all_codes.php](http://www.ecgi.org/codes/all_codes.php)
CSR interfaces within the company

3.9. International CSR requirements - UN Global Compact

In short

Corporate Social Responsibility (CSR) challenges internationally active companies to act in a socially and ecologically responsible way along their entire value chain. CSR-relevant minimum standards have been defined in a host of international conventions and whitepapers especially concerning the matters of human rights, labour laws, non-discrimination and equal opportunities. The UN Global Compact serves as orientation guide for international CSR requirements.

Learning targets

- Get to know the contents of international CSR requirements based on the United Nations Global Compact

CSR learning contents

The United Nations Global Compact encourages companies worldwide to implement ten principles concerning the matters of human rights, labour standards, environmental protection and combating corruption. It is understood as voluntary learning and dialogue platform. With the purpose of making globalisation more socially and ecologically viable, the Global Compact is executed as a pact between companies and the United Nations. Participation in the Global Compact is based on a written declaration of intent from the management of a company submitted to the UN secretary general stating that the company is committed to complying with social and ecological minimum standards in the future which are summarised in the principles of the pact. The signatory companies agree to report about corresponding measures, progress and problems within the company by means of an annual voluntary disclosure to the Global Compact office.

Joining the UN Global Compact is a very simple tool for companies to generate a positive outward appearance toward CSR by means of the United Nations emblem. The voluntary compliance with the Global Compact criteria, the lack of sanctions in case of non-compliance and the absent review of the voluntary disclosure of the companies give rise to the critics of this initiative that the pact is merely a marketing gimmick for companies. Moreover, the principles of the Global Compact are focused on minimum standards based on documents that have already been accepted by the
majority of the international community and have been integrated into national case law. Accordingly, the UN initiative is often criticised as being too weak and ineffective.

With respect to the international CSR requirements, the Global Compact can indeed ensure an incomplete, yet comprehensive overview. The ten principles of the pact have been defined as follows:

**Human rights**

**Principle 1:** companies are asked to support and respect the protection of the international human rights within their scope of influence and

**Principle 2:** make sure that they are not complicit in human rights violation.

**Labour standards**

**Principle 3:** companies are asked to respect the freedom of association and the effective recognition of the right to collective bargaining as well as additionally vouch for

**Principle 4:** the abolishment of all forms of forced labour,

**Principle 5:** the abolishment of child labour and

**Principle 6:** the abolishment of discrimination associated with hiring and employment.

**Environmental protection**

**Principle 7:** companies are asked to support a precautionary approach when dealing with environmental problems,

**Principle 8:** adopt initiatives to generate a greater sense of responsibility for the environment and

**Principle 9:** support the development and distribution of environmentally-friendly technologies.

**Combating corruption**

**Principle 10:** companies are asked to fight any kind of corruption, including extortion and bribery.
**Additional information and resources**

In addition, the international website of the UN Global Compact also provides information about the networks of the initiative in individual countries:

http://www.unglobalcompact.org

Híd a Harmadik Világért Alapítvány (article in Hungarian)

http://www.csrhungary.eu/download/corporAID.pdf

Information on Global Compact in Portuguese


CSR interfaces within the company

3.10. International CSR requirements based on OECD and ILO

In short

Global Corporate Social Responsibility (CSR) is based on requirements defined as core labour standards for the field of employment by the International Labour Organisation (ILO) and accepted by its 175 member states. In addition, the guiding principles for multinational companies issued by the Organisation for Economic Co-operation and Development (OECD) are part of the most common recommendations for the socially and ecologically responsible shaping of globalisation.

Learning targets

- Get to know the international CSR requirements based on ILO and OECD

CSR learning contents

Guidelines issued by international organisations are crucial in the economic core activity and as a result essential for the company-wide CSR, especially for multinational companies. For example, the core labour standards of the ILO as well as the OECD guiding principles for multinational companies are considered essential components for the strategic developments of globally oriented CSR.

The German federal government also relies on three basic pillars for the development of the national CSR strategy: the ILO core labour standards, the OECD guiding principles for multinational companies as well as the principles of the UN Global Compact.

In 1998, the ILO core labour standards were politically upgraded, when the "Declaration on the basic principles and rights of employment" was adopted by the 175 member states of the International Labour Organisation during its meeting.

The four basic principles of the International Labour Organisation (ILO) are also known as ILO core labour standards:

- Freedom of association and right to collective bargaining
- Abolishment of forced labour
- Abolishment of child labour
- Ban of discrimination at work and on the job
The guiding principles of the Organisation for Economic Co-operation and Development (OECD) for multinational companies are a set of rules for the socially responsible and environmentally conscious corporate management. The OECD principles were last updated in 2000 and contain recommendations for the following main areas of responsibilities of companies:

- Basic duties of companies (sustainable development, compliance with human rights, promotion of local capacities)
- Information policies (issuing of a business report, disclosure of information about socially and environmentally relevant questions)
- Employment policies (compliance with the core labour standards of the International Labour Organisation)
- Environmental policies (set up of environmental management systems and ensurance of transparent environmental reporting, orientation on the precautionary principle)
- Combating corruption (rejection of bribes, transparency about the measures used to combat corruption)
- Consumer interests (ensurance of fair business, marketing and advertising practices as well as safety and quality of the goods and services)
- Research and technology (protection of intellectual property, know-how transfer)
- Competition (observance of the rules of fair competition, renunciation of the set up of anticompetitive cartels)
- Taxation (contributing to the public finances of the host countries, compliance with tax laws)

**Additional information and resources**

International Labour Organisation (ILO)

http://www.ilo.org


Organisation for Economic Co-operation and Development (OECD)

http://www.oecd.org

OECD information about Germany

http://www.oecd.org/country/0,3731,en_33873108_33873402_1_1_1_1_1,00.html
OECD information about Hungary

http://www.oecd.org/country/0,3731,en_33873108_33873438_1_1_1_1_1,00.html

OECD information about Portugal

http://www.oecd.org/country/0,3731,en_33873108_33873764_1_1_1_1_1,00.html

OECD information about UK

http://www.oecd.org/country/0,3731,en_33873108_33873870_1_1_1_1_1,00.html

Corporate values. Corporate Social Responsibility in Germany

The internet page informs about fields of activities and actions of the German Federal Government in connection with the development of a national CSR strategy

http://www.csr-in-deutschland.de (German version)
http://www.csr-in-deutschland.de/portal/generator/4420/startseite.html (English version)
Strategic tools for CSR

4.1. ISO 26000 – A standard for corporate responsibility

**In short**

"ISO 26000 – Guidance on social responsibility" has been published in 2010 as an international standard. The guideline is designed to assist companies and organisations with the development, implementation and improvement of existing tools of (Corporate) Social Responsibility. ISO 26000 is not a certifiable management system standard like ISO 9001 or ISO 14001. It is a voluntary standard and cannot be used to evaluate the (Corporate) Social Responsibility performances.

**Learning targets**

- Get to know the main topics of ISO 26000 and be able to question the significance of this guideline in the international CSR discussion

**CSR learning contents**

Can corporate responsibility be standardised? Is CSR in fact suitable for standardisation? Companies and organisations are trying to meet their global as well as regional corporate responsibility with a very different understanding. The international standard ISO 26000 is designed to promote the global realisation of good CSR practice based on a consensus reached by several hundred experts from more than 90 countries. During the almost five-year development of ISO 26000, the call for clear and globally valid guidelines grew louder especially among "emerging markets" (newly industrialising countries) and developing countries. The International Organisation of Standardisation (ISO) has concluded the global consulting process at the end of 2010 and published ISO 26000 as orientation guide for the topic of corporate responsibility.

ISO 26000 is intended for any type of company and organisation in the private, public and non-profit sector, irrespective of their size and geographic location. Therefore, the standard is referring to "Social Responsibility" (SR), thus expanding the CSR discussion. The standard provides information about the principles of corporate responsibility and the possibilities of integrating socially responsible conduct into existing organisational strategies, systems, practices and processes. Indeed, the International Organisation of Standardisation excludes the reference to ISO 26000 through international legal standards. But ISO 26000 does not prevent the development of further reaching national standards. The content defines that national
responsibilities of the countries should not be taken over by organisations acting in a socially responsible manner. In fact, one of the important duties of the nations is to create suitable framework conditions to promote the "Social Responsibility" of organisations.

ISO 26000 identifies seven core topics concerning social responsibility of organisations and describes the associated guiding principles as well as specific fields of action and activities in these areas.

Core topics and fields of action include:

1. Organisational management (responsible processes and structures)
2. Human rights (e.g. due diligence, prevention of complicity, discrimination, international law standards and core labour standards of the ILO)
3. Work practices (e.g. social dialogue / pay scale principles, protection of the health)
4. Environment (e.g. prevention of environmental impacts, sustainable use of resources, adjustment to climate change, protection of natural habitats)
5. Decent behaviour and conduct of organisations (e.g. anti-corruption, political involvement, fair competition, promotion of corporate responsibility, respect of property rights)
6. Consumer concerns (e.g. reasonable marketing, information and contract design, protection of the health and safety of consumers, sustainable consumption, customer service, confidentiality of customer information)
7. Regional integration and development of the environment (e.g. integration into the region, education and culture, creation of work places, development of technologies, investment for the common welfare)

ISO 26000 is not a management system standard and is therefore not intended or suitable for certification purposes or for legal and contractual use. Certification offers or the claim to be ISO 26000-certified would therefore be a misinterpretation of the intention and purpose of the international standard.

Moreover, the standard is not at all intended to replace, modify or alter in any other way any national obligations. Nevertheless there is a fear that experts and consulting companies will be offering alleged "seals of approval" in the future to certify the company's compliance with the ISO guideline.

The controversy about the benefit of ISO 26000 does not end against this backdrop. According to the Federal Association of Germany Industry (BDI), ISO 26000 is raising fears in the industry if companies are forced by the market to have their actions evaluated for compatibility with a standard which does not contain data that is accessible for the evaluation of conformity. Based on this, there is a fear of distortions of the competition at a larger scale which may have a greater impact on smaller enterprises which have not yet established comprehensive CSR guidelines. However, companies which had already been developing and successfully using
such a tool for several years are also affected. Because if the supply chain is calling for an "ISO 26000 certificate", the CSR guidelines evolved inside the company are put to the test and may potentially need to be replaced.

**Additional information and resources**

Information about ISO 26000

http://www.iso.org/sr
Strategic tools for CSR

4.2. Internal measurement and evaluation of CSR using the Balanced Scorecard

In short

The Balanced Scorecard is a management tool capable of converting a strategy such as CSR into specific targets, performance indicators and procedures. This makes CSR measurable, assessable and allows us to monitor the achievement of goals. The performance indicator system of the Balanced Scorecard links the operational level of a company with its corporate strategy. Causal correlations can be displayed a priority by means of cause-effect relationships. In doing so, the Balanced Scorecard takes into account the cross-sectional character of environmental and social aspects on economic targets and allows the exploitation of the economic potentials of sustainability management and CSR.

Learning targets

- Get to know a performance indicator system for the company-internal control and measurement of sustainability and CSR

CSR learning contents

The sustainable successful implementation of Corporate Social Responsibility (CSR) as corporate strategy significantly depends on the control of the CSR system and the measurability of CSR goals. The Balanced Scorecard is a suitable management tool for deriving and controlling strategic measures of CSR and to design measurable goals. The tool is mainly characterised in that it allows the integrated management of ecological and social goals with economic goals, because environmental and social concerns are often addressed isolated and detached from the daily routine in the corporate practice. The integration of sustainability topics leads to the development of a so-called "Sustainability Balanced Scorecard". Essentially, the design of a Balanced Scorecard starts with the vision and strategy of a company and represents the basis for defining critical success factors. Expressed as Key Performance Indicators (KPI), a performance indicator system (= scorecard) is developed. This planning tool integrates different perspectives of the corporate activity by expanding the traditional corporate view characterised by financial aspects to other relevant fields of action within the corporate context, thus resulting in a balanced approach.
The perspectives displayed based on the Balanced Scorecard which are followed by performance indicators to achieve the allocated goals usually include:

- Financial perspective
- Customer perspective
- Internal and process perspective
- Employee or learning and innovation perspective

To operationalise the goals, specific definitions to achieve the defined performance indicators are developed in a first step. Measures to meet these specifications are subsequently planned and implemented. This process is passed through in a structured manner in all four perspectives, so that the developments can always be adapted to one another based on their causal cause-effect relationships. Based on the outcome performance indicators, the Balanced Scorecard provides a comparative overview of the activities that contribute most to achieving the goals.

In other words, the Balanced Scorecard represents a management process which integrates non-monetary goals aside from financial goals and provides for example the employees with a solid perspective by making their contribution to the implementation of the overall corporate strategy measurable.
Additional information and resources

The Balanced Scorecard Institute

http://www.balancedscorecard.org

Stefan Schaltegger and Thomas Dyllick (editors): "Nachhaltig managen mit der Balanced Scorecard" (Wiesbaden 2002)

Application of the Balanced Scorecard Methodology to the Corporate Social Responsibility Project – SOCIALSME Project

http://www.socialsme.org

Strategic tools for CSR

4.3. External measurement and evaluation by means of sustainability and CSR ratings

In short

Sustainability and CSR ratings conducted by independent rating agencies or in-bank analytical departments record and evaluate the performances of companies usually listed on the stock exchange with respect to ethical, social and ecological criteria. Sustainability and CSR ratings are putting the eco-social performance of companies to the test, because in the eyes of investors and other stakeholders, the credibility of such ratings by far exceed the information provided by the companies themselves.

Learning targets

- Obtain insight into the sustainability and CSR rating as external evaluation tool of companies

CSR learning contents

So far, rating institutions have been using sustainability ratings to examine and evaluate mainly companies listed on the stock exchange. They supply banks, investors and prospective stakeholders with independent specifications in aggregated format about the sustainability and CSR performances of individual companies. Rating agencies and internal analytical departments of credit institutions have developed own evaluation systems for this purpose. These measuring methods and evaluation procedures comprise a multitude of sustainability and CSR criteria. By evaluating corresponding company-specific data, analysts are using sustainability ratings to determine an absolute sustainability evaluation for the specific company and to define a relative sustainability position of companies, such as in the context of industries or countries.

While the financial rating has established itself as tool on the international financial markets, which has the potential of putting entire governments under reform pressure, the sustainability rating for companies is a relatively new concept. It is oriented on the methodology of the financial rating, expanding it with verifiable and measurable criteria in the fields of environment, society and employees as well as corporate management. Indeed, the currently prevalent measuring concepts for sustainability and CSR rating are characterised by recurring elements, but mainly by high individuality and dissimilarity. This is due to the individual motifs, orientations...
and methods of sustainability analysts as much as on different notions about CSR and fundamental beliefs about ethics.

The majority of rating institutions state that they are examining and evaluating sustainability and CSR in companies by means of more than 200 criteria. The generally used resources include questionnaires, company reports, media releases, reports and assessments of non-governmental organisations and experts.

The example of imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH domiciled in Germany symbolises a typical rating approach. imug criteria are divided into the equally weighted fields of environment, social affairs as well as market and society. Other fields of evaluation are allocated to these areas depending on the industry.

**Exercise 4.3. (approximately 60 minutes)**

Establish a rating agency with your participants. Divide your "CSR analysts" into three competency teams and ask them to work on the topics A) Environment, B) Social affairs and C) Market and society.

Ask the competency teams to define 8 core criteria for the CSR and sustainability evaluation of a company within 30 minutes, based on the following structure (modelled on the rating institution imug). The teams should record their results on flipchart papers and then discuss them in the plenum.

This exercise can be expanded by asking the competency teams after completing the discussion to define additional 5 industry-specific criteria for a company of their choice during 20 more minutes. You may opt to switch the teams for the second round (e.g. team A) is now working on topic C), etc.).

**Team A): criteria for the ecological dimension**

**Environmental management**

Processes that are relevant to the environment

**Product ecology**

**Team B): criteria for the social dimension**

**General interests of employees**

**Interests of individual employee groups**
International social responsibility

Team C): criteria for the dimensions market and society

Information openness

Consumer interests

Interests of other stakeholders

Additional information and resources


http://www.bertelsmann-stiftung.de

Website in English


imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH

http://www.imug.de

Portal da Empresa (information in Portuguese)

4.4. Ethical investment

In short

In addition to the return, ethical investment also takes into account ethical, social and ecological values of the investor. The number of investors providing capital to companies and initiatives that are pursuing sustainable economic activities has been growing significantly for several years. But within the scope of their focus on Corporate Social Responsibility (CSR), companies also have the option of investing ethically.

Learning targets

- Get to know effects and responsibility potentials of investments

CSR learning contents

Thanks to growing transparency about economic, social and ecological effects of financial investments, more and more financiers are asking questions about sustainability and ethics: Does a financial investment promote international and intergenerative justice, the life of humans and the conservation of nature? Can investments contribute to the specific support of humans in their efforts for better living conditions? Does a financial investment support companies whose products and manufacturing procedures benefit humans, the environment and economies especially also in developing and newly industrialising countries?

An ecologically and socially responsible investment consists of the determination of a reasonable balance between ethical dimension, financial return, security and liquidity. From an ethical perspective, negative criteria (exclusion criteria) with respect to investment decisions include, for example, corporate activities associated with armament, disregard of human rights, violation of collective bargaining laws or destruction of the environment. In addition, the passing on of costs for economic actions to third parties, the environment or future generations (so-called externalisation) is considered critical from the point of view of ethical investment. Positive criteria for ethically oriented investors mainly include environmental technologies, corporate social responsibility or fighting poverty and development goals.

The number of offers and forms of ethically focused investments for private and institutional investors is growing, ranging from savings accounts with integrated social
or ecological grants purposes for example at alternative banks to direct investments into companies listed on the stock exchange and newly developed business models of micro finance banks. However, commercial paper investment funds with an ethical and sustainable focus play the greatest economic role. Sustainability agencies and corresponding departments of specialised banks evaluate the ethical performance of companies and issuers of fixed-interest investment papers based on differentiated methods.

For example, sustainability funds can be selected separately according to the following procedures or they can have a mixed composition:

**Criteria-guided funds:** The investor compiles his portfolio of companies and/or bond issuers based on an extensive list of clearly defined positive and negative criteria. This allows for example the specific investment into companies whose products or management methods are ecologically or socially advanced.

"**Best in class**" approach: The method defines a ranking list in an industry which is used to grade companies for certain characteristics in the ecological and social sector. This procedure promotes the specific competition with respect to social and ecological performance, especially among large enterprises.

**Pioneer funds:** Investors consciously focus on the narrow market segment of ecological and social role models. They take a relatively high economic risk which is associated with an equally high opportunity.

With respect to institutional investors such as for example foundations and church establishments, "unethical" investment would lead to public protest and damage of the image because of the non-profit character of these organisations. However, a comparable contradiction can also occur with respect to privately operated actors, if the CSR criteria of the company are not at the same time applied to investment measures.

**Additional information and resources**

Example of a bank in Germany with ethical ecological orientation:

GLS Gemeinschaftsbank e.G.

[http://www.gls.de](http://www.gls.de)

Example of a bank in Portugal with ethical and social responsible orientation:

Or in the UK:

The Co-operative Bank plc

http://www.co-operativebank.co.uk
Strategic tools for CSR

4.5. CSR labeling

_In short_

Tags in connection with the marketing of products and services with special health-related, social or ecological criteria are summarised with the term social and/or ecological labels. Established labels such as the "Bio label" are currently found on about 60'000 products sold in Germany. CSR-relevant quality characteristics provide more and more industries with the opportunity of marketing sustainable economic activities by means of a label. But the respectability of the label initiative and the compliance with minimum criteria is not transparent and guaranteed in every case. For more than 1'000 labels sold in Germany, the description originally intended as consumer information is at risk of being used exclusively for marketing purposes and is therefore not based on demonstrated criteria of the Corporate Social Responsibility (CSR) of a company.

_Learning targets_

- Obtain insights into marketing with CSR-oriented labels and make a constructive-critical comparison using practical examples

_CSR learning contents_

Quality seals (labels) help companies which emphasise special qualities such as health-related, social and ecological properties distinguish themselves from other products and services with an identical intended use which do not have these properties. The term "label" is a comprehensive description for words and/or images displayed on a product or its packaging.

Originally, labels have been introduced as consumer information tool. Meanwhile though, an unmanageable multitude of labels is increasingly contributing to the consumers' uncertainty. Because consumers easily lose track of the more than the estimated 1000 different labels currently on the market. What's more, reputable labels tend to be less noticed.

CSR-oriented standards and certifications in the field of environmental and social responsibility are gaining increasing importance for companies, including beyond the products. For the consumer it often remains unclear what the individual management standards are actually representing and whether or how certification will take place.
An online platform of the German federal association "Die Verbraucher Initiative e.V." is currently analysing more than 400 labels with independent information and evaluations. In the process, various principles are summarised under the combined term "label", such as own-labels, quality labels, test labels, regional labels, test labels and environmental labels. Own labels are being developed for a growing number of fields and topics and multiple pictures are often found side by side. Many consumers are asking: How reputable are the individual labels? Which organisation is awarding a quality label? Is an independent test being conducted before the certification? And are the standards monitored in the aftermath?

Example: "Bio label" for food cultivated with ecological methods

In Germany, the bio label is the uniform federal umbrella label for produce cultivated with ecological methods. It stands for the controlled manufacture and production of biological goods. Ecological cultivation represents a sustainable form of agriculture. Numerous scientific studies demonstrate the positive effects of ecological cultivation on the areas of life such as soil, ground water and biodiversity. Close to 60'000 products from more than 3'500 companies currently bear the bio label. For companies, the use of the bio label is indeed voluntary and free of charge. However, the award of the bio label is based on the criteria of the EC eco directive. Only producers and processing and import companies that meet the requirements set forth in the EC eco directive and undergo the required controls are entitled to sell products with the labels "bio" or "eco".

With respect to the economical side of biological agriculture, quality is associated with a higher price which - unlike with industrial production - is oriented on a largely closed operating cycle that promotes the natural living processes. In addition, farm animals have free range and are fed with ecological feed which is preferably self-generated. Pest management is focused on preventative measures; no quick-dissolve mineral fertilisers are used.

This subsistence strategy means more work in agriculture, lower income and lower "performances" of the animal husbandry, which is reflected in the sales price of biological products.

Exercise 4.5. (approximately 45 minutes)

Ask your participants to develop a label for the environment in groups from 3 – 6 persons. In the next 30 minutes, the teams should formulate 5 criteria for their label. You can choose another company or institution for each team. Young participants i.e. could work out a label for a youth club, a fitness center, school or university. After this group work, the teams present their results for discussion in the plenum.
Side note: Labels on the road - ecological orientation across Europe:

The following list has been copied from the WWF Germany internet site. It allows a "round trip" through ecological labels for the hotel industry and gastronomy in Europe:

Europe: European label for the environment

The European label for the environment ('Euro flower') is used to label environmentally-focused accommodation facilities and camp grounds. The focus of the more than 80 environmental criteria are measures for the environmentally-compatible energy supply as well as the prevention of waste, water savings and information about the environment. The Euro flower is handed out by the European Commission. The Federal Office for the Environment is the responsible authority in Germany. 38 accommodations and 9 camp grounds throughout Europe are currently bearing the label.

http://www.eco-label.com

Germany: Viabono

The umbrella label viabono is the most important label for environmentally-oriented tourism offers in Germany. The label is awarded to hotels and gastronomy operations, nature parks, communities, camp grounds and landlords of vacation apartments. The prerequisite is an environmentally-conscious management and a particularly economical use of natural resources. The label recipients are surveyed and randomly audited with respect to 40 environmental criteria, ranging from energy savings to the promotion of regional products. In addition, a complaints office is available for the guests. More than 450 accommodation facilities and camp grounds are currently bearing the label.

http://www.viabono.de
Austria: The Austrian label for the environment

The Austrian label for the environment is awarded to environmentally-conscious hotels, guest houses, camp grounds and alpine huts. The criteria range from the economic use of energy and water to the purchase of regionally produced food and the use of low-polluting colours and varnishes. The label for the environment is issued by the Austrian federal government and is technically developed by the Association for Consumer Information (VKI). Certified tourism operations are reviewed once every year for the compliance with the criteria by independent, state-approved auditors.

http://www.umweltzeichen.at

Switzerland: Capricorn label

The Capricorn label is a Swiss quality label for sustainability in the hotel industry. It is awarded to accommodation facilities which are displaying an above average effort in their responsibilities for sustainable economic activities in the five sectors management, economic efficiency, environment, employees and social affairs as well as regional creation of value and culture. The capricorn as symbol for nature and natural identity stands for sustainability in the accommodation industry and tourism with the label bearing its name. Beyond stars and scores, the Capricorn label has developed into a Swiss quality label used to award any type of accommodation facilities, ranging from 5-star hotels to youth hostels and eco pioneers with 1 to 5 capricorns, depending on their sustainability performance. The following categories of every operation are reviewed: Environment, social affairs, regional foothold and culture, economic efficiency and management.

http://www.steinbock-label.ch/
The Netherlands: The milieu barometer

The purpose of the Dutch eco label for environmentally-friendly tourism facilities is to promote the conscious management of energy, water and waste. It assists the operations in reducing their costs and in demonstrating their environmental consciousness to the outside. The milieu barometer is available in the three levels bronze, silver and gold. The label has been awarded to close to 300 camp grounds, vacation parks, group accommodation facilities, hotels and restaurants.

http://www.milieubarometer.com

Italy: Legambiente Turismo

135 hotels and camp grounds throughout the two Italian regions "Marken" and "Emilia Romagna" have been awarded the Legambiente Turismo label which designates operations with regional kitchen, biological products and bicycle rental.

http://www.legambienteturismo.it

Scotland: Green tourism
The environmental label Green Tourism designates more than 450 environmentally-focused Scottish tourism operations, ranging from Bed and Breakfast establishments to vacation parks. It is awarded in the levels bronze, silver and gold. Many hosts are providing information about excursions into the surrounding area and about typical regional products.

http://www.green-business.co.uk

Sweden: Nature's best

Nature's best is a quality label for eco tourism in Sweden. 64 establishments are currently certified. They meet 80 'must have' and 50 'nice to have' criteria concerning the protection of nature, for example in connection with hunting, fishing, horseback riding and canoeing. Moreover, proof of knowledge of the law and employee education must be provided.

http://www.naturesbest.nu

Scandinavia: Nordic Swan

Almost 100 hotels and youth hostels bear the environmental label Nordic Swan awarded as national label in Sweden, Finland, Norway, Denmark and Iceland since 1999. The Swan sets binding standards for corporate environmental management and awards points for particularly ambitious ecological efforts, including in the sectors energy, water, waste and catering. Certified operations are required to provide proof of special performances in at least two sectors.

http://www.svanen.nu
France, Scandinavia, Baltic states: Green Key

The Green Key has been awarded since 1994 and is now available in 37 countries within the scope of a campaign sponsored by the international Foundation for Environmental Education (FEE). Amongst others it is awarded in France, Denmark, Sweden, Estonia, Lithuania and Greenland. The criteria include environmental management, communication and education as well as technical environmental protection. Close to 250 operations have been awarded the Green Key throughout Europe, mainly in Denmark and France.

http://www.green-key.org

International: Blue Flag

The Blue Flag has been sponsored by the international Foundation for Environmental Education (FEE) since 1987. In Germany, the German Association for Environmental Education (DGU) is in charge of its implementation. The label is awarded for one year each to exemplary pleasure craft harbours and swimming pools. It identifies communities and associations committed to good water quality, environmental communication and environmental management.

http://www.blaue-flagge.de

Additional information and resources

„Gesellschaftliche Verantwortung von Unternehmen. Ein Verbraucherleitfaden zum Thema Corporate Social Responsibility (CSR)“


http://www.bmelv.de
Database Label Online

Die Verbraucher Initiative e.V.

http://www.label-online.de

Bio label

Federal Ministry for Nutrition, Agriculture and Consumer Protection

http://www.bio-siegel.de

Travelling in an ecologically-oriented manner

WWF Germany

http://www.wwf.de

BrandTrend Kommunikációs Tanácsadó Bt.

Hungarian platform on social branding

http://www.socialbranding.hu/

Good CSR

Platform in Hungarian of responsible companies in the CEE region


Felelős márkák

Article on social branding in Hungarian

http://www.fn.hu/media_print/20080526/felelos_markak/?action=nyomtat
Strategic tools for CSR

4.6. CSR and pricing policy

In short

Consumers can save costs and at the same time disburden the environment by considering energy-efficient products and a sustainable utilisation. This savings factor analogously applies to the energy efficiency of companies. However, Corporate Social Responsibility (CSR) in the company can also result in higher costs and investments which are generally difficult to identify for consumers. The boom of biological produce is an example that illustrates how higher standards can be made visible and successfully communicated. In the especially cost-intensive competition of the food industry, an increasing number of consumers are willing to pay more for higher standards. As well, consumers can easily recognise what the "fair" price of fairtrade products represents. According to estimates, sustainability in Germany is expected to become the motive to buy for 20 % of the market volume by 2020.

Learning targets

- Reflect the willingness to pay more for CSR using the examples of biological produce and transfair products.

CSR learning contents

Only when consumers know and value the Corporate Social Responsibility (CSR) of companies will companies be able to pass on higher financial expenses for CSR ("sustainability costs") with the sales prices. Therefore, companies mainly need to provide corresponding information to bring across the complex and global correlations of CSR to the target groups. In some CSR-related areas such as for biological produce or fair trade products consumers know what the added value is they are paying for.

The willingness to pay more for fairtrade products has grown significantly in recent years. Sales are rising globally by an average of 40 % every year. In 2009, the global sale of fairtrade products was close to 3.4 billion Euro. For the producers in developing countries, fairtrade means that they are paid a fair share of the sales price guaranteed in advance. At the end of 2009, more than 800 peasant organisations and plantations globally were working with the fairtrade standards. An additional 200 were in the process of becoming certified at that point in time. Approximately 70 percent of products originate from peasant organisations and 30 percent from...
plantations. The additional charge for fairtrade products clearly shows the consumer how s/he is consuming responsibly. The purchase of these products improves the working and living conditions of people who are otherwise at risk of being exploited as a result of global trade. Close to 1.2 million peasants and workers in 60 countries benefit directly from the advantages of fair trade. If we include the workers' families, fairtrade benefits close to six million people.

Fairtrade products additionally benefit from the bio boom. Because close to three quarters of fairtrade products also bear a bio seal, the sale of fairtrade products increases. While some fairtrade products already conquered more than half of the market share in Great Britain, Scandinavia and Switzerland, the market share of fairtrade products in Germany is usually below 2 %. The sale of foodstuffs in Germany is dominated by discount stores. Indeed, they have been increasingly offering fairtrade and biological products in recent years, but discount stores usually push prices down in a fierce competition.

Greater willingness of consumers to pay more is pronounced for biological products. In the past, the biological product industry registered a rapid upswing with double-digit growth rates. The good sales situation also benefits the biological agriculture in the European Union. As a result, the ecologically managed area has increased from 4.4 million hectares in 2000 to 7.6 million hectares in 2008. At the end of 2009, Germany had almost one million hectares. More than 21,000 biological operations are managing these close to 5 % of German agricultural area.

However, the biological cultivation is indeed guaranteed for some biological products, especially in supermarket chains, but not their regional origin. Biological products imported from overseas to be traded in Germany are associated with transports harming the environment. Such aspects can fundamentally put sustainability and CSR into question and irritate consumers. To achieve credible corporate responsibility, it is therefore necessary to consider CSR as an integral part of the entire value chain rather than based on individual aspects alone. While the market participants are currently fluctuating between the poles of PR and CSR, critical media and consumer organisations point out the additionally required policy-related actions: biological products will not be able to succeed as long as the competition between conventional and biological food producers is unfair. Because to date, conventional farmers are not obliged to pay the environmental costs caused by them such as the contamination of water with herbicides and fertiliser.

The willingness to pay for CSR is closely related to the degree of information and trust of the consumers. A representative survey conducted in Germany determined that close to half of consumers are willing to pay more for regional labels (48.6 %), followed by 46.9 % for energy-saving labels, 46. 9 % for untreated goods and 29.5 % for fairtrade products. The topic of air travel ranks close to the end. Only every tenth person surveyed is in principle willing to pay more. Merely 0.1 % state that they are willing to cover sustainability costs of more than 20 % for ecological aspects associated with air travel.
Additional information and resources

Study "Consumers Choice '09. Corporate Responsibility in the food industry"
Roland Berger Strategy Consultants / BVE – Federal Association of German Food Industry

https://www.bve-online.de/presse/service/veroeffentlichungen/consumers_choice2009/

TransFair – Verein zur Förderung des Fairen Handels mit der "Dritten Welt" e.V.
http://www.fairtrade.org

Bundesverband Naturkost Naturwaren (BNN) Herstellung und Handel e.V.
http://www.n-bnn.de

foodwatch®
http://www.foodwatch.de

AGROBIO (first organic farming organization in Portugal)
http://www.agrobio.pt

Organic farming
European Commission
http://ec.europa.eu/agriculture/organic/consumer-confidence/logo-labelling_en
Strategic tools for CSR

4.7. Models of employee participation

In short

Employee participations are tangible incentives for employees in the form of profit sharing or equity participation. Profit sharing is a special payment to employees which is dependent on economic performance. Equity participation of employees is a contractually defined, medium or long-term participation of individual employees in the company's equity. Equity participation can also be used for the contractual definition of the employees' rights to information, control and participation. Employee participation promotes the identification and bond with the company as well as the employees' entrepreneurial motivation. It gives companies with a strong Corporate Social Responsibility (CSR)-associated emphasis on integrating the workforce the option to allow employees participate financially in the company.

Learning targets

- Get to know employee participation as a strategic tool and understand it as backup for the focus of CSR initiatives directed at employees

CSR learning contents

No standard model for employee participation exists. However, two main components have emerged with respect to profit sharing and equity participation. With profit sharing, employees receive other financial allowances aside from their salary or remuneration, which are dependent on the turnover, profit, productivity increase or cost reduction in the company. With equity participation, employees directly or indirectly participate in the company via an intermediary employee association. Examples of equity participation of employees include the purchase of company shares, provision of a loan to the company or silent participations and profit participation rights. The payment for the provision of capital can be firmly agreed (for example employee loans) or be dependent on the company's success (for example employee shares). Profit sharing and equity participation are combinable, for example by tying the interest paid for an employee loan to the company's success. Another option is to convert work time bonuses into cash value which in turn is contributed the company.

Equity participation of employees is a relatively old and well-proven financing option. However, it is subject to two essential limitations which need to be considered and
managed in the practice: The development of a relevant capital stock from employees takes years rather than months or mere weeks. Consequently, equity participation is a long-term financing concept. It is not suitable to remove short-term liquidity bottlenecks. In fact, its purpose is to make sure that such bottlenecks do not materialise. On the other hand, the financial participation of employees is "temporary": The employee's equity or parts thereof are paid out over time and at the end of the employment relationship at the latest. In view of the employees' financial benefits, possibilities for national tax-related financial support may also be included in the considerations.

In its annual estimate of companies with employee equity participation for 2009, the Partnership in the Economy Working Group (Arbeitsgemeinschaft Partnerschaft in der Wirtschaft - AGP) concludes that close to 4,300 companies with approximately 2.3 million employees are practicing equity participation in Germany. At present, the prevalence of employee equity participation in Germany is below average in the European comparison. According to a study conducted by the Institute for Labour Market and Occupational Research (IAB), just 2 percent of German companies offer equity participation to their employees. This figure is close to 7 percent in France and close to 23 percent in Great Britain. However, in these countries the provision of employee equity participation is required by law for certain companies. In Hungary, tangible employee participations were especially important during the privatisation phase. However, after the end of the privatisation wave, only 1 % of corporate assets (except for the financial sector) were in the hands of employees. In Portugal, profit sharing is generally used more often than equity participation. Almost 6 % of Portuguese companies offer profit sharing models. The corresponding share among major companies is estimated to be 25 %. Equity participations in small and medium-sized enterprises are rather unusual in Portugal. Such a model is in place in almost 5 % of major enterprises.

Employee participation can also play an important role for companies and employees in connection with Corporate Social Responsibility (CSR). Because employees with a fair stake in the equity and success of the company will identify more closely with their employer's CSR interests. The commitment and solidarity are directed at the "own" company for which a higher cost awareness and more attention to operating procedures are developed. Employees as co-entrepreneurs will assume greater responsibility in the day-to-day business. In short: Employee participation strengthens the idea of partnership between employees and employers. With respect to CSR, this promotes the transparency for employees about the economic development and the company's goals. "Eye to eye" communication and mutual trust between the company management and the workforce are signs of a partnership-based corporate culture.

As voluntary partners on a financial basis, employees have the opportunity to invest into their own company through models of employee equity participation. However, they also share the equity risk in case the company looses value or becomes insolvent. Improved liquidity as a result of employee equity participation and a higher
net worth are particularly useful for smaller and medium-sized enterprises to achieve a better credit risk evaluation (rating) and to strengthen their position opposite banks. IAB study results indicate that companies with employee equity participation achieve a 20 percent greater value creation on average per employee. This generates applications for employee equity participation as a tool for the financially sustainable development of the company within the meaning of CSR.

**Additional information and resources**

„Mitarbeiterkapitalbeteiligung in Deutschland“ (Kassel 2010)

Arbeitsgemeinschaft Partnerschaft in der Wirtschaft (AGP) e.V.

[http://www.agpev.de](http://www.agpev.de)

„Mitarbeiterkapitalbeteiligung – Modelle und Förderwege“ (Berlin 2009)

Bundesministerium für Arbeit und Soziales

[http://www.bmas.de](http://www.bmas.de)

„Mitarbeiterkapitalbeteiligung“ (Nr. 59/09, Berlin 2009)

Deutscher Bundestag – Wissenschaftliche Dienste

[http://www.bundestag.de](http://www.bundestag.de)

„Europäischer Vergleich der Mitarbeiterbeteiligungen“ (Wien 2007)

KMU Forschung Austria

[http://www.kmuforschung.ac.at](http://www.kmuforschung.ac.at)

IAFP: International Association for Financial Participation

[http://www.iafp.eu.com](http://www.iafp.eu.com)
EFES: European Federation of Employee Share Ownership

http://www.efesonline.org

European Foundation for the Improvement of Living and Working Conditions

http://www.eurofound.eu.int
Strategic tools for CSR

4.8. Mentoring as a tool for CSR commitment

In short

Mentoring is increasingly establishing itself as a tool at the interface between human resources development and Corporate Volunteering. Within the scope of Corporate Social Responsibility (CSR), intercultural mentoring is also capable of strengthening the Diversity Management within the company. Mentoring describes a personal counselling relationship. Mentors are usually executives. They use their qualifications, experience and contacts to guide mentees in mastering a professional development step. Mentoring is frequently used in companies to prepare prospective executives for future management tasks and areas of responsibility. In a CSR strategy, mentoring can also refer to groups of persons within the local community. As part of corporate social responsibility, mentors for example assist women with the re-entry into the job market, young people with individual preparation for a professional career or persons from social fringe group looking for a professional re-orientation for various reasons.

Learning targets

- Become familiar with mentoring as a CSR measure and be able to assume the role of a mentor in a practical exercise

CSR learning contents

The term "mentoring" originated in Ancient Greece. Mentor was a close friend of Odysseus and Odysseus asked his friend to take care of his son Telemach during his absence. Mentor was supposed to be a role model for Telemach and prepare him for his future role as King of Ithaca.

These days, mentoring is a tool of social commitment that puts the professional qualifications, social skills and networks of executives and experienced employees of a company into the foreground. Using mentoring programmes, companies can actively involve executives and fellow workers in the implementation of a CSR strategy. Mentoring programmes work thanks to the individual and very personal efforts from the participants, without the need of financial resources provided by the company. Because the most important function of a mentor is to consciously allow the mentee to learn about the mentor's experiences and to assist the mentee with the further development of his/her professional career. Therefore, mentoring as a CSR
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The tool does not require a certain size of the company or other conditions. Freelancers, independent business owners and small enterprises can also participate successfully in mentoring programmes.

Companies can aim mentoring at different groups of persons and content-related focuses based on the purpose of their CSR strategy. For example, mentoring programmes in cooperation with universities and institutions for continuing education have a stronger economic focus. In this case, mentoring used as a staff recruitment tool can be of interest for both students and companies. However, as a measure of Corporate Volunteering within the company, mentoring by executives and employees can also be focused on the mentors' individual skills and interests. Within the scope of human resources development within the company, for example with a focus on Diversity Management, projects can be undertaken in which the promotion of women within the company is actively advocated.

Intercultural mentoring programmes for job seekers with a migratory background can be a win-win situation within and outside the company with a special social and corporate significance: for mentees, this promotes the integration through employment, while companies uncover a significant potential of skilled workers. What's more, the cultural variety provides an international competitive advantage for the domestic economy.

Especially internationally active companies can benefit from mentoring programmes for people with a migratory background. These companies rely on language skills, international experience and the mobility of employees when filling vacant positions. People with a migratory background meet many of these conditions. Aside from the language, they are also familiar with the culture, mentality, business transactions and legal framework conditions in different countries. In addition to the commitment in the field of Corporate Social Responsibility, it is also possible to establish contacts with potential qualified employees who in turn make a valuable contribution to the corporate development with their resources.

**Discussion 4.8. (approximately 15 minutes)**

- Did you already have a mentor in your life?
- In which fields your mentor provided you support?
- What would be your wishes from a mentor?

**Exercise 4.8. (approximately 45 minutes)**

The following creativity exercise is based on experience reports from two mentees published by the Austrian Chamber of Commerce within the scope of the programme "Mentoring for migrants". The real names of the participants have been changed to "Jelena" and "Svetlana" in the following experience reports.
Experience report from "Jelena"

"I came to Austria from Serbia about two and a half years ago. My main goal after arriving in Austria was trying to master the German language as best as possible to help me find adequate work. To achieve the first goal, I registered for an intensive language course which I completed successfully. I was subsequently able to find work as a waitress. However, I knew that the future prospects in this field were not the greatest. I already intended to change my job a year ago, without success. At the job market service, I came across the brochure "Mentoring for migrants" and applied for the programme. Together with my mentor, we first identified our or my goals. My main problem has always been finding the right industry or field to work in. However, after our meetings, the future path was very clear. I found new employment within just one month: in it, I am able to use all my language skills - especially English. Accordingly, I have reached my goal. Our mentoring hours were flexible. The programme helped me become more self-confident and courageous to find new paths and to prove myself."

Experience report from "Svetlana"

"The programme "Mentoring for migrants" reached me at the perfect time to obtain insight into the Austrian labour culture and to find appropriate work. It was a very new experience for me, because the Austrian labour market is both exciting and challenging. I was lacking insider tips and the possibility to exchange experiences to understand this completely new world and to overcome the stumbling blocks along the way. I was eagerly awaiting the night of the kick-off event, because I did not know what to expect; I was "simply curious". My mentor welcomed me with warm openness. We both knew instantly: the chemistry is right. What is key in a mentor-mentee relationship: the human factor is in the foreground and opens the door for joint discoveries, giving and taking and for personal further development. Angela is a master in being a genuine mentor: with her heart, soul and mind, energy and power, constructive feedback, realistic expectations, a smile, an open ear and honest interest in me as a human being. She always found an answer to my questions and supported my development in a very natural way. We are still in touch - be it by e-mail, by phone or in person, and our meeting has evolved into friendship. A major change often needs small, consistent steps and the power to maintain a positive and constructive attitude throughout the entire time. A possible "formula for success" for a mentee is to simply play a proactive role and to consciously leave behind the known "dramatic situation", namely not being able to find a proper job."

Hand the experience reports to your participants and ask them to select a mentee of their choice. The participants are then asked to play the role of a mentor and to make up a brief experience export during the next 30 minutes and write it down on paper. In doing so, they are describing how the mentoring programme with "Jelena" or "Svetlana" proceeded in their point of view.
Possible topics include:

- What kind of tips, support, ideas, contacts etc. did you provide to your mentee?
- What kind of experiences did you gain from being a mentor?
- What was the outcome of the story?

The mentors' experience reports are to be written anonymously. At the end of the documentation phase, collect the experience reports and present a selection of the reports to the group.

Discuss the results in the group. What arguments would you use to propose a mentoring programme in your company? What target group could the programme be appealing to?

**Additional information and resources**

"Mentoring for migrants" programme

"Mentoring for migrants" is a project sponsored by the Austrian Chamber of Commerce, the Austrian Integration Fund and the Labour Market Service

[http://portal.wko.at/wk/startseite.wk](http://portal.wko.at/wk/startseite.wk)

Information on volunteering programmes in Portugal


[http://migos.org/organizations/programa-de-voluntariado-estudantil-tutorial](http://migos.org/organizations/programa-de-voluntariado-estudantil-tutorial)

[http://www.voluntariado.pt](http://www.voluntariado.pt)


Strategic tools for CSR

4.9. "Carbon footprint" and energy management systems

In short

The expression "Carbon Footprint" describes the amount of harmful carbon dioxide (CO2) greenhouse gases emitted during the life cycle of products, in connection with services or in the entire company. Within the scope of Corporate Social Responsibility (CSR), a growing number of companies select their suppliers by considering the CO2 emissions and offer incentives for the reduction of the "CO2 footprint" along the value chain. The interest in the "Carbon Footprint" is also growing on the part of ecologically oriented consumers and investors. The "Carbon Footprint" relating to an entire company is also referred to as "Corporate Footprint". In addition, it serves as basis for a CSR strategy with the purpose of obtaining the certification as climate-neutral company. The DIN EN 16001 standard has been used to certify energy management systems since 2009.

Learning targets

- Get to know energy management tools in companies

CSR learning contents

A management rules states: "What you cannot measure you cannot manage. And what you cannot manage, you cannot improve." The registration and analysis of product-related greenhouse gas balances allows companies to optimise the CO2 reduction in complex value creation networks and the entire corporate activity. The "Carbon Footprint" is increasingly becoming a strategic benchmark for production processes and sustainable economic activities. According to IPCC (World Climate Council - Intergovernmental Panel on Climate Change), the required long-term target reduction of greenhouse gas emissions in current industrialised nations is close to 80% by 2050. It urges societies and the economy to become a "low carbon society". Companies recognising the significance and potentials of the topic climate change through Corporate Social Responsibility (CSR) use climate-compatible offers to promote sustainability when transitioning into a future CO2-reduced market economy.

"Carbon Footprints" determine energy efficiency potentials and create transparency in terms of ecologically oriented stakeholder claims. However, the CO2 labelling mainly also helps consumers reduce their share of greenhouse gas emissions with climate-conscious purchase decisions. Because the private consumption in
industrialised nations is responsible for close to 40% of the annual per capita greenhouse gas emissions. For companies focusing on CSR, this generates enormous market potentials with climate-compatible products and services.

A CSR strategy can result in the climate neutrality of products, services, individual business activities or the entire company via "Carbon Footprint". In doing so, the climate neutrality in the company can be summarised to "Prevent - Reduce - Compensate". In other words, a climate-neutral company balances unavoidable CO2 emissions with voluntary compensation. This means that the amount of released emissions is determined and equalised with specific investments into climate protection projects. Not least against the backdrop of the high amount of attention and consternation the topic climate change represents for humans as consumers, employees and decision makers alike, the future significance of climate neutrality as a CSR goal can hardly be overestimated.

In addition, a variety of individual possibilities for using renewable energy resources are available as climate policy-related measure within the scope of CSR in the company. For example, neighbouring companies can jointly use one cogeneration unit. In industrial enterprises, the heat recovery for service water and to support the heating is one of the most energy-intensive areas aside from the power generation (where green power is becoming an increasingly significant factor). For example, flat solar thermal collectors or evacuated tube collectors may be suitable for use in companies requiring a constant process heat.

The DIN EN 16001 standard published in 2009 formally describes the energy management system requirements. The structure and numerous requirements of the standard are based on the environmental management standards ISO 14001 and EMAS. Consequently, the standard can optimally be integrated into existing certifications. DIN EN 16001 credibly demonstrates to the outside, that a company is acting in an energetically conscious way and thus protects the environment. In the EU, ecological requirements are increasingly becoming an integral component of public invitations for tender, including the climate-friendly sourcing amongst other things. An energy management system systematically supports the registration of CO2 emissions in the perspective of both the beneficiary and the supplier.

**Additional information and resources**

„DIN EN 16001: Energiemanagementsysteme in der Praxis – Ein Leitfaden für Unternehmen und Organisationen“ (Bonn 2010)

Federal Ministry for the Environment, Nature Conservation and Reactor Safety

http://www.bmu.de
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The Carbon Label (UK)


Dialogue Forum Low Carbon Society

http://www.low-carbon-society.org

The PCF Project (Product Carbon Footprint)

http://www.productcarbonfootprint.de

Carbon Footprint initiatives in Portugal


Outlook

The Social Footprint Method

http://www.sustainableorganizations.org/the-social-footprint.html
Strategic tools for CSR

4.10. Corporate non-profit foundations

In short

In recent years, the strategic corporate involvement of companies leads to the establishment of a growing number of corporate non-profit foundations. The advantages of a corporate foundation are the consistency and sustainability of corporate sponsorship. However, a company with a corporate non-profit foundation is also keeping one permanent leg in society. Therefore, the founding company should organise the corporate foundation in such a way that it is capable of being an independent actor in society. In contrast to Corporate Social Responsibility (CSR) in the company, a corporate non-profit foundation’s purpose of sponsoring is independent of economic and profit expectations because of the independent endowment funds. Numerous important foundations have been established by companies. The closeness to the founding company offers many opportunities for co-operation between CSR in the company and non-profit foundation work, but it can also raise critical questions.

Learning targets

- Get to know corporate non-profit foundations as a form of permanent corporate sponsoring

CSR learning contents

With an endowment, a company provides the respective funds for the establishment and resources for the operation of the non-profit organisation, if necessary. A corporate non-profit foundation can establish the corporate social responsibility (CSR) of companies permanently in an independent form of organisation and solidify it accordingly based on the foundation's non-profit mission. CSR can be professionalised with the organisational structure of a foundation. In addition, corporate foundations often bear the name of the founding company. This has the potential to achieve a permanent positive image transfer from the foundation to the company.

Within a historical context, foundations have been sponsors of non-profit objectives for more than 1000 years. Irrespective of the legal form and the content-related design, foundations these days are characterised in that their assets are permanently fixed and not touched. Consequently, the foundation's mission is not achieved with
foundation equity, but exclusively with capital gains and received donations. The paid in capital base remains fully effective without limitation as to time.

When establishing a foundation, companies benefit from the positive reputation of foundations in general. It is difficult for the public perception to identify the legal status of foundations set up by companies without further investigation. However, the following actions are possible for corporate non-profit foundations; mixed forms are the rule in the practice:

- charitable foundations providing all or part of their funds to other organisations or applicants to pursue non-profit objectives,
- operational foundations conducting their own programmes and initiatives
- bursary foundations with the objective of direct sponsoring or
- prize foundations which also provide direct support.

When discussing the topic of corporate foundations, critical voices regularly point out practices where there is an overlap between the founding company and the corporate foundation which does not live up to an independent actor in society. For example, the capital of some corporate foundations is too low and they rely on annual allowances from the company. In addition, cases are criticised in which the staff of a foundation are employed at the founding company or where there is a risk that companies are "outsourcing" their CSR into non-profit foundations.

**Additional information and resources**

Federal Association of German Foundations

http://www.stiftungen.org

Dr. Christoph Mecking

„Wir wollen nachhaltig Gutes tun“ – Unternehmen als Stifter (Berlin 2005)

http://www.stiftungskonzepte.de

Editorial announcement: „Stiftungs-Bundesverband fordert mehr Unabhängigkeit für Unternehmensstiftungen“ (Hückeswagen 2010)

http://www.csr-news.net
Examples of corporate foundations in Hungary:

Würth Szereléstechnika Kft.

http://www.wuerth.hu/wurth/alapitvany.html

Budapest Bank

http://www.budapestbank.hu/info/alapitvanyok/index.php

Example of a corporate foundation in Portugal:

Calouste Gulbenkian Foundation


Examples of corporate charitable trusts in the UK:

John Laing


Lloyd's

http://www.lloyds.com/Lloyds/Corporate-Responsibility/Charity/Lloyds-Charities-Trust

Recommended article related to corporate non-profit foundations in Portuguese

http://www.inscoop.pt/inscoop/comunicacao/5Coloquio/Comunicacoes/Economia_Social_e_a_Responsabilidade_Social_das_Empresas/Terceiro_Sector_e_RS,Um_Novo_Paradigma_de_Organizacao_Social_-_-Pedro_Patraquim_,_J_Basilio_,_J_Ramalho_e_M%C2%AA_J_Rebelo.pdf
Fields of action of CSR

5.1. CSR at the workplace

**In short**

Corporate Social Responsibility (CSR) as employee-oriented workplace culture sustainably promotes the employees’ dedication and consequently corporate success because motivated and reliable employees are a crucial success factor for any company. The attractiveness as an employer and the employees' readiness to take action and perform are directly linked to the human qualities and professional perspectives the workplace offers within the company. In the process, the range of CSR measures for employees is broad and based on the corporate sectors and the employees' activities: CSR at the workplace covers everything ranging from available training and further education, preventative health measures and risk management to worker participation, equal opportunities, compatibility of career and family, measures against workplace bullying and specific CSR actions for employees such as Corporate Volunteering.

**Learning targets**

- Obtain an overview of the extensive CSR requirements at the workplace and its benefits for employees and companies

**CSR learning contents**

Companies in which Corporate Social Responsibility (CSR) is tied to the workplace are characterised by the appreciation and respect of employees and a human resources policy that is based on partnership and involvement. The advantages of companies which act as responsible employers are equally extensive as the possible CSR measures at the workplace. With respect to training and continuing education, the long-term benefits of companies are motivated and better educated employees. This allows the companies to improve their quality management and as a result their corporate value. In the field of “Corporate Volunteering”, the social corporate commitment overlaps with human resources development goals: Companies release employees and teams from their service during the regular work hours to pursue voluntary activities. This specifically promotes the employees' qualifications and at the same time the CSR of the company in the local community.

Socially responsible companies making anticipatory investments into preventive measures to promote health and occupational safety can use CSR to implement
programmes and training for their employees beyond the statutory requirements which in turn pay off with a reduced number of occupational accidents, sick days, absences and lower staff fluctuations. Personal relationships within the company are especially suitable to motivate and retain highly qualified specialists. The professional contact between executives and fellow workers should be trustworthy and possibilities for employee participation should be provided. Not least it is the employees' pride for their achievements and performance (as well as the CSR) of the company, equal opportunities and a strong team spirit that unlock the power of innovation, creativity and willingness to take risks among the employees. Moreover, customer satisfaction and customer retention are strongly related to the workplace culture of the company.

Family-friendly companies are particularly attractive employers for parents. CSR measures in this field are beneficial for the company as a tool to recruit and retain employees and their know-how, saving time and costs. In view of the lack of skilled workers, it is especially small and medium-sized enterprises that benefit in the competition for qualified workers with large companies by being family-friendly and with an overall strong CSR at the workplace.

Not least, CSR at the workplace also pursues a sociopolitical perspective: employment relationships in responsible companies should be secured under social insurance law for as long as possible. This is becoming more and more important in view of increasingly dismal employment relationships and the "working poor", a term used to describe employees who are unable to make a living with their income. In the event that the streamlining of the workforce is unavoidable, the CSR policy of the company has the potential of making the layoffs more socially compatible: examples include flexible and reduced hour working weeks, layoffs with severance packages and assistance with the job search for dismissed employees (e.g. job seeker training). This helps preserve the prestige and trust of employees and the public into the company also in times of crisis and beyond.

Additional information and resources

Great Place to Work Institute

http://www.greatplacetowork-europe.com

Dr. Eva Angerler: „CSR-Indikatorenkatalog – Musts für sozialverantwortliche Unternehmen aus Sicht der ArbeitnehmerInnen“ (Vienna 2008)

http://www.fairantwortung.at
Fields of action of CSR

5.2. Corporate Volunteering as an honorary commitment

In short

A company uses Corporate Volunteering to provide time and know-how of individual employees or the entire staff to deal with social concerns. These staff appointments for non-profit purposes and/or in non-profit organisations are becoming increasingly popular as Corporate Social Responsibility (CSR) of companies. In doing so, the "voluntary work" during regular business hours ranges from selective appointments to programmes associated with the strategic goals of the organisational and human resources development. An "open house day" of the company is a particularly low-profile entry into Corporate Volunteering: In the process, a company "provides" its entire staff to deal with social or corporate tasks for one whole work day. These "days of caring" can represent an effective public relations measure of CSR communication and promote new team experiences within the company.

Learning targets

- Get to know different Corporate Volunteering options and initiate a corporate cooperation by means of a practical exercise

CSR learning contents

Corporate Volunteering is becoming an integral component of Corporate Social Responsibility in a growing number of companies. Independent of the annual budget distributions, Corporate Volunteering projects can be implemented systematically and sustainably as time and know-how donations. The employees' understanding of CSR and the entire corporate culture can gain new impulses through individual Corporate Volunteering measures which are oriented on corporate and social needs of the local community.

Corporate Volunteering is a broadly used tool in practice. It ranges from an annual "Day of Caring" involving the entire workforce to regular voluntary activities of employees during regular work hours. In addition, especially major companies are currently implementing Corporate Volunteering programmes in which employees develop special qualifications and skills for a certain time period by pursuing social activities outside the company.
Some companies combine Corporate Volunteering with their specific know-how. For example, they supplement the lessons taught in schools with economic topics from their industry or offer mentoring programmes. In the service provider industry, a number of renowned companies are ready to provide free ("pro bono") consulting services for social concerns. In these cases, employees not only use their performance to generate a profit, but also to make a social contribution. This kind of strategic approach actively involves the individual employees in the CSR of a company and at the same time recognises his/her performance as a "genuine" professional achievement. This can be associated with increased motivation and loyalty of the employees and sensitise them for further reaching CSR topics within the company. In turn, the companies can use their "pro bono" projects for their own reputation as an attractive and responsible employer and "Corporate Citizen".

The "open house day" during which the staff of a company collaborates in projects in the regional environment is one "entry option" for Corporate Volunteering. This team and organisational development tool is usually limited to activities which can be performed by all employees without the need for training. For example, simple manual activities can be used to renovate social establishments.

Meanwhile, "social internships" have established themselves for the personality development of executives in some larger companies. They cooperate with organisations such as "SeitenWechsel - learning in other living environments", where managers are working for example with drug and other addicts, care for special needs people, psychiatric patients or in the hospice for one work week. This is designed to help managers improve their social skills and ability to resolve conflicts and to integrate these experiences into the daily corporate routine. For the secondment, a company dispenses employees from their service for several months with full pay to allow them to work in non-profit organisations. The provided employee is expected to use management know-how for projects which would not have been realisable by the non-profit institution without this personal support.

When looking for ideas about Corporate Volunteering measures, it may make sense for companies to rely on experience and contacts of mediator organisations from the CSR environment. Volunteer offices or community centres, specialised local and nation-wide networks as well as foundations and corporate consulting firms can be valuable partners for providing advice, mediating contacts and executing the Corporate Volunteering.

**Exercise 5.2. (approximately 60 minutes)**

Ask your participants to form a community centre for any district of your city in groups of 3 - 5 people. The idea of community centres is to invite the city's housing society which is in charge of managing the majority of apartments in your districts to conduct a "Day of Caring".
Ask the participants to develop proposals for a "Day of Caring" of the housing society within 30 - 45 minutes. Within the scope of the sustainability of the planned cooperation between the community centre and the housing society, the teams should present a draft of ideas for the next three years. In addition, the teams should select a name for their community centre.

After the design phase, the community centres will be presented in front of a body of the housing society.

Ask one member of every team to "switch roles", allowing you to set up the body of the housing society: For this purpose, the positions of the CEO, the media spokesperson, human resources manager, controller (etc.) are available.

Each of the community centres will be given 10 minutes to convince the body of the housing society of the idea of a "Day of Caring".

**Additional information and resources**

Mediator organisation "UPJ – Unternehmen: Partner der Jugend" (UPJ) e.V.

http://www.upj-online.de

SeitenWechsel® – Learning in other living environments

http://www.seitenwechsel.de

Further information related to corporate volunteering in Portuguese

http://www.voluntariado.pt


Fields of action of CSR

5.3. CSR as market parameter

_In short_

Companies identify and satisfy needs and requirements of their consumers and clients on the markets in a financially profitable manner. According to the logic of the markets, the growing demand of market participants for social, ecological or health-related criteria of products and services represents the economic drive for Corporate Social Responsibility (CSR) in connection with market-orientated corporate management.

_Learning targets_

- Get to know requirements for CSR from different market participants and fields of application on the market

_CSR learning contents_

"Every entrepreneur has a supervisor - namely the market." This quote from a well-known source emphasises the drive markets represent for the existence and development of a company and its products and services. The increasing emergence of Corporate Social Responsibility (CSR) on the level of individual companies is also accompanied by new flows in the political understanding of markets. For example, the term eco-social market economy stands for an objective that integrates sustainable economic action and the protection of the environment into the social market economy. The term "Green New Deal" also describes a market. It stands for the ecological reorganisation of industrialised societies. At the core, the concept comprises the idea of creating more work spaces in "green" industries, thus stimulating the economy while at the same time slowing climate change.

The discussion of CSR in connection with the merchandise market, labour market and equity market also includes any other participants on the market (stakeholders) in addition to the companies. According to the logic of the free market, the topic-related spectrum concerning CSR in the economy increases to the same extent as participants on the market are demanding sustainable products and services along with responsible corporate management. According to the mentioned quote, the attitudes toward sustainability and the actions in the form of contract executions (especially decisions concerning purchases) on the part of consumers and business customers are the "CSR supervisors" of every company.
The following are mainly at the centre of the CSR questions concerning the market as field of activity:

- **Consumer behaviour and attitudes toward sustainability of brands, products and services:** How well are customers and consumers informed about the CSR of the company and how well is the company informed about the expectations of the customers? Can new customer circles be developed through CSR and can trends for example toward sustainable consumption be picked up? Are consumers willing to pay "more" for responsibly produced products, if necessary?

- **Relationships with business partners and employees:** What form of CSR are business partners and employees (surveyed in the future) expecting of the company? Can opportunities generated with CSR be utilised in the supply chain or for public contract awards? Is the company part of networks involved in the further development of CSR in the industry? How can the image as employer be improved with CSR?

- **Product and service policy:** Is the CSR principle of the company integrated into the early phases of the product and service development and does it appear along the entire value chain all the way to the consumption and disposal ("cradle-to-grave")? Are accessibility in the product and service policy or offers for example for disadvantaged groups of persons available (so-called "design-for-all" solutions)?

- **Responsible marketing:** Are customer promises met and consumers informed extensively also about potential safety risks or hazards? Is the responsible handling of the company's products addressed and promoted?

- **Cause-related marketing:** Can more sales be generated with "good deeds", for example by dedicating part of the revenue to social or ecological projects?

- **Social and ecological labels:** What possibilities make sense to position sustainable products and services with quality marks and labels on the market?

- **Standards, awards and prizes:** How can the company qualify for CSR and achieve advantages on the market through quality management as well as the positive image associated with awards and prizes for CSR-oriented topics?
Additional information and resources

Green Paper entitled "European framework conditions for corporate social responsibility in the EU (CSR)"


English Version:  
Fields of action of CSR

5.4. CSR in community structures – from the perspective of companies

In short

Corporate Social Responsibility (CSR) in community structures describes companies as actors in a community with the social responsibility of a "corporate citizen" resulting from the circumstances at the domicile of the company. In addition to donations and sponsoring, companies become active in community structures, thus contributing to specific problem resolutions – including increasingly with non-financial resources and skills. Especially when it concerns strategic partnerships between companies and (local) stakeholders, CSR in community structures is associated with the challenge and opportunity to motivate different actors within a community to cross-border joint actions designed at resolving problems.

Learning targets

- Recognise motifs and fields of action for corporate involvement on location and be able to justify them

CSR learning contents

The immediate surroundings of the company's domicile represent the starting point for Corporate Social Responsibility (CSR) in community structures. The CSR field of action concerning community structures comprises any possibilities to become engaged as "corporate citizens" in the community and is often used synonymous with Corporate Citizenship in the practice and the literature. Virtually all companies are familiar with donations and sponsoring as they have become traditional fields of action used to support local non-profit organisations and initiatives beyond the actual business activity. However, companies can also invest non-financial resources into community structures and release employees from work to pursue charitable activities or develop customised programmes and partnerships designed to utilise own skills for charitable purposes. CSR in community structures is intended to create a benefit for the company, while at the same time having a positive impact on the corporate development thanks to the targeted strategic use.

Traditionally many medium-sized enterprises are well aware that they rely on a location that is functional and livable in every respect. Only an intact environment allows the establishment of solid and sustainable relationships with customers and
suppliers and is an attractive place of residence for qualified employees. Especially small enterprises working in sectors such as the retail industry, services, gastronomy or culture and leisure operations can play a responsible role in community structures based on their existence alone, by ensuring good local amenities and increasing the quality of life within a community. In addition, companies assume an overall social responsibility by creating work places. While CSR is relevant as reputation factor through public relations and the media in large or global companies, good relationships and a "good reputation" on site are crucial factors for the sustainability of small and medium-sized enterprises.

CSR with a strategic and long-term focus in community structures is oriented on the local problems and takes into account the matching competences of individual companies or an amalgamation of companies. The goal of such CSR activities is to make a contribution to the sustainable improvement of the social situation and to guarantee the future of the community overall by means of corporate involvement and know-how. This way, companies irrespective of their size and industry can get directly involved in generating opportunities on site for unemployed persons, making the integration of people with a migratory background successful, strengthening social solidarity, opening up future prospects for young people or successfully managing challenges associated with education and qualification.

The tendency to put the main emphasis on CSR activities in the respective community structures and to specifically address the local situation is also growing among companies which maintain several locations on the domestic market and abroad. Contributions to improving the economic, social and corporate environment on location are increasingly understood as a necessary economic investment.

The economic benefit generated with investments such as CSR in community structures, depends on the nature and scope of the projects of a company and also on the selection of the social cooperation partners. The appointment of employees for charitable projects can improve for example the communication skills and ability to work in a team, goal orientation, independence, creativity as well as social and management skills. At the same time, the identification with the company and the employee retention can be strengthened. If a company engages more in the cooperation with schools or universities, this may open up new access to trainees and new graduates. In addition, CSR in community structures can benefit the corporate communication and marketing by increasing the name recognition, promoting the image and developing new customer groups. And not lastly, companies which are actively involved in social developments on location are able to recognise trends and possible new business opportunities early on.
**Additional information and resources**

German Federal Initiative "Unternehmen: Partner der Jugend" (UPJ) e.V.

UPJ is a network of committed companies and charitable mediator organisations in Germany. Their focus is on projects to resolve social problems by creating new connections between companies, charitable organisations and public administrations.

http://www.upj.de

Or in Hungary: [http://www.kovet.hu](http://www.kovet.hu)
In Portugal: [http://www.rsopt.com](http://www.rsopt.com)
In the UK: [http://www.bitc.org.uk](http://www.bitc.org.uk)
Fields of action of CSR

5.5. CSR in community structures – from the perspective of communities

**In short**

Communities form an interface between commercial enterprises and the non-profit sector; as a result, they can actively participate in the development of Corporate Social Responsibility (CSR) in community structures. Possible measures to promote CSR on the part of communal administrations often do not require additional financial resources aside from know-how and labour time. With the goal of increasing the attractiveness of the site, communities and companies are acting in concert together with other stakeholders in community structures.

**Learning targets**

- Get to know motives, possibilities for action and cooperation used by communities for the specific promotion of local corporate involvement

**CSR learning contents**

A growing number of communities are recognising and promoting civic involvement as future potential for internal solidarity of the community and a sustainable positive development of the community structures and location. They are using targeted measures and marketing to increase the local residents' quality of life on the one hand and to promote the local economy and tourism on the other hand. Humane and attractive cities and communities attract visitors and new residents alike. What's more, high attractiveness of the location increases the chance of success in the communal competition for increasing the revenue in connection with business taxes and for creating new work places by establishing new companies and facilities. If the recruitment of specialists is subsequently required, the question about the quality of life surrounding the work place currently ranks first.

The social involvement of residents in a community is increasingly expanded with "corporate citizens". Initiatives on the part of cities and communities aimed at actively involving companies and their employees to contribute to the design of the community structures and to solidify the local economy as part of the local community are relatively new and still uncommon.
Communities can promote corporate CSR on several levels, especially also by including small enterprises for which the strategy and implementation of CSR is often more difficult to achieve than in larger companies because of a shortage of time, human resources and financial resources. The courses of action to promote CSR through communities outlined below are combinable:

**Communities recognise and support corporate involvement**

By publicly recognising corporate involvement, communities start where civic involvement is already being practiced by companies domiciled on site. Communities can offer a (symbolic) award for corporate involvement or call attention to good practical examples of local companies on the internet and in brochures. These approaches to communal public relations support corporate involvement on site, can reach a high number of companies and residents and are suitable to motivate other companies to do the same. In addition, specific impulses can be set on how the existing corporate involvement can be modernised and professionalised for the mutual benefit. As well, within the scope of public events for example with the participation of Boards of Industry and Trade, prospective companies can obtain practical tips for CSR in community structures.

**Communities promote partnerships between non-profit institutions and companies**

The modes of communication and entrepreneurial space may differ between commercial enterprises and non-profit organisations. It is common for both sides to have difficulties finding the suitable partner for an involvement in community structures at all. Communities are an interface between commercial and non-profit actors on site and can promote partnerships for CSR in community structures by setting up a meeting and mediating platform for prospective companies and non-profit organisations. In Germany, regular "CSR days" on site are increasingly being held under the name "Market place - good business". In addition, communities can promote mediator organisations which equally appeal and provide advice to companies and the non-profit sector and create qualification offers for both sides to promote a mutual understanding and productive cooperation on eye level.

**Communities initiate strategic problem solving partnerships**

The recognition, promotion and mediation of CSR in community structures can represent a solid basis for communities to integrate companies specifically into own programmes of communal development and problem resolution. Examples include a round table or strategy workshop, where representatives of communal politics, committed citizens, non-profit organisations and "corporate citizens" meet to identify key problems of the community structure and jointly develop solution-oriented concepts for action. This allows innovative communities to suggest integrating the
CSR orientation of local companies into a guideline or charter used to design the future and sustainability of the community.

**Additional information and resources**

Foundation "Mitarbeit" – Wegweiser Bürgergesellschaft

http://www.wegweiser-buergerschaft.de

VIS a VIS Agentur für Kommunikation GmbH

http://www.visavis-agentur.de
Fields of action of CSR

5.6. CSR and sustainability in the discourse on innovation

In short

Sustainable innovation describes the enforcement of innovations which contribute to the conservation of critical natural products and can be passed on as economic and consumption styles both in the long term as well as on a global level.

Learning targets

- Highlight innovation potentials through CSR and sustainability in a critical discourse

CSR learning contents

Traditionally, the understanding of innovations is based on technological developments. The CSR management expands this understanding with ethical, social and ecological factors. In doing so, requirements from a CSR and sustainability focus definitely have a different meaning for the innovation of products, methods and services. CSR and sustainability aspects enlarge the idea of innovation, by identifying topics and developments a company may not be realising in the daily business routine. However, the same aspects may limit the room for maneuver of the innovative development. This happens for example they are contradictory to selection criteria with purely economic characteristics such as technical feasibility, economic efficiency and acceptance on the market.

By monitoring topics and trends and analysing expectations and demands from the stakeholder dialogue, the CSR management can increase the innovative ability of a company by serving as interface with society. Because companies that recognise altered framework conditions, requirements and expectations earlier than others, take into account trends and realign strategies can sustainably secure a competitive edge or develop new markets and customer segments. Sustainability-oriented innovations can bolster the future viability of companies if the CSR management puts irreversible developments and megatrends such as climate change, shortage of resources or demographic change on the corporate agenda.

Nevertheless, CSR factors indeed represent a necessary but not inevitably sufficient condition for the sustainable safeguarding of livelihoods in the development of sustainable innovations. Using the example of the general distribution of computers
between 1988 and 1998, an aspect of increasing environmental pollution can be determined: Contrary to most expectations, equipping offices with computers did not result in a paperless office. As the Fraunhofer Institute points out in a study conducted within this context, the average per-capita use of printing and writing paper has increased worldwide by almost one quarter within the mentioned period.

In other words, sustainability-oriented innovation development also requires the specific integration of the user behaviour. In addition, possible risk effects need to be considered, because the same applies here as applies to innovations in general: they can only be recognised as sustainable in retrospect. Which innovation is considered sustainable is ultimately the result of a social evaluation process.

**Additional information and resources**

Fraunhofer Institut Arbeitswissenschaft und Organisation
Research project nova-net

[http://www.nova-net.de](http://www.nova-net.de)

Brochure "Innovation durch CSR – Die Zukunft nachhaltig gestalten" (2009)

Federal Ministry for the Environment, Nature Conservation and Reactor Safety

[http://www.bmu.de](http://www.bmu.de)

Further information in Portuguese:

[http://www.bcsdportugal.org/inovacao/104.htm](http://www.bcsdportugal.org/inovacao/104.htm)

[http://www.cotecportugal.pt](http://www.cotecportugal.pt)

[http://www.cotecportugal.pt/?option=com_content&task=blogcategory&id=63&Itemid=95](http://www.cotecportugal.pt/?option=com_content&task=blogcategory&id=63&Itemid=95)

Fields of action for CSR

5.7. CSR in risk management

_in short_

Relatively independent of the company size and company’s activity, the digital availability of information more than ever brings companies into the attention of stakeholders and the broad public. Companies that combine Corporate Social Responsibility (CSR) with a systematic stakeholder dialogue are able to identify legitimate stakeholder requirements early and derive corresponding strategies from it. The orientation of the risk management on CSR can represent a strategic early warning system for risks and uncertainties for companies and therefore provide support for the sustainable business success.

Learning targets

- Get to know risk management factors and identify a possible positive correlation with CSR management

_CSR learning contents_

Risks are a compulsory core elements associated with entrepreneurial decisions. Increasing global networking and economic activity require a re-evaluation of the term risk. Because these days, risks are not just unfavourable events which may potentially emerge and which can be reduced with controls, minimised with systems and otherwise insured. In fact, the term risk has become a benchmark of the uncertainty of forecasts, planning and investments. This results in the need for a strategic re-orientation of the risk management including its duties, methods and processes.

Risk management is not only a question of the company size or industry. A risk analysis comprises a multitude of internal and external factors, also for small and medium-sized enterprises. Amongst other things, strategic risks emerge in connection with participations, products, investments or the evaluation of markets and locations. Operational risks affect for example productivity, bottlenecks in capacity or excess capacities, warranties, liability risks or omitted investments. Other factors include financial risks, regulatory risks, personal risks, data processing risks to the point of political or social risks. In addition, lingering crises can develop as a result of continuously deferred problems. Their origin within the company is considered the initial risk.
An effective CSR management constantly expands the company’s observation and action radius. In practiced CSR, the goal of stakeholder analysis and stakeholder dialogue is to deal promptly with critical topics and the corresponding target groups. Nevertheless, the most commonly used excuse in companies is: “Crises cannot be planned.” This points to a poor stakeholder dialogue and the lack of preparation for possible risk and crises scenarios.

Unexpected triggers for crises of a company include accidents and failures, product defects and scandals, improper conduct by the management or employees as well as conflicts with politicians and stakeholders. Obviously, the aspect of the harm to human life makes the media particularly weary. Product deficiencies and recalls often trigger surprising crises. In these cases, an immediate and professional reaction from the company’s risk management will be required to keep the damage as low as possible.

However, cases regularly occur in which not so much the events as such but rather the deficits in communication are responsible for the negative headlines with far reaching consequences for the reputation or the share price of the respective companies. Companies already actively maintaining a stakeholder dialogue through CSR should be adequately equipped against possible misconduct in communication, including in times of actual crisis. Because crises make it necessary to bring all the players to the same level of information and knowledge and inform the media and stakeholders unambiguously, truthfully, extensively and effectively. During and after overcoming the crisis, an open and professional information and communication policy used for the CSR management can make a significant contribution to the credibility and trust of acting and responsible persons on all levels of the company.

Exercise 5.7. (approximately 30 minutes)

Present a recent case to your participants (for example based on a press release) in which a corporate crisis was triggered by an accident, failure or product deficiencies.

First discuss and evaluate the company’s communication policy with the participants. In a subsequent discussion, define the key stakeholders for the crisis communication of the company and prioritise the list. What are the requirements from the CSR perspective for the company in the selected case? What chances and risks does an open communication policy represent for your case?
**Additional information and resources**


KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Auditing company

http://www.kpmg.de

„Krisenkommunikation – Leitfaden für Behörden und Unternehmen“ (Berlin 2008)

German Federal Ministry for Internal Affairs

http://www.bmi.bund.de

„Risikomanagement – Checkliste in KMU-Unternehmen“

Chamber of Industry and Trade, Ulm

http://www.ulm.ihk.de

BCSD Portugal (in Portuguese)

http://www.bcsdportugal.org
Fields of action of CSR

5.8. CSR and development cooperation

**In short**

Companies can be economically associated with newly industrialising and developing countries in different ways. They obtain raw materials and products for their value chain from there. They export into newly industrialised and developing countries or make investments on site. In some cases, they are using the financial power at the expense of the local population. Other companies in turn make donations or transfer know-how and campaign for sustainable development and the advancement of minimum standards in newly industrialised and developing countries. Based on the mutual goals, companies focusing on Corporate Social Responsibility (CSR) are valuable partners in the development cooperation.

**Learning targets**

- Get to know CSR within the context of developing and newly industrialising countries

**CSR learning contents**

In the European Union, CSR is understood as voluntary commitment that goes beyond legal provisions. However, numerous countries exist outside the OECD (Organisation for Economic Cooperation and Development, largely represented by western industrialised nations), which are inadequately regulated or in which existing laws are not enforced. For example, virtually undeveloped or poorly functioning governmental monitoring and operational systems are characteristic for many developing and newly industrialising countries. The same CSR understanding as in industrialised countries can rarely be adopted directly in these regions.

These days, some developing countries are also in the possession of modern labour and environmental laws. But the normal corporate practice often shows a completely different picture: In many industries and sectors even the majority of market participants disregard legal minimum standards. In this challenging competitive environment, a company may already be acting responsibly if it is not involved in any violations of the law. Therefore, corporate activities are in some cases referred to as CSR which are not at all going beyond legal provisions in the narrower sense.

Developing countries are particularly dependent on the western economy for several reasons: They are competing for investments and international capital, production
advances, innovation, research and work spaces with other developing regions. This increases the influence of companies and offers opportunities for sustainable development perspectives provided that power and responsibility within the meaning of CSR are combined as two sides of a medal.

However, some transnational company groups whose financial might can exceed the gross domestic product of a developing country are also exerting significant pressure on states to abolish social and ecological regulations or to refrain from adequately implementing existing standards. With their power on the market, companies can lower legal requirements or create so-called special production zones in which existing rules are invalidated. In these zones it is mainly the labour laws that are disregarded and the environmental rules that are disrespected while the respective companies are at the same time completely or largely exempt from paying taxes. If this pressure is not resisted, there is a risk of migration of capital and production into other regions. Therefore, the following proverb is common in many developing countries: "There is only one thing worse than being overrun by international companies - namely not being overrun by them."

If developing countries want to export due to an abundance of resources, usually only a small minority is benefiting from the revenue. However, regional products become less competitive because of currency revenue and associated corruption, military conflicts or civil wars are often hampering the democratic and social development. On the other hand, excess exports from industrialised countries, in part at subsidised dumping prices, significantly harm the regional markets in developing countries. For example: Mainly chicken breasts are sold in the EU. Other parts of the chicken cannot be sold with a profit and are exported to Africa. They destroy for example existing local chicken markets in Cameroon because the resident farmers are unable to keep up with the low prices of the imported cheap and "waste" products.

For companies committed to CSR in industrialised countries, it is crucial to develop a CSR understanding along their global value chain especially for developing and newly industrialising countries which is based on accurate analyses of the situation on site. Or else the erroneous impression may arise in these countries that the compliance with social minimum standards is largely voluntary. Especially small and medium-sized enterprises in developing and newly industrialising countries consider CSR an opportunity for achieving legal norms and standards. Therefore, companies and governments especially in newly industrialising countries are increasingly developing an interest in CSR. More and more companies realise that responsible corporate management may become crucial for accessing the markets in industrialised countries. In turn, governments notice that CSR is promoting the implementation of labour and environmental laws.

In these cases, there is a multitude of options for CSR-active companies to endorse the development cooperation, for example concerning the introduction of social and ecological standards in the supplier industries, the energy and resource efficiency or
the modernisation of professional education systems. This can also be carried out in strategic alliances for sustainable development, if the development cooperation - in most cases with several companies or associations and often in several developing countries - at the same time jointly tackles complex challenges. Examples include the introduction of ecological and social minimum standards in connection with the coffee cultivation in Africa and Latin America or the development and distribution of micro insurances for poor population groups in Asia.

CSR in developing and newly industrialising countries overlaps with the goals of CSR-oriented companies for which sustainable economic activities are in the foreground and the goals of organisations active in the development work which are pursuing sustainable economic development.

**Additional information and resources**

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH

Brochure "Corporate Social Responsibility und Entwicklungszusammenarbeit" (2010)

Factsheet “CSR and Development Cooperation” (in English)


[http://www.gtz.de](http://www.gtz.de)

Germanwatch e.V.


[http://www.germanwatch.org](http://www.germanwatch.org)

OPIS – Associação para a Cooperação e Desenvolvimento


oikos - cooperação e desenvolvimento

[http://www.oikos.pt](http://www.oikos.pt)
Fields of action of CSR

5.9. CSR and Public Private Partnership

In short

The purpose of Public Private Partnerships (PPPs) is to realise public projects more efficiently than to date through long-term collaboration between the public authorities and the private sector. In the UK, PPPs are also called Public Finance Initiatives (PFI). PPPs are used to realise public infrastructure projects for example in the areas of social affairs, traffic, supply and waste management, IT and safety. As public contracts, PPPs are usually subject to public procurement law. Since the EU public procurement guidelines have entered into effect, the consideration of social and ecological aspects for awarding the contract has explicitly been permitted. In doing so, the award procedure is supposed to provide an impulse for strengthening the Social Corporate Responsibility (CSR) on a political level.

Learning targets

- Get to know advantages and criticism of PPP and explain the role of CSR

CSR learning contents

The following model of Public Private Partnerships (PPPs) is currently the most common one in the practice: The public authorities are awarding a license for the design, construction, financing, management and maintenance of an infrastructure facility, business or service to a private consortium of companies. This is based on the assumption that the finances of the public authorities will be disburdened, which is set forth in a contract stating that private resources will be used for the financing and the risk will be transferred to the private partner. In addition, potential strengths of companies from the private sector are to be used. PPPs can for example produce increased efficiency with the use of the latest technologies and management experience as well as a better customer focus. The public authorities can benefit from the relief under criminal and civil law, because significant responsibilities in connection with the execution of the assigned task are transferred to the private partner. In turn, the private actors expect the safe execution of essentially risk-free projects and a long-term safeguarding of stakeholder interests.

However, PPP is exposed to growing criticism, hailing in part from non-governmental organisations, unions, politics and small trade. Presumed reasons include the crisis of the private banking sector, declining acceptance of privatisation and the associated growing "faith in government". The accusations of the critics range from
intransparency of the procedures, doubts in the economic efficiency to hostility of the PPP models opposite medium-sized enterprises and the creation of precarious employment relationships. Moreover, critics fear that the public authorities will be "selling" state-run services for the public, personal data and basic rights of life, health and education.

In fact, contracts governing PPP projects executed between the authorities and the private sector partners are subject to confidentiality. With possible contorted legal constructions, investors and financial actors can be kept anonymous. In these cases, the public authorities run the risk of entering into long-term obligations without adequate democratic control of cash flows and internal efficiency gains from citizens and parliaments.

With respect to pros and cons of PPP it is at least safe to say that sovereign duties of the public authorities are transferred to private investors for the long run. Especially this long-term character of the contractual relationship should consider a stronger CSR orientation of its partners in view of the sustainability requirements of PPP. Authorities and communities using the tools of PPP have a special responsibility opposite the population with respect to the selection of suitable applicants and the determination of the award and contract criteria. CSR criteria in the fields of PPP could represent a constructive, strategic development step for the public authorities as well as for companies engaged in the fairplay of CSR.

**Additional information and resources**

German Federal Ministry for Internal Affairs – Project group BUND online

http://www.bmi.bund.de

The German Construction Industry

PPP Platform

http://www.ppp-plattform.de

Recommended article in Portuguese

Fields of action of CSR

5.10. Ethical dilemma: CSR in a market situation

In short

An ethical dilemma describes a decision scenario in which several actions are required simultaneously which are however mutually exclusive. The compliance with an action that is considered correct at the same time causes one or more violations of what's considered right. Ethical dilemmas can also concern the CSR of a company, for example if different interests of several of the company’s stakeholders are pitted against one another.

Learning targets

- Explain an ethical dilemma by means of a practical example

CSR learning contents

An ethical dilemma can be formalised as follows:

(i) Based on its CSR, the company should do "a".
(ii) Based on its CSR, the company should do "b".
(iii) But the company is unable to do "a" and "b" simultaneously.

Exercise 5.10. (approximately 60 – 90 minutes)

The following ethical dilemma is taking place in a market situation, specifically in connection with the CSR strategy of a company.

Part 1)

Buongiorno is one of the oldest coffee roasting facilities in Italy and it is still family-owned. The market share of the company in its country is close to 4%. During the past few years, the market share continued to decline and the business activities were mainly limited to northern Italy. Weakened by the financial situation and for lack of strategic innovations, the company was unable to hold out against the international developments of its competitors. Close to 10% of the employees are working in the roasting process. The majority of employees work for the acquisition and sales, in other words the global acquisition of coffee varieties and the sale to businesses and catering.
The financial situation of the company has deteriorated massively in the past year and another year with a similar turnover would mean the end of the company. The attempt of the last marketing director to rely on "traditional" and "authentic" products failed and Mr. Rossi has been hired and is now responsible for marketing after his predecessor left the company.

For Mr. Rossi, strategies focusing on low prices and expensive advertising campaigns are taking a back seat because of the unfavourable financial situation the company is facing. In fact, he is trying to surprise the management with an innovative CSR idea: In times when consumers are more susceptible to social concerns, he is betting on a "cause-related marketing strategy". He expects a high buyer readiness on the market and schedules an appointment with the management to discuss his idea.

Ideas for discussion in small groups

1. What are your thoughts about this situation?
2. Should the management support Mr. Rossi in his further pursuit of this approach?
3. Should CSR topics be part of a sales strategy? Are CSR-related topics based on limits?

Part 2)

Even though the opinions are divided, the management does not see any other choice in the current economic situation than to accept the idea. After one month, Mr. Rossi is again meeting with the management and concludes after deciding between several alternatives that he found a suitable project for the "cause-related marketing". He established contact with a local aid organisation in a region of Costa Rica in which "Buongiorno" is entertaining solid business ties. The new aid organisation was launched in the aftermath of a hurricane and supports the local population with the rebuilding of their shanty homes. Mr. Rossi reports that he would like to visit the organisation to execute a contractual agreement. Until now, the contact had only been carried out by telephone. After that Mr. Rossi explains to the management in detail the new design drafts of the coffee packages which promise a contribution of 40 cents per sold package of coffee for the reconstruction efforts in Costa Rica.

Mr. Rossi is pleading for a quick decision: The entire advertising campaign has been prepared and the sales of the company are continuing to decline. Mr. Rossi is talking about six to eight weeks until the sales are expected to increase significantly thanks to the new campaign.

Ideas for discussion in small groups

4. What should the management do now?
5. Should independent institutions be playing a role in this situation with respect to control or certification?

Part 3)

The campaign is launched at the beginning of the next month. Initial results are extremely promising: The sales have risen by 35% within a short period of time. However, the campaign is losing the attention of the consumers after only a few weeks. The sales are now even dropping below the dismal figures of the previous year. Overall however, "Buongiorno" manages to take a balanced stock by the end of the year, thanks to the initial success.

After the first month of the campaign, 20'000 dollars have already been sent to the aid organisation in Costa Rica. Now, at the end of the year, Mr. Rossi tells the management, that he only made a verbal agreement with the organisation during his recent visit in Costa Rica. Based on the revenue generated since the introduction of the campaign, "Buongiorno" should now remit the sum of 180'000 dollars to the organisation.

According to information from the CFO, this would ultimately mean bankruptcy for "Buongiorno".

Ideas for discussion in small groups

6. How should the management decide?
7. How can the entire sequence of this case be evaluated?

Additional information and resources

EU-Project "Promoting social responsibility in small and medium-sized enterprises"

CECOA – Centro de Formação Profissional para o Comércio e Afins

http://www.cecoa.pt
http://www.cecoa.pt/pt-PT/40/2/7/Projecto.aspx

Further information in Portuguese

DIRIGIR Nr. 98 (2007)

Communication of CSR

6.1. Credibility in the communication of CSR

**In short**

Without adequate credibility of the company, i.e. the contention for trust and acceptance among its stakeholders, Corporate Social Responsibility (CSR) can neither be sustainably implemented nor communicated in a way that brings the potentials of responsible corporate management to bear.

**Learning targets**

- Be able to reflect credible CSR communication when dealing with target groups (stakeholders) of the company

**CSR learning contents**

The acceptance and trust on the part of stakeholders from society as well as within the company can increase at the same extent as the company is transparently portraying facts, goals and advances in the CSR development. Regular stakeholder dialogues and sustainability reports are particularly participative and informative tools for comprehensively addressing the CSR topics the respective company is dealing with.

CSR comprises a multitude of possible communication strategies concerning the topic of sustainability. First of all, the focus on facts and core topics is presumed to be a basic prerequisite for a strong relationship between companies and stakeholders. Focusing exclusively on CSR topics that do not touch the core business of the company can be counterproductive and act as image polishing and "green washing" and conflict with the company’s credibility.

The various interactions and conflicts of goals between companies and stakeholders as well as a sustainable CSR development in the business operations cannot be managed exclusively with CSR image brochures issued by PR departments or advertising agencies. Because stakeholders will only show appreciation, understanding and willingness to cooperate and make compromises in connection with possible dilemmas concerning corporate decisions, if they are sensitised for the different dimensions of the problem and are integrated into a dialogue that is addressing their needs. In the process of the stakeholder dialogue, the CSR management should mainly ensure that the demands of advocacy groups are listened to and that the actual efforts of the company aimed at integrating the
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Concerns of the stakeholders into decisions and business activities are communicated in a coherent manner.

As it is generally the case with PR work, the public may perceive CSR reporting as only trying to show the positive sides of the company while omitting negative facts. The efforts of a company to integrate stakeholders into the CSR strategy can for example be credibly supported with statements and quotations from stakeholders. Based on own experiences with CSR reporting, persons in charge of companies recommend writing openly about weaknesses, obstacles and critical facts of CSR and - definitely formulated positively and convincingly - translating them into binding and measurable goals.

The accuracy of the published information and statements contained in CSR reports can also be subject to an external verification by an independent institution, like it is common for example for auditors to verify business reports. In addition, the credibility in CSR communication can be increased by integrating statements from representatives of interest groups or independent researchers, whose critical evaluation of the long-term CSR strategy of a company has an influential and trustworthy effect on the broader public.

**Additional information and resources**

Der Nachhaltigkeitsbericht. Ein Leitfaden zur Praxis glaubwürdiger Kommunikation für zukunftsfähige Unternehmen

imug Institut für Markt - Umwelt – Gesellschaft (Berlin 2001)

[http://www.imug.de](http://www.imug.de)

Bernd Lorenz Walter: Verantwortliche Unternehmensführung überzeugend kommunizieren (Gabler Verlag, Wiesbaden 2010)

[http://www.blwalter.com/englisch/e002.html](http://www.blwalter.com/englisch/e002.html)
Communication of CSR

6.2. Interfaces between the PR and CSR management

In short

The term Public Relations (PR) refers to the management of information and communication processes between a company and its internal and external stakeholders (sections of the public). Press and media relations are a widely used, but only one of many diverse fields of action which integrated PR can have an internal and external effect on. However, if PR in connection with Corporate Social Responsibility (CSR) is limited purely to media effects, then a company can be accused of one-sided and noncredible communication. The communication of CSR is associated with a high risk of putting the credibility of corporate responsibility on the line and to use PR solely for "greenwashing".

Learning targets

- Get to know the purpose of public relations management and discuss it in connection with the communicative CSR requirements
- Get to know some PR tools and create interfaces with the CSR communication

CSR learning contents

Traditionally, professional PR is capable of managing the communication with the stakeholders of the company and is therefore very important for CSR. Because PR is used to analyse the relationships with sections of the public with which a company may establish contact or come into conflict when pursuing its goals and interests. These sections of the public at the same time reflect the stakeholder groups of the CSR management. A company can for example develop a communication strategy by subjecting the corporate identity to a comparison of the required and actual extent of sympathy and antipathy the sections of the public (stakeholders) are displaying toward the company. Based on this, the communication goals (A) name recognition, (B) trust and (C) positive image among the sections of the public are crucial for the decision about which communication tools the company will be using with which need for action and for which target groups.

In a professional development of communication strategies, PR is used to analyse the environment of the company and to identify all relevant sections of the public including their ideals, expectations and conflict potentials opposite the company. These groups referred to as sections of the public in PR language reflect the social, political, technological or market-related stage of the company. PR is using the...
sections of the public to define target groups for communication measures. The concept of sections of the public is often used synonymous with the term stakeholders in the relatively young science of Public Relations.

PR and CSR management interfaces of a company are possible along the entire spectrum of internal and external corporate communication. The following typical range of PR topics offers insight into communication tools which can also be used for CSR topics. The implementation of a CSR communication strategy is always also a question of money for a company, and therefore, the proposed possibilities have specifically been designed for smaller enterprises and lower expenses:

Press releases and the placement of editorial technical contributions in media

- CSR topics can provide a variety of communication motives for the positioning of the company and its messages.
- Target media and target groups can be addressed with respect to specific topics via technical contents from the field of CSR.

Press events

- CSR topics can be cause for press conferences, for example to discuss the results of the collaboration between companies and NGOs.
- A visit to the editorial office and discussions with the media/interviews can be used specifically to inform media about the CSR topics of a company.
- Companies and stakeholders can jointly organise press seminars or fireside chats about CSR topics.

Own publications issued by the company

- Tools for the communication with employees, newsletters, brochures and corporate presentations as well as any possibilities to present the company on the internet can relay CSR topics. In addition, surveys and other interactive tools for the stakeholder dialogue can be managed via PR channels.
- With the CSR reporting of the company, PR can make sure that stakeholders are integrated on the one hand and informed in a target group-oriented way on the other hand.

Corporate events

- CSR topics can be the reason for actively promoting CSR and conducting stakeholder dialogues during company-related events such as CSR seminars with business partners or CSR-related corporate governance.
- CSR topics can be communicated during events such as trade shows or symposia and integrated as public relations tools. Companies can for example bring up their CSR activities specifically by organising an open house or company visits for pupils or students.
Additional information and resources

Horst Avenarius: Public Relations. Die Grundform der gesellschaftlichen Kommunikation (Darmstadt 1995)
Communication of CSR

6.3. The delicate balance between sponsoring and CSR

In short

In contrast to Corporate Social Responsibility (CSR), the communication and promotion tool sponsoring is based on a contractual agreement governing the sponsor's performances and the recipient’s services in return. However, as soon as sponsoring is used to promote projects in the form of public sponsoring, it is considered a CSR commitment, similar to corporate sponsoring. But CSR is generally misunderstood if sponsoring is communicated indiscriminately as CSR, while the company's core business remains unaffected by a socially and ecologically focused subsistence strategy.

Learning targets

- Question the correlation between sponsoring and CSR and get to know analogous goals of the communication tool sponsoring and CSR

CSR learning contents

The professional approach to sponsoring activities starts with the analysis of the company's image or brand affinity with the sponsoring object. Branches such as sports, culture, social affairs, environment, education and research as well as media have established themselves in sponsoring. Generally, the purpose of sponsoring consists in an image transfer in which the positive attributes of the sponsoring recipient are transferred to the sponsor. Analogous to traditional sponsoring-associated positioning methods, the CSR strategy can and should also check which CSR activities possess a high image affinity with the respective company and its corporate goals.

Companies generally use sponsoring projects to achieve high sympathy and acceptance values, thus paving the way for a positive perspective for sponsoring against the backdrop of the indifference opposite traditional advertising. In addition, sponsoring mainly addresses target groups in non-commercial situations. The resulting high interaction quality coupled with the sponsor's communicative message in part reaches target groups (or stakeholders) which are difficult to approach with similar messages. Such conditions are comparable to sponsoring and are increasingly associated with CSR activities of companies.
The objectives of sponsoring and CSR are generally very similar. Therefore, experiences with the communication tool sponsoring proven in the practice definitely give some indication about the relatively new approaches of CSR. Advocates of CSR commonly cite arguments which are traditionally associated with the goals of sponsoring:

- Increased name recognition of companies and brands
- Creation, change and stabilisation of images
- Public relations within the meaning of relationship management
- Performance demonstration
- Employee motivation

These days, redistributions of parts of the sponsoring budget in favour of CSR activities of a company are more commonly observed on the market. In addition, some companies are also renaming their sponsoring activities. For example, the globally active company Siemens has coined the term "Corporate Cultural Responsibility" for its involvement in the arts. This cannot only be understood as an allusion to the term "Corporate Social Responsibility (CSR)", but additionally highlights the blurring of the line between common welfare-oriented sponsoring, corporate citizenship and CSR.

In the past several years, the considerations about ethics in sponsoring have been gaining increasing importance. The independence of the social areas which the sponsoring is having an impact on is the object of some scientists. Ethicists emphasise that it is precisely the independent values and qualities of sports, culture, social projects, education, science and ecology that have made sponsoring attractive for companies in the past. If the interference by sponsors is too strong, it would invalidate this mutual interface.

**Exercise 6.3. (approximately 45 minutes)**

Ask your participants to work with a partner to draft a letter within 30 minutes, in which they respond to a sponsoring inquiry for a social project. The project concerns the "Homeless World Cup", the international street soccer tournament of the homeless and socially disadvantaged. The organisation in charge is planning to organise the games in your country. It has issued inquiries to a number of companies in which the organisation is requesting a meeting to negotiate with the company.

The teams of 2 are asked to explain in their letter to the "Homeless World Cup" if and why they would like to accept the visit from the organisation. In addition, they are asked to describe to what extent and with which expected services in return they are planning to act as sponsor or promoter. To ensure that the exercise represents controversial opinions, you may ask your teams to split in half. Then you ask half of the teams to formulate a rejection letter. The other half of the teams is asked to accept the invitation to negotiate.
At the end of the partner exercise, the teams will present their opinions and discuss them in the plenum.

**Additional information and resources**

Arnold Hermanns: Sponsoring: Grundlagen, Wirkungen, Management, Perspektiven (Munich 1997)
Communication of CSR

6.4. Development of a mission statement for CSR

In short

A corporate concept (mission statement) is the action-oriented formulation of vision, goals and central values of a company. It conveys a trend-setting and jointly supported vision of the future about the company, while at the same time credibly justifying it. Companies which are integrating Corporate Social Responsibility (CSR) into their mission statement are making corporate responsibility a top priority. A mission statement can communicate easy-to-understand and strictly binding CSR guidelines opposite employees, customers, business partners and other stakeholders.

Learning targets

- Discuss the communication potential of a mission statement and try it by means of practical co-operation

CSR learning contents

A mission statement for CSR is the set out answer to the questions A) "What do we as a company hope to achieve with CSR?" and B) "How are we working toward implementing our CSR vision?"

The point of the development process of a CSR concept is to identify a common basic orientation for the future of the company. Therefore, select employees representing the entire company have been co-operating across the disciplines and hierarchies in the development of a concept in many cases. In contrast, it is easier to develop of concept with the assistance of the entire workforce in small enterprises. Irrespective of the company size, a corporate CSR concept has a binding long-term character for all employees in the company. Therefore, it makes sense to integrate employees and important stakeholders, if applicable into the development of the concept.

The benefit of a corporate CSR mission statement is the basic orientation outlined in it in brief and comprehensible format for the actors in the company and the people affected by the corporate activities. Because not every opinion or attitude toward the corporate CSR is based on intensive dealing with corresponding available information such as extensive CSR reports. Accordingly, a mission statement for CSR can supply a preliminary impression of the attitude of a company at a glance.
Especially for smaller enterprises in which a separate CSR report would mean excessive cost and staff expenditures, a mission statement is definitely suitable to convey the topic CSR in a promising way.

The mission statement should be described with simple headnotes, factual, positive, active and using the "We" voice. To describe realistic visions understood by everyone, the headnotes should bear up against the following criteria:

- Substantiality: Are the statements informative with respect to the CSR in the company?
- Long-term nature: Are the statements describing a sustainable CSR perspective?
- Feasibility: Is the described "CSR promise" feasible?
- Completeness: Does the concept contain a comprehensive description of the company's business activity?

_Side note_

The following controversial quotes may be used to provide thought-provoking impulses with respect to the topic mission statement:

"If you wish to build a ship, do not collect men to gather wood, to take on duties and to divide the work, but teach them the longing for the wide, endless sea."

Antoine de Saint-Exupéry, French author

"My job is not so much to control but rather to encourage and transfer power to people with dreams and visions."

Jack Welch, American top manager (amongst other things former president of General Electric)

"Imagination is more important than knowledge. For knowledge is limited to all we now know and understand, while imagination embraces the entire world, and all there ever will be to know and understand."

Albert Einstein, physicist

"People who have visions should seek medical attention."

Helmut Schmidt, former German Federal Chancellor
**Exercise 6.4. (approximately 90 minutes)**

Select a company from the CSR movies of this compendium and ask your participants to prepare 5 - 7 individual headnotes as mission statement for CSR within 30 minutes.

Then ask your participants to from teams of 3 persons each. During the next 60 minutes, the teams are asked to discuss their headnotes in the team and to work out a joint mission statement that again contains 5 - 7 headnotes. The new concept of every team must contain headnotes from every previous individual work of its team members. They should be linguistically re-formulated (in a different form) within the team and assembled to a coherent text.

At the end of the exercise, every team is asked to present their jointly compiled CSR mission statement. Discuss the strengths and weaknesses of the different concepts in the group.

**Additional information and resources**

Ratgeber Leitbildentwicklung

Berufsgenossenschaft für Gesundheitsdienst und Wohlfahrtspflege (Hamburg 2005)

http://www.bgw-online.de
Communication of CSR

6.5. In-house codes of conduct and ethics

In short

A code of conduct and ethics is a voluntary self-commitment of companies. It serves as orientation guideline for the ethical management and correct performance of activities of all employees in the business routine. With respect to Corporate Social Responsibility (CSR), a code of conduct and ethics is suitable to make the employees of the company aware of the implications their individual integrity and "co-responsibility" has on the entire (institutional) corporate level. A code can be a permanently binding tool to communicate CSR internally and to integrate it comprehensively among the actors in the company. Applied to industries and professions, codes are intended to promote essential professional basics of job-related actions and increase the public perception of trust and acceptance.

Learning targets

- Be able to reflect the goals and purposes of codes of conduct and ethics
- Discuss the integration of employees into a CSR strategy by means of codes of conduct and ethics

CSR learning contents

The purpose of a code of conduct and ethics is to support the management and employees in a company with the independent resolution of moral conflicts. As a guideline for professional conduct, the code of ethics sensitises the members of the company to ethical concerns. In doing so, it is essential that moral conflicts which appear to be difficult or impossible to resolve on the level of individual employees can be handled based on the principle of subsidiarity on other corporate levels. This means that it is crucial on the one hand to promote ethical conduct on all levels of cooperation in the company in order to solidify a foundation for CSR. On the other hand, ethics should not be delegated "downward", but rather be based on overall corporate responsibility.

Some companies are choosing to appoint ethics officers and an ethics committee in connection with codes of conduct and ethics for the individual level of the employees or on the institutional level or to establish additional tools such as an ethics hotline. Nevertheless, the particularly critical and sensitive factor associated with the
implementation of codes of ethics remains an exemplified corporate culture in the professional routine in which employees even dare to voice ethical concerns.

As voluntary self-commitment, the contents and design of codes of conduct and ethics are in the hand of the companies which are claiming this tool for their benefit. But the corporate code is only credible if it meets at least the requirements of industrial codes and standards. In addition, it should be ensured that the employees are addressed adequately in a code of conduct and ethics document so that the content-related requirements are absorbed with the corresponding effect in the business routine.

Example

The "Code of conduct and ethics for Deutsche Bank" provides a compact and clear description of the ethical principles of the company on 12 pages. Moreover, the code is also used as a communication tool drawing the employees' attention to other CSR areas of the company. This is illustrated by the design of the code, reproduced here with its headlines:

- Part 1: Self-commitment opposite our customers and the other market participants
- Part 2: Self-commitment opposite Deutsche Bank
- Part 3: Self-commitment of the management
- Part 4: Self-commitment opposite colleagues
- Part 5: Self-commitment opposite our society

Discussion 6.5. (approximately 10 minutes)

Discuss with your participants about following controversial questions:

- Do codes of conduct and ethics make sense?
- How do you estimate the code of conduct and ethics of Deutsche Bank?

Additional information and resources

Deutsche Bank AG

Code of Business Conduct and Ethics for Deutsche Bank Group

http://www.db.com/ir/en/content/code_of_ethics.htm
Első Magyar Vállalati Felelősségvállalás Egyesület/EMVFE (Hungarian CSR organization)


MOL Hungary

http://www.mol.hu/hu/a_molrol/sd/a_vallalatcsoport_iranyitasa/etikai_kodex/

Code of ethics for trade and services in Portugal

Communication of CSR

6.6. Guidelines for sustainability reporting

In short

The goal of the Global Reporting Initiative (GRI) is to develop globally standardised guidelines for reporting sustainability and CSR topics. As a multi-stakeholder initiative, the GRI is a pool of actors from government, industry and society and has developed the GRI guidelines for sustainability reporting as a participative procedure. The use of the GRI guidelines for reporting is intended to allow a comparative illustration of the economic, ecological and social performances of companies by means of 79 indicators (benchmarking). Regular reporting based on GRI also allows the reconstruction of in-house CSR developments during the chronological sequence of the reporting period.

Learning targets

- Get to know the main requirements for reporting on CSR and sustainability based on the Global Reporting Initiative (GRI)

CSR learning contents

For sustainability and CSR reports, the reporting framework set forth in the GRI requires disclosure of the corporate profile, management principles and performance indicators of companies. Performance indicators are used to divide the sustainability and CSR aspects of a company into the following:

- Economic indicators
- Ecological indicators
- Indicators concerning the work conditions
- Indicators concerning human rights
- Social indicators
- Indicators concerning the product responsibility

Essentially, reporting according to GRI is designed to allow the comparability of CSR performances, irrespective of the company size and location. So-called sector supplements complement the GRI guideline with recommendations for the use in specific industries.

The data contained in the sustainability and CSR reports according to GRI are all the more transparent the more comprehensive the disclosed information is. The reporting
framework provides the application levels A, B and C for this purpose. If companies provide information about all indicators, they meet the requirements for the application level A. In doing so, it is up to the company to decide and declare which application levels it wishes to select for the report. Upon request, the GRI can confirm this information and the report may subsequently be labelled "GRI checked". If reports have been verified by an auditor, they must be labelled with "+" next to the application level. The use of the GRI guidelines is strictly voluntary and offers companies the opportunity to register on the GRI internet site.

As systematic reporting about sustainability topics, the GRI guideline can guarantee a credible and recognised framework usually considered a quality characteristic of reporting in specialist circles. Moreover, the guideline can serve as orientation guide for companies with a considerable demonstrated commitment to sustainability-relevant performances which first needs to be organised systematically in order to provide a strategical CSR-related benefit. However, in the opinion of some critics, the GRI guideline represents an overload of indicators. For specialists in the field of CSR, this is understandable as it does not guarantee effective communication with stakeholders such as employees and consumers.

**Excerpt: Indicator protocol record, product responsibility GRI**

**Aspect: Health and safety of customers**

PR1 (core indicator)
Life cycle stages in which the effects of products and services on the health and safety are examined with respect to improvements and percentage of product and service categories examined accordingly.

PR2 (additional indicator)
Total number of events in which applicable laws and voluntary rules of conduct with respect to effects of products and services on the health and safety were not complied with, listed by type of consequences.

**Aspect: Labelling of products and services**

PR3 (core indicator)
Type of legally prescribed information about products and services and percentage of products and services subject to said duties to inform.

PR4 (additional indicator)
Total number of events in which applicable laws and voluntary rules of conduct with respect to information about and labelling of products and services were not complied with, listed by type of consequences.
PR5 (additional indicator)
Practices in connection with customer satisfaction, including results of customer satisfaction surveys.

Aspect: Advertising

PR6 (core indicator)
Programmes designed to observe laws, standards and voluntary rules of conduct with respect to advertising including ads, sales promotion and sponsoring.

PR7 (additional indicator)
Total number of events in which provisions and voluntary rules of conduct with respect to advertising, including ads, sales promotion and sponsoring were not complied with, illustrated by type of consequences.

Aspect: Protection of customer information

PR8 (additional indicator)
Total number of justified complaints with respect to the violation of the protection of customer information and loss thereof.

Aspect: Compliance with legal provisions

PR9 (core indicator)
Amount of substantial fines due to violations of legal provisions concerning the provision and use of products and services.

Exercise 6.6. (approximately 60 minutes)

Ask your participants for a partner research in the internet about the indicators of Global Reporting Initiative (GRI). The teams should identify 10 indicators that support CSR potentials in their own company. (Alternatively, you can choose a company from chapter 7 for this exercise or let each team take a different practical example.) The teams should afterwards present their "TOP 10 GRI Indicators" and explain why they chose them.

Additional information and resources

Global Reporting Initiative

http://www.globalreporting.org
Communication of CSR

6.7. Practical steps of CSR reporting

**In short**

CSR and sustainability reporting comprises the determination, reporting and publishing of the company's performances with respect to its sustainable development goals. Yet the majority of CSR actions are limited in their effect unless they are fully supported by everyone in the company. Reporting about CSR and sustainability is more than simply a communication tool "to the outside" and reporting duty about performance indicators “from above”. Only if all employees of a company understand the significance of CSR, responsibility is no longer at risk of being given away. The inclusion of the employees as early as possible in the development process of a CSR report generates indentification and innovation potentials and is the starting point for valuable impulses for the corporate sustainability development.

**Learning targets**

- Obtain practical insights into the first steps of CSR and sustainability reporting

**CSR learning contents**

Performance indicators and standardised guidelines for CSR and sustainability reporting are essential for the transparency and CSR development in many companies. Particularly globally acting major enterprises with a multitude of stakeholders and different requirements orient themselves to standardised reporting guidelines such as the Global Reporting Initiative (GRI). However, small and medium-sized enterprises often have room for a creative approach when compiling their CSR reports. For example, an installation company with 20 employees definitely has the option of effectively communicating that and how the company assumes responsibility for the region, the employees and the environment with a short four page sustainability report.

As well as communication about completed reports, the development process per se, which can have an impact on the entire company, also backs the concurrence between CSR report and corporate sustainability. Indeed, in many cases it may make sense to use the skills and implementation abilities of external advisors and service providers to compile the reports. But aside from a thorough knowledge about the correlations of CSR and sustainability, it is mainly the influences within the company that are essential success factors for the entire CSR strategy. In other words, it is necessary to find suitable members for a team within the company who will be in
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charge of making the most important decisions concerning the report. For example, a reporting team can be set up as follows:

- **Decision maker:** Because of the influences within the company, decision makers are essential team members for the compilation of a CSR report. In addition, a CSR report can only be convincing if it explains strategic and industry-related correlations.

- **Controller:** Access to the financial key numbers requires the integration of the in-house controlling department. It also allows the utilisation of valuable experience from the compilation of business reports.

- **Communication expert:** The communication department is in the position to introduce important interfaces between CSR topics and stakeholders. From the start of the reporting going forward, the communication know-how is crucial for the internal and external effect of the report.

- **"Critical doubter":** The role of the doubter can be to address uncomfortable aspects within the meaning of sustainable development. The "continue as before" strategy precisely expresses the opposite of a company's compliance.

- **Representatives of different departments:** As much as possible, the CSR strategy should be supported by all functions within the company. Indeed, the CSR report should be geared toward substantiality, but at the same time also toward completeness.

- **External process supporter:** Provides the "view from the outside", moderate the compilation process or contribute aspects from his CSR expertise.

- **Target group (stakeholder) representatives:** The inclusion of company stakeholders can make a significant contribution to the credibility of a CSR report. Especially in companies with preliminary CSR reporting experience, the interface with the stakeholder dialogue can mean a considerable advancement and improvement of the entire CSR strategy.

Ask the team to compile a rough schedule to determine and secure the necessary time resources for the team members. The following reporting steps should be planned retroactively from the decision date:

- **Step 1:** Clarify the framework conditions for the CSR report
- **Step 2:** Identify topics and stakeholder groups for the reporting
- **Step 3:** Derive goals for the report and the company's CSR
- **Step 4:** Gather CSR-relevant data and information
- **Step 5:** Write the report
- **Step 6:** Illustrate the report graphically
- **Step 7:** Distribute the report
**Additional information and resources**

"Reporting about Sustainability" (Vienna 2003)
Austrian Institute for Sustainable Development

[http://www.oin.at](http://www.oin.at)

Further information in Portuguese

[http://www.bcsdportugal.org](http://www.bcsdportugal.org)
Communication of CSR

6.8. Basic principles of Web 2.0 for the communication of CSR

In short

The public perception of Corporate Social Responsibility (CSR) of a company can be strongly influenced and controlled on the internet as a result of the evaluation by communities. With Web 2.0, information about companies is no longer only determined by these companies themselves. Internet users such as customers, consumers or institutionalised stakeholders are effectively using social media platforms, forums and blogs to publish information, opinions and evaluations about corporate activities, brands and products. In doing so, the power of internet users is mainly in the high local as well as global degree of networking.

Therefore, a growing number of companies are specifically expanding their marketing and communication strategy with Web 2.0. In the same way as the mass of non-commercial users, they are networking to form opinions, maintain relationships and for advertising purposes or CSR campaigns on constantly growing platforms like Facebook which has several hundred million members alone. Some "CSR 2.0 players" are using own CSR platforms and find or network their CSR reporting with social media fans, comrades-in-arms and multipliers on Web 2.0. However, companies have become more vulnerable because critics and counter-campaigns are capable of mobilising a high number of stakeholders very quickly.

Learning targets

- Get to know possibilities of interactions by companies and internet users on Web 2.0

CSR learning contents

While the classical communication consisted of the sender-recipient model, Web 2.0 is based on a "many-to-many" communication strategy: the recipients of a message are at the same time senders of messages by automatically directing them to persons in their network of contacts. However, the term Web 2.0 is not so much describing a new type of technology, but rather a different use with respect to the socio-technical approach. With Web 2.0, the website operator (e.g. a company) and its information supply are no longer in the foreground as evolutionary step of the internet. In fact, internet users are actively participating in the development and
expansion of own web platforms and globally available information sources. And so the internet is constantly supplied with data and information by means of collective intelligence, the know-how of the entire mass of active users. This collective creation of web contents is also known as crowd sourcing. With respect to the online encyclopaedia Wikipedia for example, any number of internet users who have not been screened for expertise are voluntarily working on the continuous expansion of a knowledge platform without getting paid.

With Web 2.0, users are exchanging information on social media platforms and are conducting a networked communication in forums, communities, on blogs, Twitter or video casts. In contrast to traditional mass media, social media do not require extensive resources and production processes; in addition, the contents published here by companies are global and real-time. This is also the reason why information and opinions about companies and brands can achieve an extremely high distribution within a very short period of time on Web 2.0. This can be triggered by a single user, sometimes without a communication or campaign budget. Because identities on Web 2.0 can be assumed freely and user accounts in communities generally do not require the verification of the user, the motivation of actors on Web 2.0 is no longer determinable with absolute certainty in many cases: Is this a "genuine" user who is recommending a product on an internet forum or is the forum entry generated by an intern at an agency for search engine optimisation (SEO) who is adopting dozens of virtual identities every day on behalf of a company?

For corporate communication, Web 2.0 has been representing far more market relevance for some time than it can be discounted simply as experimenting and play ground: For example, it is possible to determine clear interest and attitude profiles via online target groups and to use a considerable cross marketing potential. Well implemented campaigns have a high potential with a relatively low budget for the social return on investment to increase the sales, employer branding or public relations. Similarly, Web 2.0 allows companies to develop a target group-specific CSR communication and principles for a stakeholder dialogue concomitantly with the existing CSR reporting. Irrespective of the size and market position, companies can additionally shape the discourse about newly emerging topics within the meaning of a blue ocean strategy, i.e. to draw the attention of markets to themselves, in which there was almost no or no competition or oversaturation prevalent until now.

The umbrella brand (RED) has evolved into one of the most successful sustainability campaigns ever; it is distributing special RED products from Nike, Converse, American Express, Apple and Starbucks amongst others. 50 percent of the proceeds from RED are donated to measures designed to eliminate AIDS in Africa. Since the start of the campaign in 2006, 150 million US dollars have been collected as revenue for the non-profit organisation The Global Fund during the first five years. Strong brands are cooperating for a strong social topic on RED, reaching a massive audience by means of a consistent interaction and information strategy mainly on Web 2.0 channels such as Youtube, Facebook and Twitter. RED member Starbucks alone boasts a network of far more than 10 million Facebook "friends".
Another example combines an offensively commercial interest with a social statement and has garnered worldwide attention through distribution on the internet at the end of 2009. A commercial spot for Daimler Chrysler contains the unequivocal support for the release of Burmese human rights activist Aung San Suu Kyi, which can be considered an exercise of corporate social responsibility (CSR) by a leading commercial enterprise.

**Additional information and resources**

W. Chan Kim, Renée Mauborgne: "Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant" (New York 2005)

Verantwortung im Web 2.0 - Corporate Social Media Responsibility (2010)
In: PR Journal

http://www.pr-journal.de

(RED) TM – Designed to help eliminate AIDS in Africa

http://www.joinred.com

TV spot of Daimler Chrysler – "Dedicated to Aung San Suu Kyi"

http://www.youtube.com/watch?v=aOHMFfAVOzs&feature=player_embedded

Commercial + Sustainability Blog

The Guardian

http://www.guardian.co.uk/sustainability/commercial+blog

CSR Communication – Exploring European cross-national differences and tendencies (2010)

A study developed by IE School of Communication, Cambridge University and others

http://www.slideshare.net/IEuniversity/cs-rcom-report2010
Communication of CSR

6.9. CSR-relevant campaigns on Web 2.0

In short

Stakeholders are now using the criticism of deficient CSR on Web 2.0 so effectively, that even global company groups equipped with corresponding legal resources and communication budgets can suffer a substantial blow to their image. The pressure from a critical mass of consumers on Web 2.0 can ultimately lead to change processes toward CSR. But in many cases, the strategic actions of corporate managers are preceded by inadequate knowledge on how to handle criticism in the era of social media. By then, the brand image has already been damaged permanently.

Learning targets

- Get to know and question CSR-related online campaigns on Web 2.0 based on the practical example of an environmental protection organisation

CSR learning contents

In the spring of 2010, the environmental protection organisation Greenpeace has impressively put the CSR risks associated with the communication policy of the global market leading food corporation Nestlé up for discussion on Web 2.0 with one of the most successful protest campaigns ever launched. The allegation: In the brand "KitKat", the corporation is accused of using palm tree oil, the cultivation of which is associated with massive threats to the rainforests and threats to the habitat of Orangutans in Indonesia. In doing so, Greenpeace is alluding to the Nestlé slogan "Have a break – have a KitKat", by naming its protest action "Give rainforests a break".

Indeed, Greenpeace supported the protest with actions at the locations of the company, but the breakthrough of the campaign succeeded as early as on the second day with a not very expensive, but relatively shocking video on Web 2.0. In a parodied advertising clip for "KitKat", a man bites into the finger of an Orangutan contained in the package of the "KitKat" bar rather than a chocolate bar. With the video, Greenpeace bet on the efficiency of "viral marketing", namely the automatic "virus-like" distribution of information by the users themselves. Even before the first one thousand users had watched the clip on Youtube, Nestlé had already blocked the video due to copyright infringements. Due to this censorship by the corporation, the video gained additional notoriety and a wave of outrage rolled through the
network community. In no time at all, copies of the video were distributed on a multitude of blogs on the internet, it was virtually impossible to enforce the censorship on the net.

The response of the Greenpeace campaign manager was as follows: "In the digital era, consumers can no longer be muzzled. As long as Nestlé fails to understand that dialogue and transparency are necessary, the company group will be feeling the power of the cyber community." And so the number of negative reactions in the public was increasing and a growing number of Twitterers, Facebook members and bloggers were discovering the topic. In addition, the Greenpeace campaign gained worldwide attention when Nestlé promptly ordered the closure of the "KitKat" fan page on Facebook with more than 700'000 members. Critics had used the fan page to distribute information about the campaign. While Nestlé initially held off with the publication of feedback on the company’s website, as many as 250'000 people had participated in the Greenpeace campaign especially on Web 2.0 during the first few weeks according to Greenpeace. During this period, the video was watched by 1.5 million internet users. The food corporation Nestlé officially responded to the international protest within two months: In the future Nestlé promised to waive the use of palm tree oil and paper associated with the destruction of rainforests and announced the cancellation of a contract executed with a corresponding supplier company in Indonesia. However, the spark of the campaign had long since jumped to the printed media and Greenpeace had added another video spot concerning the same topic, again parodying a "KitKat" commercial.

Another example of possible reactions to protests from NGOs is not playing out on Web 2.0, but is again associated with Greenpeace. In 2007, environmental activists occupied the corporate headquarters of the car maker Porsche. They unrolled a poster labelled "Climate pigs". Porsche countered in a similarly aggressive tone. The company promptly responded with its own poster campaign: "We made it! Greenpeace is demonstrating at Porsche. Now we are someone." With a second poster, Porsche provided facts about the exhaust values of its vehicles and made reference to the "lowest CO2 emission per HP". And finally the company wrote: "Dear friends of Greenpeace: Porsche is better than you think. As a consolation: David too was underestimated...". In conclusion, Porsche reacted with humour to protests and used the attention for its own PR move.

**Exercise 6.9 (approximately 20 minutes)**

Discuss the outcome of the Greenpeace campaign "Give rainforests a break" with your group. What is your assessment of the actions and reactions by both Nestlé and Greenpeace? Alternatively, you can critically discuss the following anonymous statements from readers of various blog entries concerning the Greenpeace action: Who in your group agrees with which blog entry and why?
Example 1)
"Hello, now it is time for me to speak out. I am just now returning from a party where they served KitKat. The host's daughter (10) said she would not eat this because it contains a gorilla. In disbelief I asked what she meant and found out that her older brother had seen a video where KitKat is the finger of a gorilla. And it also contains blood. I did some research and found this video; I have to confess: it is really disgusting. Is this necessary? Do humans/children get confused by this? Never mind who is doing this, it is disturbing! Ugh!"

Example 2)
"Yes, this is necessary, because the reality is even worse. It should be even worse! It is how it is. And I am imputing the worst to company groups such as Nestlé. Parties involved in making the marketing of drinking water so expensive deserve to be silenced. Dear (XY), obtain proper information and you will be amazed because life is no walk in the park. But your daughter is smart!"

Example 3)
"Don’t blame the PR team. They certainly did not advice the decision makers to delete the video on Youtube. Nobody is listening to PR consultants ... Others should do their homework first: managers, buyers, marketing, product manager, legal department etc. This would prevent such crises from even happening."

Example 4)
"I like it. I have been avoiding nestle products as much as possible for years. NB: is not really appropriate here, but funny: kitkat is like communism, it is red and you have to share it."

Additional information and resources

Greenpeace attackiert Nestlé: Wenn die Empörungswelle durch das Netz schwappt (2010)

http://www.handelsblatt.com

Greenpeace Campaign “Aks Nestlé to give rainforests a break”

http://www.greenpeace.org/international/campaigns/climate-change/kitkat/

GREENSAVERS – Campaigns (in Portuguese)

Communication of CSR

6.10. Organising a CSR company visit

In short

A company visit to discuss the topic of Corporate Social Responsibility (CSR) allows participants to gain practical insight into implemented corporate responsibility. "Eye-to-eye" discussions with employees and managers on site in a company make it possible for visitors (stakeholders) to experience valuable observations with CSR directly and they can be conveyed in a particularly credible manner. As well, the presentation of CSR can serve as communication tool for the companies visited. Employees of the company can participate in the preparation and conduct of a CSR company visit and it can additionally be reported on the company's website on the internet or the regional and industry-related press can be informed about it.

Learning targets

- Be able to plan and conduct a CSR company visit

CSR learning contents

The purpose and effect of CSR company visits mainly differ based on the composition of the group of visitors. If the company visit is based on the invitation of a company, the programme of the visit can be geared specifically toward the required information and the stakeholder dialogue with the corresponding group of participants. Different communication goals can be derived for business partners, political representatives, the press or a class of school children, which may range from public relations to intended transfers or cooperation with CSR programmes and the expansion as well as maintenance of personal relationships.

Aside from the organisational planning of a CSR company visit which should be considered comparable to traditional company events (suitable rooms, technology, catering, invitations, preparations and wrap-up etc.), a "CSR practice day" in the company can be roughly structured as follows:

1. Welcoming address (who are the presenters? what will be taught? how long will it last?)
2. Content-related introduction (CSR in the company)
3. Presentation of the company (general information, special CSR topics, is a CSR report compiled?)
4. Tour of the company (what does CSR "tell you" visually? are the employees integrated as contacts?)
5. Round for questions and answers (with whom? what preparations are required? will there be a wrap-up or documentation?)
6. Maybe a get together and snack to wrap up the event
7. Possibility for the participants to provide feedback about the CSR company visit

**Exercise 6.10. / Excursion (approximately half a day)**

Plan a visit to a CSR-active company with your group of participants during the final phase of the CSR training. For organisational reasons, it is recommended to select a local company. In addition to the travel time to and from the company, you should allow 3 - 5 hours for the company visit. Based on experience, you should plan 6 - 8 weeks for preparation between the initial contact and the date of the visit at the company.

Your participants will have a stronger interest and will be able to identify more with a CSR company visit if they are actively involved in the preparation, conduct and wrap-up of the event. Develop a project plan to organise a company visit with your group and assign responsibilities to the individual teams.

Your group or the teams can prepare several proposals for the selection of a suitable company. Ask for a thorough justification of the proposals and discuss them, taking into account the CSR knowledge the group has acquired so far. You can define the priorities A, B and C for three jointly selected companies. "A" represents the company ranked first for your selection as practical example. You should contact the companies one by one and only contact the next company if you received a rejection from the previous one. For the subsequent written inquiry sent to a company, you can integrate your group into the proposals and arguments for the draft of your letter.

You should also discuss in the group which benefits the participants expect from the CSR company visit and compile documents for your visit on site together, such as for example a handout for the participants containing a list of questions for the company. In addition, think about the benefit your group represents for the company you are visiting. Your participants may for example write a text about the CSR company visit to document the event and provide photographs they took. As a motivation for this task, you could submit the best text to the company and ask them to publish it on their internet site.
Additional information and resources

"How to organise a study visit to a socially responsible company - Practical guide"

EU project “CSR/SME - Promoting Social Responsibility in Small and Medium Size Enterprises"

CECOA – Centro de Formação Profissional para o Comércio e Afins

http://www.cecoa.pt
Best practice examples of CSR

7.1. Hanning & Kahl – Video: CSR at the workplace

In short

The company Hanning & Kahl GmbH & Co KG headquartered in Oerlinghausen (Germany) was founded in 1898. With its 327 employees, it generated a turnover of 47.4 million Euros in 2009. Hanning & Kahl develops and produces in various sectors break systems, point and signalling equipment, management and information systems as well as services. The company is setting technical benchmarks throughout the world for rail traffic and wind energy systems. The 2009 export rate was close to 48%. Hanning & Kahl mainly achieves win-win effects with its employees through Corporate Social Responsibility (CSR), by developing comprehensive programmes for human resources development, employee motivation and innovation management.

CSR in the company

Since the 1990s, Hanning & Kahl has been strongly influenced by the Japanese management concept KAIZEN, designed to analyse problems and possible solutions in all corporate areas. Regular workshops contribute to the constant improvement of the product quality and working conditions. According to the motto of KAIZEN: “Today is our worst status”, the faster and more pragmatic option is strictly preferred if several solutions are possible. Hanning & Kahl maintains an interaction between quality and innovation management, mainly rooted in teamwork and an elaborate corporate idea management system (BVW). The company pegs the annual profit and savings resulting from BVW at more than 100'000 Euros. In turn, close to 60'000 Euros are paid out annually as premiums to the submitters. In addition, Hanning & Kahl donates one Euro to the Oerlinghausen children’s fund for every implemented improvement proposal.

By considering employees “engines of the future” whose ideas and continuing education are valuable, Hanning & Kahl is heavily investing into the qualification of its workforce: two further education measures per employee and year are the goal. For this purpose, one of a total of 7 continuing education officers is available to the employees in every corporate division. Moreover, the company has been offering the “HAKAfit“ programme since 2004. It features updated topics and schedules every six months. They contain qualification offers (including language courses, courses to upgrade the PC skills, intercultural management) along with a host of joint and service offers for employees. They range from yoga and back exercises during the work hours to advice with legal and tax-related questions and leisure activities such as waterskiing and golfing. In addition, employees are able to manage their own work
time accounts, allowing them to better combine their career and family. A separate courier service is available for the workforce to assist them with urgent private transactions and errands.

Transcript for the narrators in the movie

Eelco Hoedemaker
Head of Innovation Management

My name is Eelco Hoedemaker and I work here at Hanning & Kahl in Oerlinghausen. We produce high quality products for the light rail, heavy rail and wind energy systems. And we make products like point machines, controlling systems, communication systems as well as breaks. Hanning & Kahl is a family owned company here in the surroundings of Oerlinghausen. We have 300 employees here. And it is very difficult to find qualified people, especially here in the surroundings, it is very hard, so for us it is very important to motivate people in order to find qualified people to work for us.

So CSR plays a big role here at Hanning & Kahl. Actually in the mid or the end of the 90s and at that time we started with employee motivation. We want to work together as one team, we want to create a team.

KAIZEN comes from Japan and that means improve with small steps each day. It's also a part, indirectly a part of CSR. It's a part of this involvement. We involve the employees to share their problems, to gather other people to create the team solving this problem.

Since last year we started a “Planspiel”, a simulation game. And with this simulation game we invite people from everywhere in our company, not only the managing director, but also some people from the sales department, construction department, from the production and they start a game they start an own company. And in this own company they try to produce a product and they have several goals and several problems and during this game they learn about many things how to cooperate, how to act as a team how to solve the problems.

Wolfgang Helas
Managing director

Cooperation has changed again. In fact, it was interesting to see the amount of improvements resulting from joint reflection on a problem. In today’s economic situation, we have to improve constantly, have to avoid waste at any cost. Nobody is capable of doing this. These simulation games are designed to illustrate in a simple fashion how major improvements can be achieved with very few resources and very little change.
Eelco Hoedemaker  
Head of Innovation Management

And it is very interesting to see this motivation, to share this information, to share these products, to share these ideas and that’s very important.

The working atmosphere at Hanning & Kahl is very friendly. It's a nice mixture of working atmosphere, so working as a team to reach your goals, but also a very friendly way, free-time way. We also offer a variety of training courses, health courses, language courses like German, English, Spanish, French and there are many social events. And one of these events is our “HA-KA-Rad-Tag”, it's an Hanning & Kahl-bicycle-day. At the Hanning & Kahl-bicycle-day employees can go to their job by bike instead of taking the car. It has an healthy aspect, it has a social aspect. And it also motivates people just to use another transportation way. And they meet each other also on a hobby level.

Gudrun Neitzke  
Employee

This activity is great, we get to meet in advance, have fun on the way and we are doing something together outside of work. You meet people from other departments with whom we have nothing to do professionally. It is definitely beneficial to look beyond the rim of the teacup and get to know the other departments better.

Eelco Hoedemaker  
Head of Innovation Management

At Hanning & Kahl we have a “BVW”-system. “Betriebliches Vorschlagswesen”, in English it's called an idea management system. Over the last years it grew more and more towards what we call now CSR: To work together with our goal, or eventual goal, it's called in German: “Mündige Mitarbeiter”. Translated into English it is more the responsible employee. With our idea management system we offer a platform on which we gather all these ideas of our employees. They want to share their ideas, they are very proud of these ideas and they also want us to implement them, in a very fast and easy way.

Vural Kaya  
Employee

When I have an idea or a suggestion for improvement, I first check if this works properly. Then, we formulate: what is our idea and how did this work before. Then we are looking for a supervisor and submit the idea to our supervisor.
Six or seven brakes every day, each one weighing 100 kg. Carrying them back and forth is obviously very heavy. We came up with the idea to build a cart with moulds for the brakes. They can be placed onto the cart and pushed in. This is obviously much easier for us and very convenient. As well, we can pack more brakes than for the furnace. Back then we only had two or three. Now we are making 12 pieces at a time and this is obviously much faster. If my supervisor says: “I am proud of you” this is great motivation for me.

**Eelco Hoedemaker**
Head of Innovation Management

The feedback in general is very good. They give their ideas in your hands and if it's correct, then you have to implement it in a fast way and if it's not you have to say why you can't realize it. And if you do it in the correct way they come back again with more interesting ideas.

The role of CSR is to give impulses to the people. And I think that CSR is one of the ways how to create a more sustainable future and not only for yourself but for your all surrounding.

**Exercise 7.1. (approximately 45 minutes)**

The movie shows the implementation of Corporate Social Responsibility (CSR) at the workplace. It highlights how employees contribute to sustainable corporate development. Discuss with your participants the following questions amongst others:

- What is your assessment of CSR at Hanning & Kahl overall?
- What are the win-win situations at Hanning & Kahl for the company, the employees and society? By what win-win situations might the company wish to expand its CSR in the future?
- Why would you like to work for Hanning & Kahl?
- Why would you choose Hanning & Kahl as supplier for your company?
- How might CSR at the workplace look at Hanning & Kahl 10 years from now?

At the end of the discussion, organise a corporate idea management system with the following requirements:

A) You are a Hanning & Kahl employee and are watching the movie within the scope of a corporate event. You are then asked to submit a proposal to improve the CSR in the company.

B) Hanning & Kahl is planning to publish its own CSR report starting in the next fiscal year. You are asked to suggest a title or slogan for the CSR report.
Ask your participants to formulate a written proposal for requirement A) and B) within 10 minutes. Collect the proposals and discuss them in the plenum.

Further information and resources

Hanning & Kahl GmbH & Co KG
Rudolf-Diesel-Strasse 6
DE - 33813 Oerlinghausen
Phone: 0049 (0) 5202 707-600
Fax: 0049 (0) 5202 707-629
E-mail: info@hanning-kahl.com
http://www.hanning-kahl.com
Best practice examples of CSR

7.2. Praktiker Hungary – Video: CSR in the market

In short

Praktiker Magyarország Kft. is the Hungarian subsidiary of Praktiker Bau- und Heimwerkermärkte Holding AG domiciled in Germany. The holding belongs to the leading building centres in Europe and is part of the METRO Group. The full-range supplier Praktiker sells a broad range of goods relating to construction, renovation, workshop, living, garden and leisure. Currently, Praktiker is represented with more than 440 building centres in ten countries. In 2009, it generated a turnover of approximately 3.7 billion Euros with its close to 27‘000 employees. The first Praktiker building centre in Hungary was opened in 1998. On the occasion of its 10 year anniversary on the Hungarian market, Praktiker Hungary has started to implement Corporate Social Responsibility (CSR) in all its building centres throughout the country.

CSR in the company

Only a few pioneers are spearheading the strategic approach of Corporate Social Responsibility (CSR) on the Hungarian market. The majority of them are large enterprises. Praktiker Hungary has included CSR in the corporate management agenda for the first time in 2008 on the occasion of its 10 year anniversary on the Hungarian market. At the time, Karl-Heinz Keth, managing director of Praktiker Hungary asked himself what the corporate benefits of the 10 year success of the company in the market meant for the country in which his enterprise is making profits. This was the starting point for CSR in the core business, in particular by integrating the employees (Corporate Volunteering) and corporate locations (Community Involvement).

In addition, Praktiker Hungary hopes to consider the special characteristics of the Hungarian market for CSR activities and have the corporate headquarters consciously use the generated scope for development. Accordingly, impulses for CSR activities can also be provided by employees and store managers at the respective locations in addition to the Hungarian management.
**Transcript for the narrators in the movie**

**Péter Dömötör**  
Marketing director of Praktiker Hungary

*My name is Péter Dömötör, I’m the marketing director of Praktiker in Hungary. Praktiker is the second largest DIY-Store in Europe. DIY for us means renovation, decoration and home improvement. We have been in Hungary for 12 years and today we are running 20 stores across the country.*

*CSR at the moment is still a nice to have in Hungary for the most of the companies, but I think in one or two years it will be a must. Unfortunately Praktiker was similarly hit by the crisis as Hungary. Obviously in those times all the companies are more looking for the cost-side of the operation, trying to save as much as possible.*

*The first strategy plan and CSR-activity started in 2008 linked to our ten years anniversary in Hungary. And the second basically that was a reconstruction and renovation of parks, playgrounds, buildings and public areas in the cities we are operating in. Actually I would group our CSR-activities into two blocks. The first block is the century-planed-activities for every year. The second is the so called ad-hoc-activities which are more a reaction of what’s happening around us.*

*In the centre of Pécs which is one of the biggest cities in Hungary we decided to go out with 15 employees roughly and to renovate a central location of the city.*

**József Szkibó**  
Branch manager of the Praktiker building centre in Pécs

*My name is Szkibó József. I have been the branch manager of the Praktiker building centre in Pécs since 1 March. Here we are on a playground in the uranium city. We were asked whether we would like to assist with the renovation of the playground. And this is what we are doing now as agreed. On the one hand, my responsibility was to organise and coordinate the work. We checked on site which materials were needed and formed a team with Viki Balázs to carry out the work. Obviously, I am also participating in the action as a positive role model.*

**Viktória Balázs**  
Marketing coordinator of the Praktiker building centre in Pécs

*My name is Viktória Balázs. I am the marketing coordinator at Praktiker in Pécs. The beautification of our city was our priority. It makes a positive impression on the population if large multinational enterprises such as Praktiker make contributions on site to beautify the surroundings. This action promotes the team spirit. Because family is important to us, we have been working hard for years to continue developing...*
our city. We organise exhibits, blood donation drives and special consultations. We are the main actors in many events and actively take part in the cultural life of the city.

**Péter Dömötör**
Marketing director of Praktiker Hungary

People are immediately giving positive feedbacks that finally somebody is doing something for this part of the city or for this park or playground. And this initiative was followed next year in 2009 with the cooperation of the blinds association and the partially sighted people, that we initiated a common program to help those people to make their life better and obviously also benefitting from this for our company.

**Susanna Kroll**
Manager of the lobby group of the Hungarian association for the blind and the visually impaired

My name is Susanna Kroll. I am the manager of the lobby group of the Hungarian association for the blind and the visually impaired. Close to 60'000 people with vision impairments of varying degrees live in Hungary. This does not always mean that they are truly blind. Our association has about 20'000 members.

During the first meeting we determined that it is important that the web shop can also be used by the blind. This means that it should be equipped with language software. This is a major challenge for the web planners, but the Praktiker team was successful in realising this. At the same time, we also determined that it is important to set up a phone service, because not every visually impaired person is able to use the internet. This service means that every Praktiker branch office provides us with a contact with his/her name and phone number on a list kept at the store.

**Szigetiné Bogdán Ramóna**
Marketing coordinator at the Praktiker building centre in Vecsés

I am working as marketing coordinator for Praktiker. One of my duties is to coordinate the purchasing assistance for the blind. We designed this service 1 ½ or 2 years ago because it is difficult for the blind to find their way around or even shop at such a large building centre.
Susanna Kroll
Manager of the lobby group of the Hungarian association for the blind and the visually impaired

For many people, online shopping cannot replace the personal face-to-face interaction. I personally like to touch and feel the material of the merchandise I wish to purchase. For this purpose, the personal assistance service can be very useful. At the agreed time, my assistant waits for me at the entrance. He accompanies me through the departments, helps gathering the materials and assists me at the cash register when I’m paying. At the end, the merchandise is delivered to my home.

I wanted to build a box for storing goods, which at the same time works as a seat and features a hinged cover. In order to move it around easily and to make sure that it is not in the way when I want to clean, it should also have wheels. I am happy that I have this opportunity and if I also get help, putting it together is a wonderful experience.

Péter Dömötör
Marketing director of Praktiker Hungary

In total the demand is not huge, we were also not planning with an overwhelming demand as a result of this activity, that's why it's a CSR activity and it's not a profit driving activity. Obviously the first step is to gain the trust of those people that it's really working.

CSR is important for all the companies I think in Hungary. That's an expectation of the customers. I think it's an expectation of the employees and the suppliers, so we have to demonstrate our responsibility to those people. And actually if there is a need and we have the resources then with a very small effort we can organize the needed help in those places.

Susanna Kroll
Manager of the lobby group of the Hungarian association for the blind and the visually impaired

It is important for us that the employees of these companies realise that the cooperation, planning and realisation of projects with visually impaired people is identical to the one with healthy people. It is an important step for the social integration, because they may later meet visually impaired persons on the street.
Exercise 7.2. (approximately 60 minutes)

The movie shows the implementation of Corporate Social Responsibility in the market. Cooperation potentials with non-governmental organisations (NGOs) as well as resources of the company and employee commitment and corporate products are used for the benefit of society. Discuss with your participants the following questions amongst others:

- How would you rate CSR at Praktiker Hungary overall?
- Pretend you are shopping at a building centre branch of Praktiker Hungary: what are you buying and what “CSR question” would you ask the customer representative or building market manager in this context?
- What contributions could Praktiker Hungary make to advance the topic CSR in Hungary among consumers, companies and politicians?

Group work (1) to enhance the expertise

Praktiker Hungary is hoping to position itself as “CSR market leader” among the building centres in Hungary in the coming 5 years. Ask the participants to form “CSR consulting teams” comprising 3-5 persons. The teams are asked to prepare an initial meeting with the Praktiker Hungary management during the next 30 minutes. For this purpose, the teams are preparing an analysis of the actual CSR situation of Praktiker Hungary based on the movie. In addition, they are asked to define 3-5 measures for the further development of the CSR strategy of Praktiker Hungary. During the respective presentations of the “CSR consulting teams”, the remaining participants will address the proposals in the role of the management.

Group work (2) to enhance the expertise

The Praktiker Hungary management decides on the CSR strategy and the budget for the coming year. Divide the participants into the following 4 teams and ask them to prepare a CSR meeting during the next 30 minutes.

- Team 1 (outside the company): members of the Hungarian association for the blind and the visually impaired
  
  Explain the corporate and social benefits resulting from the cooperation. Why should the initiative be conducted? What measures are to be used to support and expand the initiative? Do you require an increase of the budget share for Praktiker Hungary and if so by how many percent?

- Team 2 (in-house): CSR in the community
How can CSR be optimised at the locations of Praktiker Hungary? What measures would you suggest? What share (in percent) of the entire CSR budget do you need for this purpose?

- Team 3 (in-house): CSR think tank of Praktiker Hungary

You are the source of inspiration for the further development of CSR at Praktiker Hungary. What measures would you suggest for the coming year? What share (in percent) of the entire CSR budget do you need for this purpose?

- Team 4 (in-house): management of Praktiker Hungary

Formulate 5 positive arguments and 5 points of criticism or suggestions for improvement of the current CSR activities of your company each. Prepare a budget distribution (in percent) for the CSR activities of the coming year.

Ask team 4 to present the results of the management meeting in the plenum first. Teams 1 – 3 will then present their suggestions to team 4. At the end of the presentations, team 4 will assign the duties and budgets to the CSR teams in the company.

Further information and resources

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http://www.praktiker.hu
Best practice examples of CSR

7.3. Valorsul – Video: CSR and the environment

In short

The company Valorsul S.A. was established in 1994 by private and public partners (Public Private Partnership). During the summer of 2010, the company merged with a neighbour company. It is headquartered in Sao Joao de Talha with different types of installations depending on the type of waste produced. Valorsul is responsible for the treatment of 1 million tons of municipal waste generated in 19 municipalities from the Northern Lisbon area and the West of Portugal. For this purpose, Valorsul has developed an integrated waste management system: one incineration plant, two sorting centres, one anaerobic digestion plant, two landfills, eight ecocentres and seven transfer stations. Valorsul is operating an incineration plant for the disposal of waste classified as mixed household waste. This plant is at the same time used to generate power for the communal households. Valorsul drops off the remaining waste at landfill sites. Valorsul also takes care of the recyclables and organic waste, giving them a new life. Aside from Corporate Social Responsibility (CSR) in the core business, Valorsul is committed to renaturization measures. In cooperation with schools, the company promotes educational initiatives for an environmentally-conscious lifestyle.

CSR in the company

Companies like Valorsul that are operating a waste incineration plant (MVA) as part of integrated waste management require the consent and acceptance from a variety of stakeholders. On a local level, the “NIMBY” syndrome is a common occurrence. It means “not in MY backyard”. Concerns and reservations in the public associated with the construction of the MVA were prevalent, because this was the first facility of its kind in Portugal. Therefore, the company responded to protests and concerns with intensive communication during the planning and construction phase and pushed through strategic partnerships with companies, city administrations and local associations. By implementing comprehensive and transparent environmental monitoring as well as various social and educational initiatives, Valorsul finally succeeded in winning the public acceptance (“Licence to operate”) and in establishing itself as a trustworthy company.

Based on a statutory order implemented in 1994, Valorsul is a multi-city system in charge of managing the disposal of municipal waste in the Greater Lisbon Area. The public private partnership was asked to focus on the quantitative and qualitative requirements of the involved communities, to ensure cost control and efficiency of the
facilities and to develop a corporate waste management policy with a focus on the reduction and recycling of waste. Valorsul facilities are ISO 14001 (environmental management system), ISO 9001 (quality management system) and OSHAS 18001 (occupational safety management system) certified.

Since the company was launched, the communication policy of Valorsul has been focusing on two areas. With the institutional communication, Valorsul is pursuing the goal of developing acceptance and trust as well as promoting a positive image. The communication about changing habits is mainly geared toward the sourcing of waste, especially the separation of waste by the residents and the integrated waste management system.

To be able to do justice to the CSR aspects, Valorsul operates a comprehensive monitoring programme to ensure information and transparency for both sides, i.e. the company and the stakeholders. The monitoring is conducted in cooperation with external institutions and comprises the following areas:

A) Air quality (IDAD – Instituto do Ambiente e Desenvolvimento)
B) Water quality and sediments (Instituto Hidrográfico)
C) Terrestrial ecosystems and estuaries (Instituto de Oceanografia)
D) Noise exposure (dBLab)
E) Public health monitoring (Instituto de Medicina Preventiva da Universidade de Lisboa) as well as
F) Attitude of the residents (Centro de Investigação e de Intervenção Social)

In addition, Valorsul regularly conducts communication campaigns within the meaning of CSR, designed to encourage the population to separate their waste (see examples below). As an example, the company promises to make a donation to social institutions for a certain number of bottles collected at glass recycling containers.
Valorsul developed a special programme for the collaboration with schools (“Ecovalor”) designed to promote environmentally-conscious behaviour among children and teenagers. Other programmes are geared toward companies, asking them to take into account for example the prevention of waste during the manufacture of products.

Valorsul undertook CSR measures relating to the environment, such as the renaturalisation of a landfill which is now used as a city park and education site for environmentally-conscious consumer behaviour.

**Transcript for the narrators in the movie**

**Important note: Interviews for the CSR movie have been realized in May 2010, shortly before the merger of Valorsul with a neighbour company**

**Ana Loureiro**
Director of Communication at Valorsul S.A.

*My name is Ana Loureiro, I'm the communication director of VALORSUL. Welcome to a company that treats the waste of 1.2 Million people in Portugal in the Lisbon metropolitan area. We treat all the waste collected in a safe and in a proper way. VALORSUL is a company, a private company with public shareholders that has the mission to treat as best as possible the waste that people produces in our area. We really try to look at sustainability in their tree feet. One foot is economics, the other foot is environment and the other foot is social. So we really look at the people. Not only for the persons that work here, but for the neighbours and of course many kinds of public that we take care.*

*This “Urbanparque” was one of our flags of what we can do better to improve the environment. It was the first landfill in Portugal. We closed it in 1996 and we have built an urban park. And so the community had a lot to gain with that. So they had a dumpsite landfill, a mix of that. And nowadays they have a place with green areas where they can bring their children to use all the equipment there. So it’s a very nice place to walk, to make jogging, to play with children. So it’s a very nice place to go. The “Ecoparque” is a very recent park. It was not an old dumpsite like the “Urbanparque”. It was a completely new idea how to build a park and to make an example for the country. The gardens there have compost underneath the grass, the ways have our bottom ash that we take out of the incineration plant. We have recycled plastic everywhere from the toys that people use there. So all the park was conceived to use recycled materials. And people are happy because they have a good park nearby their homes. So we have a very good feedback on that parks.*
Luís Costa
„Ecovalor“-Program of Valorsul S.A.

My name is Luís Costa I work as a guide for VALORSUL. The visits that I do are a part of the “Ecovalor” program that is a partnership with the schools from the five municipalities in order to improve their knowledge about recycling and their awareness about the environmental problems. We show them the movie about VALORSUL-system, all of our facilities, how they work and we talk to them about the recycle subjects. In the last stage we do the visit on the facility and show them all of the process.

Ana Loureiro
Director of Communication at Valorsul S.A.

The “Ecovalor” program is a program that we have for nine years now and we try to help the municipalities to develop quality programs with schools. So they tend to have better behaviors if they see what is happening, because they believe it. So this is a very important role to bring them and visit our facilities.

Luís Costa
„Ecovalor“-Program of Valorsul S.A.

One of the great feelings that we have when we are doing the visit tour is to see that the students, they learn something from that. They are more aware of the process, so that they can do better also at home and at school in their life, in the process of separating the waste. So the main propose of our message is been passing to them.

Ana Loureiro
Director of Communication at Valorsul S.A.

Like in many countries we’re dealing with a strong crisis, economical crisis. We don’t have unlimited budget to spend and this is of course we have to make a decision or where to spend it. And we try to give money to projects that really worth it, as much as we can evaluate it. We also have these campaigns dedicated to population. And now we say that for each 20 bottles well placed in the yellow container we give 2.5 cents to social care. We already got in three years more than 140 000 Euros, so it’s a big amount of money that we have raised to help people that really need. We had the possibility to offer an elevator for the pool to an association. And they take care of children and adults that have these mental diseases and this elevator will help the association to provide a physiatric treatment to people that really could not afford it. So that is why it was very important. So it’s a good marriage between the environment and the CSR, so for us it’s a very good campaign and I’m very sure that we will do it for many many years.
**Emília de Figueiredo**  
Councillor at the City Hall of Loures

I’m Emília de Figueiredo. I represent the City Hall of Loures. I’m Councillor and responsible for Socio Economic Development Department for this Municipality, which currently is responsibly by the strategic development of the social responsibility area. I’m here as part of a project that is being developed between the Municipality of Loures and CECOA, in which we were asked to identify a company that had already developed good social responsibility practices. The Municipality of Loures, as a shareholder of the company VALORSUL decided to suggest this company for this project, because VALORSUL has given proofs in the context of social responsibility namely through initiatives in the field of disability.

**Ana Loureiro**  
Director of Communication at Valorsul S.A.

Companies could improve and have so much revenue when they invest in CSR. And we get very proud with what we do because we think that we’re doing something good, not only for the community but for ourselves.

**Luis Costa**  
„Ecovalor“-Program of Valorsul S.A.

It’s nice to hear that, to see that VALORSUL is doing more than just his main objective that is the waste treatment. I believe all of the companies have a responsibility.

**Exercise 7.4. (approximately 45 minutes)**

The movie shows the implementation of Corporate Social Responsibility (CSR) in the environment. It emphasises how companies and the population equally contribute to the environmental responsibility. Discuss with your participants the following questions amongst others:

- How would you rate CSR at Valorsul overall?
- What is your opinion about the requirements concerning legal regulations and the demand for the voluntary nature of CSR based on Valorsul as an example?
- Would you apply for a CSR officer job opening at Valorsul and if so, why?
- What would you tell friends looking for an apartment in the Greater Lisbon Area about an available property in the vicinity of the company?
- How do you personally organise your waste management and how could you improve it in the future?
Group work to enhance the expertise

Ask your participants to prepare an editor’s conference for a daily newspaper in Lisbon. The newspaper is planning a special edition for the topic waste management. The participants are asked to create an interview guide in teams of 2. The guide should contain at least 5 questions you as journalists will be asking during a meeting with the ValorSul management. In addition, the teams are asked to decide which other organisations and contacts they would like to interview.

After 30 minutes, the teams will present their questions to Valorsul and the list of stakeholders of the company during the editor’s meeting. The teams will discuss amongst all the editorial colleagues and arrange the main questions and contacts neatly on a flipchart paper.

Further information and resources

Valorsul S.A.
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Best practice examples of CSR

7.4. Pritchard Englefield – Video: CSR in the community

In short

Pritchard Englefield is a full-service commercial law firm established in the City of London in 1848. The firm has 21 Partners and approximately 85 staff. Pritchard Englefield is renowned for its international cross-border work. Many of the firm's clients come from abroad, especially from French and German-speaking countries in Europe. Pritchard Englefield encourages all members of staff to get involved in community projects where their skills, passions and interests can make a difference.

CSR in the firm

Pritchard Englefield is a member of the City of London Law Society, which allows the firm to contribute formally through a range of pro bono projects. Pritchard Englefield is a long-standing sponsor of the Festival of German Films in England. On an individual basis, Pritchard Englefield's corporate and social responsibility (CSR) and community work is as diverse as its workforce. The firm's managing partner, Stuart McInnes, was appointed MBE in June 2006 for his work with DARE (Drug Abuse Resistance Education) in the City of London, and other members of staff are involved in charitable and voluntary organisations, such as the International Justice Mission, the Redbridge Night Shelter, the German Welfare Council, Great Ormond Street Hospital and Age UK and the Hackney Community College. Locally, Pritchard Englefield is involved in grass roots sport through sponsorship of Brockham Badgers under-13 football team. The firm has recently sponsored a boys' and girls' regional football tournament that attracted over 8,000 visitors over two days. Of late Pritchard Englefield has re-shaped its CSR activities by setting up a CSR committee within the firm, to which each of the firm's legal departments appoints a member.

Transcript for the narrators in the movie

Sebastian Oehlert
Partner at Pritchard Englefield

My name is Sebastian Oehlert. I'm originally from Germany, but I have worked and lived in London for the last 15 years. I'm a partner at Pritchard Englefield and am dually qualified in English and German law.
Pritchard Englefield is a law firm in the City of London. We are known for our work in the German and French speaking worlds. We focus mainly on corporate and commercial work but we can offer services to our clients in all areas of law. Many members of our staff undertake some kind of CSR-type activity individually, on their own initiative.

**David Glass**  
*Partner at Pritchard Englefield*

My Name is David Glass. I'm a partner at the firm of Pritchard Englefield Solicitors in London. I've been a Governor of Hackney Community College since 2000. My work with the college is done on a pro bono basis and in that sense Pritchard Englefield is fulfilling its own CSR by making me available to do this work for the college in the firm's time.

**Colin Arthur**  
*Clerk to Governors at Hackney Community College*

David sits on the panel and gives us his opinions from a legal point of view; this is very handy, very helpful. The full board of governors works as a team, David is very much part of that team. We exchange correspondence regularly to ask each other for advice in other areas of work. It's very, very important for an organisation like this college which is a charity in itself, that it has a really wide range of skills and experiences on the governing body.

**David Glass**  
*Partner at Pritchard Englefield*

Hackney Community College is a very multi-cultural college with various languages and cultures and one of the objectives of Hackney Community College is to integrate the different communities through the means of education. By involving myself, for instance, in the life of this college I get to know much more about what further education is all about.

**Stuart McInnes**  
*Managing Partner at Pritchard Englefield*

My name is Stuart McInnes and I'm the managing partner of Pritchard Englefield solicitors. I am involved in a number of charitable organisations within the City of London.
DARE was a charity that was set up in 1983. It sought to educate children about their personal rights and to deal with issues of drug-taking and violence. My position as Chairman of the Steering Group is to raise funding for its activities. I'm very happy to do so, because I think it gives various opportunities for interaction of the business community with the local community. I gain a huge amount of enjoyment and pleasure from integrating the two different activities.

**Sebastian Oehlert**  
*Partner at Pritchard Englefield*

In the past we just supported one or the other initiative at random but we wanted to have a more coherent approach and that was one reason why we set up our CSR committee.

**Katherine Goatly**  
*Trainee solicitor at Pritchard Englefield*

My name is Katherine Goatly. I'm a trainee solicitor at Pritchard Englefield. I'm an active member of our CSR committee. The CSR committee meets on a monthly or bi-monthly basis to review what we have been doing and also to look forward and look at new activities that we might want to get involved in. And various members may have new initiatives that they like to present to the meeting. And people will then discuss these and hopefully a decision will be made. This way, if you have a committee and everybody votes on it, you get a more representative view of what people in the organisation really feel and want to do about a particular situation.

**Sebastian Oehlert**  
*Partner at Pritchard Englefield*

We have a much more focused approach now. We have our environmental policy in place. We recycle paper but I believe the main advantage within the firm is that we cooperate better with each other and that there is just a better mood amongst staff.

**Katherine Goatly**  
*Trainee solicitor at Pritchard Englefield*

I think it's pretty important. If I were looking for a new job, that's one of the things I would look at, is the firm involved in any CSR-related activities?
**David Glass**  
*Partner at Pritchard Englefield*

So I would say that CSR is very important to my professional development as a lawyer as well as my personal development as an individual.

**Stuart McInnes**  
*Managing Partner at Pritchard Englefield*

What I would say is that it's absolutely vital to embrace diversity in the business environment and it's a cause that I'm very keen to promote and would want to promote as managing partner.

**Sebastian Oehlert**  
*Partner at Pritchard Englefield*

CSR can't solve the miseries of the world but CSR can probably make the world a little less miserable than it would otherwise be.

**Exercise 7.4. (approximately 30 minutes)**

The movie shows the practical application of Corporate Social Responsibility in the community. By allowing employees to get involved in the community even during work hours, the company achieves a variety of duties with a social focus. Discuss with your participants the following questions amongst others:

- How would you rate CSR at Pritchard Englefield overall?
- What economic benefits can Pritchard Englefield achieve with CSR?
- How could CSR evolve at Pritchard Englefield within the next 5 years?

**Group work to enhance the expertise**

Ask your participants to form teams of the law firm Pritchard Englefield. The teams represent real business units of the company as follows:

- Team A) Bank and finance management
- Team B) Real estate management
- Team C) Technology, media and telecommunication
- Team D) Transport and logistics
Have the team members discuss ideas for Corporate Volunteering for 15 minutes which they hope to implement as lawyer in line with their business unit.

The teams then present their ideas to the plenum which is acting as CSR committee of the law firm. The committee is asked to discuss the feasibility and the win-win situations for the company and the community.

Further information and resources

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Best practice examples of CSR

7.5. Case study: Baufritz

In short

The family business Baufritz GmbH & Co. KG was founded in 1896 at the current location in Erkheim (Germany). With 240 employees and an annual turnover of more than 50 million Euro, the timber construction company is designing and building houses, office and commercial structures based on a holistic concept in several EU countries and Russia. The processing of wood has been a tradition in the company for more than one hundred years. This is to guarantee natural, healthy and durable products. At the same time, the company is dedicated to conserving biodiversity and natural resources. With its responsible corporate philosophy (Corporate Social Responsibility / CSR), Baufritz puts healthy living and working and the protection of the environment in the centre of innovation.

How does the company demonstrate social responsibility?

A) CSR as a holistic concept

Products and core business: Baufritz is using its environmental management in all its divisions and is EMAS III-certified. In addition, the company also integrates health, occupational protection and social concerns into its management system.

Baufritz exclusively produces in Erkheim and constructs wood panelling. Harvested from the natural cycle, wood is plentiful with the pursuit of sustainable forestry. Baufritz considers the protection of the environment a corporate goal of equal value. The goal is to use wood as a single material as much as possible. If this is impossible, Baufritz is using environmentally-friendly alternative materials.

B) CSR among employees

Employees: To provide its employees with a work place that is as healthy as possible, Baufritz is taking a number of technically feasible and economically meaningful steps. The company conducts comprehensive training sessions in all divisions, designed to lastingly improve the employees’ health. Generously sized balconies allow employees to take their laptops and work outdoors. Ergonomic chairs, high desks as well as foot rests help relieve the stress on muscles and joints in the body. Body-relax massages available to all employees are a special feature associated with the promotion of good health. A specially trained massage therapist
conducts back massages twice a week in the motivation room set up specifically for this purpose.

C) CSR associated with environmental concerns and idea management

Environmentally-friendly product: The "FULL VALUE" enterprise Baufritz makes a significant contribution to sustainable development, because this type of construction and living is environmentally-friendly in terms of materials and exploitation of resources. To allow every individual employee to be actively involved in the environmental protection, the topic environmental protection has been integrated into the company suggestion plan. Since the 1990s, Baufritz has established so-called "think tanks" in all 12 corporate divisions. They are used to discuss ecological and quality-related suggestions for improvement at least once every month. Some of the rounds are moderated directly by the management, and others by the individual division heads. The "think tanks" ensure that decisions are made and new ideas implemented quickly into the company and have evolved into an source of continuous improvement.

Environmental transparency: The company offers transparency concerning direct and indirect environmental effects by disclosing operating figures, ecological goals, advancements as well as weaknesses which are still being ironed out.

Healthy living: Baufritz consistently refrains from using wood preservatives in favour of renewable raw materials. Baufritz has set up permanent monitoring of harmful substances on all its construction sites. The company installs protective gear against impacts caused by mobile radio networks that are harmful to the health on all of its buildings.

What are the reasons why the company is pursuing CSR? How does the company benefit from its CSR activities?

Suppliers and business partners: Baufritz uses the topic environmental protection to actively improve and intensify the relationships with its suppliers and business partners. This has a positive impact on the product quality. Moreover, Baufritz increases the transparency as well as credibility and documents its superior product quality through external certifications, which is rewarded by demanding construction clients.

Employees: Baufritz employees are extremely happy with their work place and highly motivated. This is reflected in the very low fluctuation within the company. In addition, Baufritz conserves the employees’ know-how within the company. The employees identify themselves with the objectives, products and corporate culture. They consider themselves part of the company and make corresponding efforts aimed at improving the performances and processes. A number of endurable developments
originated from improvements suggested by employees. Baufritz wants the entire work force to identify with the awareness for quality and the environment to secure customer and employee satisfaction in the long-term.

**Value chain:** The superior ecological and construction biological quality guarantees the lowest energy consumption for residents of Baufritz buildings. In addition, the company issues product recommendations for do-it-yourself projects, aimed at specifically directing the consumer behaviour toward low-emission and environmentally compatible products. The product specifications provided by Baufritz to sub-contractors are characterised by low-emission products which are not harmful to the health.

**Customers:** Thanks to the high degree of transparency and credibility, customers trust the company which is a critical selection criterion for the construction company, especially because the investment associated with building a house is high. Baufritz houses allow customers to achieve long-term savings after the home has been built, thanks to the resource conserving construction technology. As well, customers like to make use of the comprehensive range of additional performances available from Baufritz, such as the measurement of harmful substances in properties, furniture, home textiles and other sources.

**Prices and awards:** In 2009, the "German sustainability award" was conferred to Baufritz under the patronage of Federal chancellor Angela Merkel. This award distinguishes Baufritz as the most sustainable company in Germany.

Moreover, in 2008 the company received the award as Germany's most family-friendly medium-sized enterprise by the then Federal Minister for Families.

**How do stakeholders benefit from the company’s CSR activities?**

Environmentally and health conscious customers can rely on superior quality and a healthy living climate in their house at a reasonable price. In the long term, customers are saving costs thanks to the energy-saving design, because fewer energy resources are required. What's more, they reduce the CO2 emission (CO2-positive house). Property analyses for possible old pollution guarantee healthy living right from the start. In addition, society as a whole benefits from the environmental aspects associated with the construction and use of houses designed by Baufritz.

With the claim for ecologically-focused construction and living as well as a holistic CSR concept, Baufritz promotes awareness about the profitability of a sustainable corporate concept also within its own industry.
Exercise 7.5. (approximately 60 minutes)

"The best ideas are often the result of think tanks. The person who experiences a problem on site and suggests a solution has the opportunity to implement it immediately - the personal drive is often the best motivation for making changes. The point is to resolve problems where they arise."

Dagmar Fritz, administrative director of Baufritz

Ask your participants to form at least two teams with 5 - 8 persons each. During the next 45 minutes, the teams are asked to hold a "think tank" within the Baufritz Company. The "think tanks" are convened to prepare a CSR report at Baufritz.

First, ask your "think tanks" to define a division for each participant. In the subsequent brainstorming, the teams are asked to prepare the following points for a presentation:

1.) What kind of information do the individual divisions want to obtain to compile the CSR report?
2.) What goals do the individual divisions associate with the CSR report?
3.) Which stakeholders can be integrated into the CSR report and how?
4.) What actions are the divisions using to communicate via the CSR report?

At the end of the "think tanks", the teams are asked to present and discuss their results in the plenum. Which team has the best chances to convince the construction industry with its CSR report?

Additional information and resources

CSR company: Baufritz GmbH & Co. KG
Country: Germany
Industry: Construction industry
Core business: Residential architecture
Address: Alpenstraße 25, DE - 87746 Erkheim
Phone: +49 8336 900-0
www / mail: http://www.baufritz.com / info@baufritz.com
Contact: Karlheinz Müller
Function: Environmental manager and construction biologist
Number of employees: 240
Best practice examples of CSR

7.6. Case study: Gelpeixe

In short

Gelpeixe has been in business since 1977. The branding policy builds on trust with clients, quality criteria applied to the selection of suppliers and certifications under the NP EN ISO 9001:2000 and NP EN ISO 22000:2005 standards make Gelpeixe a leader in its market. Gelpeixe is based in Loures, Portugal with a production capacity of over 20,000 m². Gelpeixe is a medium-sized company working with frozen food which is determined to be known and recognised for the top quality of its products. It aims to fully cover the national market and also, through sustained growth, to build up its capability to expand into Europe. Gelpeixe was born and has grown up with the Tarré family. It still has a family structure today and prides itself on its stakeholder relations which go far beyond the core business. It works to raise awareness of, and put to work, the values intrinsic to these relationships; values such as trust, loyalty, professionalism and transparency.

How does the company demonstrate social responsibility?

A) CSR in the core business

Gelpeixe do much more than just satisfy the market and clients need. Gelpeixe provides a better value to the consumers. This policy is aimed at client satisfaction and ongoing improvement of working practices so that they can increase both the quality and the quantity of what is on offer. The final product that Gelpeixe place on the market has been rigorously controlled, from the arrival of the raw material right through to after-sales service. Gelpeixe’s sense of responsibility is expressed everywhere in the company’s activities, from their sponsorship programme, through the respect for the environment to the rigorous food safety controls.

B) CSR at the workplace

Gelpeixe demonstrates the importance of the CSR internal dimension by the employees’ promotion and by the establishment of prizes for better business ideas. The Portuguese SME provides a set of social benefits to workers such as health insurance, life insurance and retirement insurance for top employees with more than three years. Gelpeixe delivers a ‘basket of birth’ to all employees on the birth of the children and provides hot drinks plus free bread for breakfast and lunch.
Gelpeixe have agreements with local pharmacies to support employees in the area of curative medicine, with credentials of the National Health System as a 10% discount on all purchases and free shipping on site; offer discounts in gyms, medical, dental and optical clinics, hairdressers and swimming pools.

C) CSR and community involvement

Gelpeixe has an agreement with the association "Young Challenge" in order to support the integration of workers with a background of alcohol and drugs abuse.

What are the reasons why the company is pursuing CSR? How does the company benefit from its CSR activities?

Gelpeixe have a policy of equality between women and men as priority for organisational development. The company has a code of conduct and other documents stating the principles of equality and non-discrimination; encourages the equal participation of women and men in the process of lifelong learning. The SME provides in its wage policy, compliance with the principle "Equal pay for equal work or equal value" between employees and practices flexible work schedules with a view to reconciling work and family. Gelpeixe has also a non-discrimination policy of people in terms of race, age and religion and discloses, information regarding rights and duties of collaborators, in respect of equality and non-discrimination and maternity and paternity leave.

Prices and awards: In 2009, Gelpeixe received a Best SME to Work Award in a ranking published by the Magazine Exame. Since 2008, Gelpeixe is considered a Leader SME by IAPMEI – The Portuguese Institute of Support to Small and Medium Enterprises and Innovation. Gelpeixe was distinguished several times with SME Awards and SME Excellence Prestige by IAPMEI, between 1993 and 1999. The company was chosen by the Portuguese government to be visited within the WEFT - West European Fish Technologists Association on the two meetings held in Portugal in 1992 and 2007. Gelpeixe integrated the Corporate Award of Merit by the City Hall of Loures in 1991.

How do stakeholders benefit from the company's CSR activities?

For Gelpeixe, Corporate Social Responsibility (CSR) is part of the corporate culture. Stakeholders benefit from the CSR activities since those practices are perceived as benefits and provider higher positive impact as:

- Ability to attract, motivate and retain talent inside the companies as the most qualified employees
- Higher workforce flexibility
Higher productivity, obtained through the employees qualification improvement

- Higher results, since CSR contributes to increase the commitment level with the companies and the increase of sales and market share, contributes also to the reduction of conflicts, the reduction of costs through the optimisation of resources
- Better company image, reputation and credibility which brings the increasing attractiveness to investors and the higher level of market opportunities through improved relationships with stakeholders.

**Additional information and resources**

**CSR company:** Gelpeixe – Alimentos Congelados, S. A.

**Country:** Portugal

**Industry:** Industry and trade of frozen foods

**Core business:** Transformation and commercialisation of deep frozen food

**Address:** Quinta do Loureiro, Sete Casas, Apartado 42, PT 2671 – 901 Loures

**Phone:** +351 21 984 84 00

**www / mail:** [www.gelpeixe.pt](http://www.gelpeixe.pt) / emiliaaguiar@gelpeixe.pt

**Contact:** Emília Aguiar

**Function:** HR Director

**Number of employees:** 143
Best practice examples of CSR

7.7. Case study: InnoDämm

In short

InnoDämm Vertriebsgesellschaft für innovative Dämmstoffe mbH has been selling ecological insulation and airtight systems in superior perfection since 1999. For this purpose, the 15 employees of the company in Paderborn (Germany) are collaborating with select suppliers, craftsmen and consultants on an international level. InnoDämm demonstrates to customers how to use insulating material in old, new, commercial and industrial buildings in a cost-efficient manner. The company deems ecological construction and renovation an optimisation of the construction process from a technical, ecological and economic point of view. The benefits for the users of the buildings include increased comfort, lower costs and climate protection. Corporate Social Responsibility (CSR) is part of InnoDämm’s core business, going beyond product policies.

How does the company demonstrate social responsibility?

A) CSR associated with product policies and the environment

Core business: InnoDämm offers ecological and cost-effective insulation for buildings. This allows customers and users of the buildings to save heating costs while at the same time lowering their CO2 emissions.

Environmental awareness: At www.einsparkraftwerk.com (please use Internet Explorer), the company offers a public neutral platform for people who would like to check their savings potentials for heating costs. Not only the cost savings, but the reduction of the CO2 emissions are calculated in the process.

B) CSR associated with employees and society

Culture of communication and trust: At InnoDämm, employees openly communicate their mistakes: As a matter of fact, mistakes are "desirable", because they drive the company's further development. Team-oriented corporate culture and trust into the employees are the basis for this.

Assisting groups who are facing greater challenges in the labour market: Contrary to the common trend prevailing in commercial enterprises, one third of InnoDämm employees are over the age of 50 and close to half have a migratory background.

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Engagement for disadvantaged youth: InnoDämm has developed a 2-month continuing education course to become a "specialist in insulation technology for trade professions" (target group: craftsmen). This training course is also available for disadvantaged youth who have difficulty finding work in the general labour market.

What are the reasons why the company is pursuing CSR? How does the company benefit from its CSR activities?

Product policy: InnoDämm distinguishes itself from other craftsman's businesses for its ecological, yet still reasonably priced range of products and services. In doing so, the company reaches a target group who attaches importance to ecological and healthy living.

Employees: The open culture of communication and trust at InnoDämm allows the quick identification of mistakes, because employees usually report them immediately. This makes it possible to find solutions quickly and learn from the mistakes. As a result, the company and quality are constantly developing further. The employee involvement in decisions and solutions within the company generates higher employee motivation and satisfaction and consequently increases the company's value.

Within the scope of its Diversity Management, InnoDämm relies on the wealth of experience of the 50plus generation and values the creativity and improvisation skills of its employees with a migratory background, who are able to resolve even unforeseeable problems arising on the construction site.

Greater numbers of specialists will be required to satisfy the growing need for ecological insulation materials. Based on the company's experience, an intensive 2-month training phase is ideal to achieve a high service quality; therefore, the company intends to boost the number of newly qualified workers with this short training course. Youth who have not graduated are also welcome to attend. This course is designed to meet the company's need for specialists.

Awards and prices: Within the scope of the federal programme "Perspective 50plus - employment packages for elderly workers in the regions", InnoDämm was honored as a company with vision. Moreover, the company has been recommended to receive the "German price for the environment" awarded by the Federal Association for Medium-Sized Enterprises (BVMW).

How do stakeholders benefit from the company's CSR activities?

The cost-efficient InnoDämm insulation methods allow customers to save heating costs and reduce their CO2 emissions. The internet platform www.einsparkraftwerk.de is designed to motivate consumers based on obvious...
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savings potentials to reflect on a more ecological lifestyle and - in the best case scenario - to decide in favour of ecological insulation.

By integrating workers who are older than 50 years old in the in the company's operations, InnoDämm helps to make sure that this group of workers is not sidelined professionally. For disadvantaged groups with a migratory background, the work place is one of the main contact points for successful social integration.

Adolescents who did not graduate are at risk of isolating themselves from society for lack of perspectives. InnoDämm hopes to encourage these adolescents to become active, set and achieve a goal by attending the relatively short continuing education course. Upon completion of the training, these adolescents are qualified to find an attractive, responsible work place in the growing labour market for insulation specialists.

**Exercise 7.8. (approximately 45 minutes)**

Part A) Identify other corporate examples (industries, fields of action) analogous to the CSR of the company InnoDämm with your participants, in which a stronger integration of the following groups appears to make sense for the corporate success. What kind of benefits can the mentioned companies derive from it?

1.) Generation 50plus
2.) People with a migratory background
3.) Adolescents who have not graduated

Part B) Ask your participants to form teams for at least 2 select companies you discussed in the plenum in the first part of the exercise. The teams are asked to compile a SWOT analysis (see chapter 8) for the integration of disadvantaged groups of people in the company within 30 minutes. The teams then present their analyses of the company and discuss them in the plenum.

Alternatively:

Form small groups with your participants and ask them to develop an idea for an internet platform similar to www.einsparkraftwerk.com within 30 minutes. The teams are free to choose any industry and company. The internet platform should demonstrate the benefits for the company and society and be presented to the plenum.
Additional information and resources

CSR company: InnoDämm Vertriebsgesellschaft für innovative Dämmstoffe mbH
Country: Germany
Industry: Construction industry
Core business: Insulation technology
Address: Steinbruchweg 15, DE – 33106 Paderborn
Phone: +49 52 51 - 87 14 70
www / mail: http://www.innodaemm.de / kontakt@innodaemm.de
Contact: Andreas Drewer
Function: CEO
Number of employees: 15
Best practice examples of CSR

7.8. Case study: memo

**In short**

memo AG is a mail order company with an own product line. It mainly supplies companies as well as private individuals with the "tools" for sustainable living and working. All of the more than 10,000 items in the extensive product portfolio for office, school, household and promotional supplies are selected strictly based on ecological, social, quality-related and economical criteria and demonstrate that sustainable products are serious competitors with respect to the value for the money of conventional products. In addition, memo AG and its 110 employees have been committed to sustainability criteria in all divisions since the company was founded in 1990 in Greußenheim (Germany) and these criteria are both taken into account and continuously developed further. What's more, the company is playing a sociopolitically pioneering role in the discussion about Corporate Social Responsibility (CSR) in the German economy.

How does the company demonstrate social responsibility?

A) CSR in the core business

Corporate responsibility has been an integral and essential part of the corporate philosophy and business strategy of memo AG since its founding days. memo has added quality as an additional aspect to the three pillars of sustainability, i.e. ecology, social welfare and economy: The ecological and ethical conviction combined with ambitious economic goals are the basis of all entrepreneurial decisions. The integrated quality and environmental management is responsible for the consistent implementation of all sustainability guidelines. It was one of the first simultaneously DIN EN ISO 9001 and DIN EN ISO 14001-certified management systems.

B) CSR related to environmental concerns

memo AG’s contribution to the protection of the environment and the climate is extensive. Actions and sequences ranging from site management, product range design to internal processes are continuously reviewed and optimised for their compatibility with the environment and climate. One example concerns the consistent use of recycled paper: The "environmentally-friendly paper" with the "Blue Angel" mark is not only used for any media - catalogues, sustainability reports and mailings, but also for internal needs and all business correspondence. The prevention of
harmful greenhouse gases tops the list. The next step - if possible - consists in the reduction and ultimately the compensation of unavoidable emissions of harmful substances by purchasing emission reduction certificates from validated climate protection projects.

C) CSR related to human resources policies

The employees are the heart and main success factor of the company. Aside from extensive advancement and qualification opportunities as well as comprehensive voluntary additional contributions to the salary, the company allows all permanent employees to participate in the economic success and in the company’s value. An employee investment company was established for this purpose.

D) CSR related to procurement

In addition to conserving the environment, memo's goals for sustainable development also include the continuous improvement of social structures. The ratio of fair production and fair trade products within the product line is constantly growing. Social institutions within Germany are supported: one example is the long-term co-operation with the vocational training centre Caritas - Don Bosco-Werk Würzburg GmbH, an educational institution for the professional and social rehabilitation for youth requiring individual attention.

E) CSR related to the business world and society

memo AG has been dealing intensively and with a focus on the practice with various sustainability aspects for 20 years: The company has become a first contact point for ecological issues for many customers and suppliers - not only with respect to the product range. As well, a multitude of environmental organisations and environmental associations value memo's know-how in this field by consulting the company about their projects or entering into a long-term partnership with it. memo is regularly involved in the development of innovative solutions designed to promote the idea of sustainability and supports public research projects, events and actions relating to this topic. memo AG is a committed member in a number of renowned organisations and associations - in some cases since the foundation.

What are the reasons why the company is pursuing CSR? How does the company benefit from its CSR activities?

Sustainable economic activities and actions are not a marketing tool for memo AG and are not expressed with isolated "greenwashing" actions. In fact, the company considers its ecological and ethical conviction as well as its social responsibility the
basis for every action. One of the goals is to retrieve ecologically and socially compatible products “from the niche” and to offer them to the broad public at a marketable price. This is what the company deems its chance to generate noteworthy effects in favour of humans, the environment and the climate and to make a contribution to ensure that future generations will find an "environment that is worth living in and worth loving".

At memo AG, success is not (only) an expression of sales and profit figures, but mainly of the fact that the topic sustainability finds a major platform in all aspects and that more and more people are turning to ecologically and socially compatible alternatives.

Prices and awards: Aside from numerous awards and distinctions, memo AG was awarded the "German sustainability price" in 2009 under the patronage of Federal chancellor Angela Merkel.

How do stakeholders benefit from the company’s CSR activities?

A honest, transparent and open communication as well as intensive and personal dialogue with all stakeholders of the company - employees, customers, suppliers, cooperation partners - has been an important tool for memo AG since it was founded. By responding to requests, suggestions and also criticism of the stakeholders, the company mainly benefits within the scope of the design and development of its product range.

But stakeholders too benefit from memo AG's know-how and reliability. Customers can rest assured that the memo product available on the market is the best from an ecological and social point of view. In addition, the company is considered a pioneer in terms of sustainable commercial activities and actions. It has been contributing its know-how for years to a vast network of companies, non-governmental organisations (NGOs) and other institutions.

Exercise 7.9. (approximately 30 minutes)

Ask your participants to form 4 - 5 small teams and to furnish the most "sustainable office room" of a company. Provide the teams with flipchart papers. During the next 20 minutes of group work, the teams are asked to draft a presentation of their exemplary work room using sketches and bullet points. In addition, the teams will compile a "shopping list" for the mail order company memo AG.

At the end of the team work, collect the flipchart papers and post them around the lecture room. The groups are then asked to take turns and present their office room and their shopping list. At the end of the presentation, the results can be evaluated in the plenum and the "most sustainable office room" identified. Alternatively, use an
additional flipchart paper to integrate different ideas of the teams to generate an overall concept.

**Additional information and resources**

**CSR company:** memo AG  
**Country:** Germany  
**Industry:** Mail order business  
**Core business:** Office and school supplies, office equipment, garden furniture, hygiene products, promotional items  
**Address:** Am Biotop 6, 97259 Greußenheim  
**Phone:** 0049 – 9369/905-0  
**www / mail:** [www.memo.de](http://www.memo.de), info@memo.de  
**Contact:** Lothar Hartmann  
**Function:** Director, sustainability management  
**Number of employees:** 110
7.9. Case study: SMA Solar Technology

**In short**

SMA is a globally leading manufacturer of solar inverters and surveillance systems for photovoltaic systems. SMA is headquartered in Niestetal near Kassel (Germany) and is also represented in four continents with 14 foreign subsidiaries. The company group has more than 5,500 employees and received multiple awards for outstanding performances as an employer in the past years. The company's Corporate Social Responsibility (CSR) is focused along the core business and is setting benchmarks in the industry (e.g. CO₂-neutral production, sustainable energy designs for buildings).

*How does the company demonstrate social responsibility?*

A) **CSR in the environment and market**

**Products and core business:** SMA inverters are the main component of every photovoltaic system and are making a major contribution to the reduction of CO₂ emissions. In addition, the regular optimisation in the use of materials and efficiency of the SMA products leads to better energy efficiency and conservation of resources.

**Environmental management:** The topic environmental protection received a boost thanks to the environmental management certification DIN EN ISO 14001 awarded to the location Niestetal. The effectiveness of this management system is reviewed with regular internal audits and is regularly analysed, evaluated and communicated.

**Sustainable energy concept:** Energy efficiency and the use of renewable energies are important to SMA, because the sustainable management of the environment and the natural resources is a key component of the SMA mission statement. The integration of photovoltaics on the company's premises was realised early and expanded consistently when new buildings were erected. With the construction of the CO₂-neutral inverter factory, SMA has been avoiding emissions that are harmful to the climate as soon as the inverters are produced. The concept of CO₂-neutrality is essentially based on two pillars: firstly, on the reduction of CO₂ through prevention, i.e. the minimisation of the company's energy requirements and secondly on the use of renewable energies to cover the energy demand that remains after all savings potentials have been exhausted. A production activity of five gigawatt per year not only makes the solar plant 1 the largest inverter production site in the world, but also sets new standards in the industrial production with its energy and building design. With the factory, SMA demonstrates that ultra-modern CO₂-neutral industrial
production at a high technical level is already possible today, thus adopting a pioneering role in climate protection. As well, the SMA Solar Academy is also characterised by its special energy concept in addition to its striking design. The new building demonstrates an off-grid power and heat supply based on local renewable energies. In doing so, SMA would like to illustrate that a large, photovoltaic-supported island power supply with supplementary biogas-powered cogeneration system (CHP) works well throughout the year under demanding commercial terms of use. The holistic focus of the energy concept is also used in the future expansion in a close-by commercial area. The use of power from local renewable energies, the greatest possible reduction in energy consumption and efficient energy use are designed to pursue a sustainable energy concept there as well, which is later supposed to be implemented in the entire commercial area.

Corporate mobility management: SMA's corporate mobility management correlates with climate protection. In addition to a multitude of activities to improve the mobility within the company, the concept is designed to achieve a sustainable effective change of conduct among employees by sensitising them for an environmentally friendly mobility behaviour.

B) CSR in society

SMA considers itself part of society, both at the individual locations as well as globally. Therefore, the company lends a hand - within the meaning of a "good neighbour" - by taking responsibility on site. On the other hand, SMA supports and promotes the development of renewable energies in third world regions. Employee involvement is an important component in the process. They get involved because they identify themselves with the corresponding values and goals and the corporate culture of SMA.

Aid for self-help (foreign aid): Complete, local power supply - SMA has been pursuing this strategic goal since the company's founding days. This topic is particularly significant for millions of people in regions which are not at all or only partially connected to public power supply systems. To make it easier or possible for people to access electrical power, SMA is engaging in a number of foreign aid projects.

Education and research: SMA knows from experience that research and development are the engine for sustainable successful innovations. Therefore, SMA supports internal and external initiatives designed to arouse the interest of children and adolescents in natural sciences and technology and supports students in a variety of disciplines.

Local involvement: As one of the largest enterprises in the region, SMA is well aware of its responsibility as part of society and is therefore committed to making a positive contribution to the regional development. In doing so, the company is focusing on
social, cultural and environmentally relevant concerns in its neighbourhood in a variety of ways.

C) CSR among employees

Among other things, SMA’s success is also based on the productivity and commitment of its employees. Only qualified and motivated employees lead to success. Therefore, the company specifically tries to create an exciting and challenging work environment.

Co-operative corporate culture: Co-operative corporate management is the foundation of SMA's corporate culture. Fairness, trust, partnership and mutual respect are its most important components. Every employee is encouraged to act responsibly and to make his/her own decisions. Open communication on all levels and integration into the corporate goals are essential in this respect. The financial participation is also part of the co-operative corporate management of SMA. Since the company was founded, all SMA employees have been receiving a performance-dependent bonus in addition to their annual salary. Further development and continuing education are closely related to the corporate culture. Employees are encouraged to attend around five days of further education every year. In addition to external further education opportunities, SMA also offers an internal training schedule featuring numerous workshops and seminars. The above average education rate of close to ten percent (2009) can be considered a sign of social responsibility opposite young people in a structurally weak region.

Health protection and promotion: Corporate sports at SMA have a long-standing tradition. The common physical activities not only promote health but also the team spirit and social contacts. In addition, a fitness room is available for all employees to use. Among other things, regular prevention, relaxation and movement sessions are offered there. Moreover, health days are celebrated once every year, featuring valuable tips for fitness and health at the work place in addition to various other activities.

Work life balance: Employee satisfaction is important to the company, because it increases the attractiveness of SMA as an employer amongst other things. To assist employees with the delicate work-life balance, SMA is pursuing a number of activities: For example, the SMA family service provides advice to new parents, about the re-entry into the workforce or holiday arrangements, offers employees flexible work time models and freedoms for the responsible work organisation.
For what reasons is the company pursuing CSR? How does the company benefit from its CSR activities?

Taking responsibility is the basis of SMA’s business model and has been an essential component of its corporate culture since its foundation. For SMA, Corporate Social Responsibility means combining sustainable economic success with the protection of the environment and with social and corporate responsibility. It is focused on the core business of the company and as a result designed strategically and for the long-term. For example, SMA has established clear company-wide structures, processes and responsibilities for the environmental protection within the scope of its environmental management system.

CSR is seen as an additional differentiation characteristic of SMA, both on the market and within the scope of employee recruitment. With the involvement, SMA not only increases the employee satisfaction, but also its own reputation. This is reflected in the awards the company received in 2010:

1st place in the competition "Innovative mobility management concepts"
1st price of the Energy Efficiency Award for the energy concept of solar plant 1
2nd place for Germany's best employers (Great Place to Work®) in the category "Companies with 2,000 to 5,000 employees"
3rd place for Germany's best employers (Great Place to Work®) in the category "Companies with more than 500 employees"
Special award for "Lifelong learning" (Great Place to Work® Europe)

How do the stakeholders benefit from the CSR activities of the company?

The target groups and stakeholders of SMA benefit in many different ways from the company’s engagement. This not only includes financial support and donations in kind, but also the knowledge transfer or the personal engagement and commitment of the employees. For example, SMA integrates its strategical corporate purpose of complete, local power supply under CSR aspects into the foreign aid collaboration, allowing SMA to set important impulses for the sustainable development with in-house resources, know-how and solutions from its own core business.

In addition, SMA demonstrates opposite the market and the industry that CO₂-neutral, ultra-modern industrial production on a high technical level is already possible these days. Again, the company's CSR commitment is closely related to the core business in this point, increasing the credibility opposite stakeholders.
**Exercise 7.2. (approximately 60 minutes)**

Organise a "CSR world cafe" with your participants, based on the example of SMA Solar Technology AG (cp. module 8.5). The topic of the world cafe is: "Which role is CSR supposed to play at SMA 5 years from now? Ask the participants to form three small groups and prepare three tables concerning the following topics:

- A) Environment and market
- B) Society
- C) Employees

During the 15 minute preparation period, the small groups are asked to choose a table moderator each for the 1st as well as the 2nd and 3rd round of the world cafe and jointly discuss the contents and roles of the moderators. By switching the table moderators, every participant will have the opportunity to be actively involved in the CSR world cafe in at least two table rounds.

Now call the three rounds of the world cafe for 15 minutes each, during which all participants are asked to contribute their ideas for the CSR programs and goals of SMA for the next 5 years.

After the completion of the CSR world cafe, the results can be presented and discussed in the plenum.

**Additional information and resources**

**CSR company:** SMA Solar Technology AG  
**Country:** Germany  
**Industry:** Solar industry  
**Core business:** Solar inverters and monitoring systems for photovoltaic systems  
**Address:** Sonnenallee 1, DE - 34266 Niestetal  
**Phone:** +49 561 9522-1121  
**www / mail:** [http://www.sma.de](http://www.sma.de) / [Volker.Wasgindt@SMA.de](mailto:Volker.Wasgindt@SMA.de)  
**Contact:** Volker Wasgindt  
**Function:** Director, media and public affairs  
**Number of employees:** 5,500
Best practice examples of CSR

7.10. Case Study: Siemens Zrt.

In short

Siemens has been active in Hungary since 1890. Since then, the company headquartered in Budapest has been pioneering the modernisation and development of the infrastructure as well as the electrical and electronic industry. The company sells Siemens products, systems and solutions in Hungary and renders a variety of services ranging from consulting, creating drafts, installation, start-up and technical operations to maintenance in the following fields: energy and environmental management, medical technology, industrial automation and management, traffic, industrial and communal infrastructure, IT solutions and services. During the 2010 business year, the companies of the Hungarian Siemens Group employed a total of 1857 workers and contributed to the economy with a total turnover in the amount of HUF 89.7 billion (close to 319 million Euro). In Hungary, Siemens is adapting the company's worldwide Corporate Social Responsibility (CSR) programmes to the national characteristics and regional requirements of the location.

How does the company demonstrate social responsibility?

A) CSR programmes of the company as a global umbrella strategy

Siemens is active as investor, supplier, employer and client in 190 countries and considers itself to be part of society. To help secure the company's future internationally, Siemens contributes to a sustainable development at its locations. The company has launched CSR programmes worldwide for this purpose. Actions focusing on education and social assistance have been pooled in "Siemens Generation21" and "Siemens Caring Hands". As a programme for the promotion of excellence, "Siemens Generation21" is designed to introduce children, adolescents and young adults to the natural sciences and technology. "Siemens Caring Hands" comprises voluntary employee involvement as well as donations and emergency aid from the company. However, Siemens also contributes to the support of important social concerns and duties by promoting the arts and culture.

The regional companies participate in the umbrella strategy of the international Siemens programme in CSR projects in the individual countries, which are focused on the national circumstances.
B) CSR engagement in Hungary

Recently, Siemens mainly demonstrated its role as "Corporate Citizen" in Hungary with the following activities.

"Siemens Generation21": Siemens Zrt. supports the Technical University Budapest with the improvement of the level of its engineering education. This is achieved within the scope of annual co-operation agreements by means of donations in kind (technical equipment), the conferment of "Siemens Excellence Awards" in recognition of outstanding study performances and the promotion of the German-speaking engineering education (bilingual degree). Other co-operation partners to promote university education in Hungary include Corvinus University, Faculty of Economics and ISES (Institute of Social and European Studies).

To promote the technical-scientific and nature-related education from the pre-school age to the university degree, Siemens Zrt. participates in the country-wide programme "THE" ("Together for Human Excellence") in search of talents and to promote research. Siemens Zrt. also acts as exclusive sponsor of the online magazine and web portal "Élhető Föld" ("Liveable earth"). In 2010, Siemens Zrt. distributed 50 research kits to Hungarian nursery schools and preschools and provided organisational and methodological assistance with them.

"Siemens Caring Hands": In the past few years, the charitable assistance for disadvantaged groups such as sick children, blind and visually impaired persons, families in need and SOS children's villages were in the foreground of the programme's implementation in Hungary. In 2010, the relief operation for victims of catastrophes was the dominating activity. The companies of the local Siemens Group and their employees jointly raised significant amounts of money to relieve damages caused by flooding in Northern Hungary.

Promotion of the arts and culture: Siemens Zrt.'s promotion of the arts covers several artistic activities, institutes and events. The current focuses and partners in Hungary are: Őrkény theatre (known as workshop and representative of new trends in theatrical arts), Museum of Fine Arts (with collections on a European level), KOGART Arts Collection (with a focus on modern national paintings), Ludwig Museum Budapest (modern visual arts) and MÁV symphonic orchestra (specialising in the musical education of the audience).

What are the reasons why the company is pursuing CSR? How does the company benefit from its CSR activities?

The innovations and infrastructure-relates solutions from Siemens have a global impact on the economic and social development. Therefore, the company does not view corporate actions independently of its environment; in fact, it considers itself as part of society by assuming responsibility. With a corporate strategy focusing on...
sustainability, the company hopes to make a contribution to help the society in which the company is active become and remain sustainable.

CSR engagement is also beneficial for Siemens itself, because the company relies on public acceptance and benefits from an increasing demand for trendsetting solutions. Aside from educational projects and social engagement, the dialogue with society and the promotion of the arts and culture play a pioneering role for innovations. In doing so, the stakeholder dialogue helps the company understand the needs and requirements of its environment and constructively approach new developments.

In recognition of this social engagement, Siemens has received a number of significant awards from governmental and private organisations in Hungary. Broad social circles benefit from the company's social engagement. It strengthens the company's image not only as a reliable technology partner, but also as a "Corporate Citizen" and attractive employer.

**How do stakeholders benefit from the company's CSR activities?**

The promotion of the educational and university system promotes the relationships between the industry and science and makes it possible to improve the educational standard especially in technical fields and to disburse the latest technological know-how. In addition, the Siemens' educational activities increase the reputation and attractiveness of technical professions and natural sciences in general. This fact can contribute to an environment-related formation and education of future generations.

The company uses charitable activities to help address problems of disadvantaged groups and fellow citizens in need and to reduce hardships and to strengthen social solidarity.

By promoting culture, Siemens makes it possible for the broader public to gain access to the arts and supports artists and persons engaged in the cultural sector to a high degree. Siemens also combines the co-operation between the company and cultural institutions by organising theatre nights, guided museum tours or concert visits for its employees.

**Exercise 7.11. (approximately 30 minutes)**

Discuss with your participants the advantages and disadvantages of Siemens' CSR programmes with an international focus. For this purpose, contrast the company's umbrella strategy with CSR programmes with a purely national focus. In doing so, take into account the company's point of view as well as the different perspectives of the civil society. Use the subsequent brainstorming to allocate corresponding stakeholders of the company to the engagement programmes A) "Generation21", B)
"Caring Hands" and C) promotion of cultural activities on three flip chart papers and discuss the interactions and the mutual benefits of the parties involved.

**Additional information and resources**

**CSR company:** Siemens Zrt. (Regional Siemens Branch, Hungary)  
**Country:** Hungary  
**Industry:** Electronics wholesaler  
**Core business:** Energy, industry, traffic, medical technology  
**Address:** HU – 1143 Budapest, Gizella út 51-57.  
**Phone:** +361 471 100  
**www / mail:** [www.siemens.hu](http://www.siemens.hu), info.hu@siemens.com  
**Contact:** Krisztina Faludi  
**Function:** Communications manager  
**Number of employees:** 400
Best practice examples of CSR

7.11. Case study: WBM Wohnungsbaugesellschaft Berlin-Mitte

In short

WBM Wohnungsbaugesellschaft Berlin-Mitte mbH is a state-owned real estate company, which emerged from the communal housing management Berlin-Centre (KWM) of the GDR in 1990. The company manages and sells rental apartments, residential properties, houses and industrial space in own and externally owned buildings. On Berlin's real estate market, WBM is the largest supplier of housing space in the districts "Mitte" and "Friedrichshain". Its dwelling stock containing more than 35,000 units is mainly located in the inner-city core of Berlin. In addition, WBM offers customised facility management for its close to 1,700 industrial units. WBM's business addresses are characterised by first-class locations such as Alexanderplatz, Spandauer Vorstadt, Nikolaiviertel and Friedrichstrasse. The enterprise with almost 350 employees generates an annual turnover in the amount of close to 220 million Euro. WBM considers Corporate Social Responsibility (CSR) a constructive input to the districts where its dwelling stock is located. In doing so, the CSR strategy focuses on both the corporate goals of a sustainable quality rating of its dwelling stock and the associated socially intact environment.

How does the company demonstrate social responsibility?

A) CSR in the core business

The WBM dwelling stock also has an architectonic influence on the cityscape of Berlin's inner city. A number of the company's buildings bear the signature of renowned architects of the post-war era. Close to 90 of the buildings have been declared historic monuments. By renovating and repairing such buildings, WBM assumes a social responsibility for the city's architectural cultural assets. For example, close to 80 percent of the Nikolaiviertel district, the historic centre of Berlin are in the possession of WBM. By realising an extensive historic path through Nikolaiviertel, the company ensures the cultural profiling of the district. In addition, WBM is a major sponsor of local events, such as the largest history festival "Historiale" in Europe, aimed at drawing the attention of Berlin's residents and visitors to the district with its gastronomic establishments, businesses and museums.

The assumption of responsibility for Berlin's cultural heritage is also demonstrated in the purchase and modernisation according to the regulations for historical monuments of the combined structure "House of the teacher - Berlin congress Centre" at Alexanderplatz square. This domed highrise realised by Hermann
Henselmann in the style of "International Modernity" in 1964 features Europe's largest mural ("Our life") by Walter Womacka on the 875 m² facade. In 2004, WBM has extensively renovated this historic cultural and architectonic testimony of GDR history and equipped it technically and structurally to meet future requirements. The interested public has access to the joint structure and the mural within the scope of a permanent exhibition presented by WBM in the foyer of the "House of the teacher".

A number of WBM properties are characterised by their special history, social or cultural significance or utilisation. WBM addresses the different needs of the tenants of these buildings (e.g. artist's residence Schwarzenberg) with customised CSR activities. Providing young artists with a temporary place to thrive in "Berlin-Mitte" has been a long-standing tradition of WBM. According to the company's opinion, extraordinary artistic projects emphasise Berlin's creative appeal and characterise the special flair of the district "Mitte". For example, the housing society has made a significant contribution to the establishment of a creative and cultural core in Berlin's "Mitte". Over time, the former temporary utilisation projects have evolved into numerous renowned artistic and cultural projects such as Kunsthaus ACUD, Kalkscheune or the artist's residence Louise.

B) CSR among tenants

WBM employees are used to the diversity of their tenants in Berlin's inner city. At 44.5 percent, "Berlin-Mitte" ranks first among the city districts in terms of residents with a migratory background. The WMB tenants represent close to 100 nations. Therefore, WBM has been issuing a guidebook series for tenants in German as well as English and Turkish for several years now.

C) CSR at the workplace

To specifically promote the intercultural and intergenerational skills of its employees, WBM joined the "Charter of diversity" in 2009. The company has consequently signed on for a positive display of the topics "variety and diversity". Accordingly, the valuation and respect of employees are considered the basis of the corporate culture and staff development that do justice to the diverse qualifications of the employees. Thinking opportunities in connection with corporate diversity also outside the company is used mainly in WBM's communication activities and is strategically coupled with a committed district management. In addition, the company also maintains "Diversity"-related contacts with associations and non-government organisations (NGOs) among its tenants.

However, WBM also considers the ratio of 44 percent of women in management positions part of its corporate equal opportunities. To secure the supply of qualified young employees for future workforce needs, the company has integrated dual degree programmes into its education programme in addition to the traditional...
vocational training. Moreover, WBM has appointed several employees as representatives of the severely disabled. They are regularly attending training sessions and share their experiences in staff association meetings and company agreements. This is how the company promotes the information exchange and sensitisation about the topic disability among all employees.

As an active member of the corporate initiative "mehrwert Berlin", WBM together with other public enterprises has introduced its experiences with CSR at the work place into the programme focus 2010 ("Good work").

D) CSR in the environment

WBM has been consistently reducing the CO2 emissions in its dwelling stock for two decades. During this time frame, the average energy consumption of buildings was cut in half from approximately 200 kWh/m²/year (1990) to approximately 100 kWh/m²/year (2010) at present. WBM undertakes these significant, environmentally-relevant investments by means of reconstruction activities, modernisation and repair of its properties (especially by insulating the facades, attics and basement ceilings and by replacing the windows). Moreover, the environmental management of WBM includes the renewal and modernisation of water treatment plants and heating facilities as well as the switch to district heat (meanwhile in place at more than 70 percent of the dwelling stock). The saving of close to 50 percent of heat energy achieves a reduction in the CO2 emission by more than 30,000 t of CO2/year.

By switching its own head office to heat supply from combined heat and power generation, WBM was able to significantly reduce the emission of fine dust and CO2 in its own operation.

E) CSR related to culture, social affairs and communication

The company’s CSR is cross-linked in WBM's communication department: this is where strategical CSR activities of the management, contacts and experiences associated with the collaboration in CSR-related initiatives as well as the stakeholder dialog of WBM converge with persons engaged in the cultural sector and social organisations. The variety of support for cultural and social projects by WBM is not limited only to donations and sponsoring, but it also influences the core business, such as the (in part temporary) utilisation of the dwelling stock. As early as during the annexation of the eastern part of "Berlin-Mitte" after the re-unification of Germany, WBM has made a significant contribution to the establishment of the arts and culture in the heart of the city by allowing the temporary utilisation and with systematic rental agreements. The real estate company continues this engagement at a small and large scale. Recent artistic performances in the "House of performance" or the presentation of contemporary art in the former "House of Hungary" have drawn an enormous interest of the artistic community.
WBM also deals openly with controversial topics, by appointing for example young street art artists, who are otherwise considered "vandals" of residential property, with the co-operative design of building fronts. As well, WBM sheds light on "precast concrete structures" in communication campaigns together with independent experts. The point here is to remove cliches and strengthen the social cohesion within this area of the inner-city dwelling stock.

Aside from the traditional documentation of landmarked buildings especially in collaboration with architectural publishers, WBM is also extending its communication in the media movies and internet. The company has commissioned a series of documentaries reporting mainly about the social and artistic engagement of WBM tenants.

**What are the reasons why the company is pursuing CSR? How does the company benefit from its CSR activities?**

The main management requirement of WBM is planning by looking forward to the development of the location within the next 20 to 30 years. Corporate social responsibility (CSR) is the starting point for the company to secure the long-term conservation of the value of its dwelling stock. The sustainability of WBM is secured with investments into the attractiveness of buildings and the appeal of their locations. In a culturally and politically relevant metropolis such as Berlin, but also due to social focal points of the city, WBM's CSR is affected by almost all social topics. Therefore, WBM is deliberately focusing on the high versatility of its CSR strategy. Especially the CSR criteria with a long-term effect and relevant in the international competitive environment are strategically incorporated into the management. Synergy effects and experience exchange are achieved with non-profit supporters in the district management and by merging with other urban companies in the CSR initiative "mehrwert Berlin". Customised and CSR activities that can be operatively implemented on short notice are part of the communication department of WBM because of the pronounced cross-linkage and the stakeholder dialog.

**How do stakeholders benefit from the company’s CSR activities?**

The CSR management of WBM is consistently focusing on the sustainable district development. This is not only beneficial for the tenants, but for the entire environment. WBM staff benefit as employees and in part also as private tenants from the company's CSR. The integration of stakeholders into the corporate communication increases the identification, willingness to co-operate and retention of tenants and opinion formers with the real estate company.
Exercise 7.12. (approximately 60 minutes)

Ask your participants to form small groups of 3 - 5 persons and draft a day of action on the topic "Variety and Diversity" for WBM. During 45 minutes of group work, the teams are asked to list different WBM stakeholders on a flipchart paper and to describe their integration into the "Day of action". The results are then presented and discussed in the plenum.

Additional information and resources

CSR company: Wohnungsbaugesellschaft Berlin-Mitte (WBM) mbH
Country: Germany
Industry: Real estate
Core business: Property management, industrial management and real estate sales
Address: Dircksenstr. 38, 10178 Berlin
Phone: 0049 – (0)30 – 2471 30
www / mail: www.wbm.de, info@wbm.de
Contact: Steffi Pianka
Function: Director of corporate communication
Number of employees: 350
Simple steps to build your CSR strategy

8.1. Personal motivation for CSR and sustainable development

*In short*

The majority of people are not only taking responsibility at work because they would otherwise lose their job. Normally, responsibility is also important to employees and managers for various personal reasons. Some people’s motivation may be based on unselfish motifs such as idealism or altruism or on the notion that "it is simply the right thing to do". But individual advantages are equally suitable at motivating people to deal with Corporate Social Responsibility (CSR) and sustainable development.

In companies it is particularly the managers and employees in charge of coordinating CSR who are instrumental in constantly advancing the topic of sustainable corporate development. Just like with any other professional goals, setbacks, interpersonal problems and "lean times" may also emerge in connection with CSR. Therefore, knowing the personal motivation in terms of CSR helps the individual successfully mastering in particular difficult situations.

*Learning targets*

- Identify your own motivation for CSR and sustainable development

*CSR learning contents*

"Everything great in our world only happens because someone is doing more than they are required to do."

Hermann Gmeiner (1919-86), social pedagogist and founder of the SOS children's villages

For the successful implementation of CSR strategies and projects in a company it is helpful if all the parties involved clearly understand their own motivation and individual goals before taking up their activities. Determining the personal motivation for CSR and sustainable development not only increases the chances of success and persuasive power with one's own tasks and in the collaboration within the team. It can also be helpful to regularly review the original personal goals throughout the course of a project. Just as a company is not acting in isolation from its social and
ecological environment, the topic responsibility of individual persons can only be regarded within the context of personal goals and the social environment.

**Exercise 8.1. (approximately 30 minutes)**

Invite your participants to reflect on their own motivation for CSR during 20 minutes of individual work. Ask them to use the first 10 minutes to respond to the following question, using at most 3 sentences:

- Why am I dealing with CSR and sustainable development?

Then the participants should take some time to select 3 of the groups of persons mentioned below who will be informed about their intention to deal with CSR in the company.

The participants are asked to formulate in several sentences or keywords how A) they are planning to position themselves with CSR opposite the selected groups of persons and B) what they will be considering in the process to address their counterparts appropriately.

Your participants will be able to select from the following groups of persons for the positioning with the topic CSR:

- My colleagues in the company
- My supervisor
- My private circle of friends
- My common-law partner
- My own children
- My acquaintances working in other companies
- Local politicians at my place of residence
- My relationship networks in social media (e.g. Facebook)
- (person or group I have selected to whom I would like to talk about CSR)

**Additional information and resources**

Methodensammlung – In 7 Schritten zum Nachhaltigkeitsbericht (Vienna 2006)

Wallner + Schauer GmbH – Sustainability consultants

[http://www.nachhaltigwirtschaften.at](http://www.nachhaltigwirtschaften.at)
Simple steps to build your CSR strategy

8.2. Analysing strengths and opportunities of CSR in the company

In short

In small and medium-sized enterprises (SMEs), responsible corporate management is often part of the business routine without explicitly being called Corporate Social Responsibility (CSR) and without making strategic use of it. In these cases, the analysis of CSR potentials represents a first step to quickly obtain an overview of the strengths, weaknesses, opportunities and threats of a CSR strategy. The so-called SWOT analysis (strengths, weaknesses, opportunities and threats) is a widely used tool for strategic corporate planning. It helps the management describe the current situation based on the strengths and weaknesses of the company and derive future opportunities and risks thereof. The results of a SWOT analysis for CSR are the basis for specific targets in strategic management.

Learning targets

- Be able to use the SWOT analysis as strategic tool for the CSR policy and CSR measures in a company

CSR learning contents

A SWOT analysis is particularly suitable in the starting and definition phase of a CSR project or a comprehensive CSR strategy. The analysis results in the direct evaluation of positive and negative aspects associated with the company's actual situation. These core characteristics are subsequently projected into opportunities and threats for the perspective of the future. The graphic configuration of a SWOT analysis consists in a simple matrix. The in-house strengths and weaknesses are allocated to the actual situation and the external opportunities and threats to the scenario of the future.

<table>
<thead>
<tr>
<th>Actual situation = internal factors (in-house)</th>
<th>Scenario of the future = external factors (surrounding the company)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths</td>
<td>Opportunities</td>
</tr>
<tr>
<td>Weaknesses</td>
<td>Threats</td>
</tr>
</tbody>
</table>
The fundamental stock-taking and assessment of CSR in the company used to evaluate the in-house CSR aspects as strengths or weaknesses in their actual situation can be the starting point for the SWOT analysis. Moreover, a SWOT analysis can be used in every other phase of CSR developments to assess the success potential of individual CSR activities or to discuss project proposals the company is approached with from internal and external sources. The first step of a SWOT analysis consists in the examination of the current CSR situation in the company and the environment in terms of own strengths and weaknesses. The analysis is usually conducted in a project team allowing the compilation of a broad range of know-how and experience about the defined topic from different perspectives. The employees or members of the project team are asked to document their keywords concerning the actual situation of the company collected within the scope of a brainstorming session on the SWOT matrix.

The second step of the SWOT analysis consists in changing the view from the actual situation of the company toward scenarios of the future in a positive (opportunities) and negative aspect (threats). The scenarios of the future are discussed based on the previously determined strengths and weaknesses and reflect the respective assessments that may play out outside the company (external factors). Again, the associated working method is a brainstorming session within the team. Moreover, this phase of the SWOT analysis promotes the imagination and identification of the team with the selected CSR topic. In principle, it makes sense to conduct a SWOT analysis based on a chronological time frame defined at the beginning and to focus the projection of the future on this time frame.

As soon as the two brainstorming phases are complete, the summarised results of the evaluation should be discussed in the project team. The fundamental question at the end of the SWOT analysis is to find out which practical goals and measures can be derived from it for the CSR development in the company. A SWOT analysis can be illustrated with the following combination options:

A) Strengths-opportunities: Which strengths can be combined with which opportunities?
B) Strengths-threats: Which strengths can be used to counter threats?
C) Weaknesses-opportunities: Which weaknesses can be used to develop opportunities?
D) Weaknesses-threats: How can the company be protected from harm?

**Exercise 8.2. (approximately 45 minutes)**

In your group of participants, establish work tables with 4 - 6 people each to examine a CSR topic of your choice* with individual SWOT analyses. For example, you can define 4 tables and divide the scopes of work of the small groups into the CSR spheres of activity 1. Workplace, 2. Environment, 3. Market and 4. Local community.
After that, ask every team to present a summary of the results of their SWOT analysis in a group discussion in plenum.

* Example: A company with 500 employees produces photovoltaic devices in Europe. Due to the upcoming competition from Asia, the company considers itself forced to produce in the future in East Asia as well. This enlargement of production capacities would support the company in saving and raising market shares. However, the company would have to reduce the number of persons employed in its European factory. How do you evaluate the upcoming decision of the company in terms of CSR?

**Additional information and resources**

Simple steps to build your CSR strategy

8.3. Benchmarking: Own CSR potentials in a comparison between the industries

**In short**

In order for a company to distinguish itself from the competition with Corporate Social Responsibility (CSR), it should be considered attractive and exemplary by customers, employees and other stakeholders compared to the competing enterprises. A company can use an analysis of the industry and environment to examine the CSR of its competitors and set benchmarks for the comparison and measurability of its own CSR strategy within the industry (benchmarking). Collecting and evaluating media reports about their own company and competitors in the industry represents a practical approach without the need for spending external costs. In addition, it is possible to determine trends, social, corporate and ecological topics in the region of the company's domicile. Based on this, it is possible to identify CSR aspects in the public perception which the company may not have considered in the past. The goal of benchmarking is to better adapt the CSR strategy to framework conditions and perspectives of the future of the industry and the regional location.

**Learning targets**

- Conduct an analysis of the industry and environment as well as CSR benchmarking based on the evaluation of media reports concerning CSR topics

**CSR learning contents**

CSR offers innovative possibilities especially for small and medium-sized enterprises but also for micro-operations and freelancers to make a positive appearance in competitive industries and to strengthen their position on the market. Some companies with an increased focus on a quality offensive because of the price erosion caused by larger competitors or global markets are already in the process of successfully positioning themselves thanks to additional CSR characteristics.

A comprehensive media analysis provides an initial overview of the social, corporate, ecological and ethical correlations and trends prevailing in the industry. However, similar to the customary situation in most small and medium-sized enterprises (SMEs), relatively few media reports include terms like Corporate Social
Responsibility or Corporate Citizenship. Therefore, it makes sense for the collection of media reports concerning CSR to define more terms other than the CSR search terms based on which the search in the social, corporate and ecological context is to be conducted.

Benchmarking through media reports should be adapted to the market-specific situation of a company, but it can be divided into the basic sectors A) own company, B) competitors/industry and C) regional environment/locations.

To evaluate the searches and media feedback concerning CSR, it makes sense to highlight the core aspects of social corporate responsibility clearly to be able to compare them to the own sustainability activities. Moreover, CSR activities in the industry can be assessed for transfer opportunities and differentiations in the own company.

Positive reports may yield valuable insights to reflect on the sustainability performances of the described company. In the event of negative headlines, the question about how the described situation may have been resolved better or avoided within the meaning of CSR and what the possible consequences for the affected company are can be discussed.

**Exercise 8.3. (approximately 90 minutes)**

Ask your participants to research media reports concerning CSR-relevant topics in an industry of your choice. For instance, you may refer to industries of the example companies presented in this compendium.

Divide the participants into small groups to specifically cover different fields of research. Possibilities for the research teams include:

1.) The own company
2.) Three to five competitors (including the industry-leading company)
3.) The region at the domicile of the company
4.) Environment team
5.) Social affairs team
6.) "CSR experts" team (research in specialised journals)
7.) Etc.

After completing the research, every team should hand over 5 select media reports to another group, if at all possible. For example, "Team 5) Social affairs" will receive the media reports from "Team 1) The own company" etc.

Ask the participants to discuss the newly received media reports in their original group and present their core CSR characteristics in a final group discussion in
plenum. In the discussion, consider the possible goals mentioned above when evaluating CSR-relevant media reports.

Hint: If you are planning a CSR visit to a company with your participants, you may use this exercise to prepare them for this visit.

**Additional information and resources**

Methodensammlung – In 7 Schritten zum Nachhaltigkeitsbericht (Vienna 2006)

Wallner + Schauer GmbH – Sustainability consultants

http://www.nachhaltigwirtschaften.at

Further information from Portugal


http://www.iapmei.pt/iapmei-bmkartigo-01.php?temaid=6&PHPSESSID=5f3ec05f9c0c8bd9ded71959786cf5b8
Simple steps to build your CSR strategy

8.4. CSR strategy kick-off under a converse view

In short

The "Instruction for being unsustainable" is the converse view of Corporate Social Responsibility (CSR) of a company. This kind of approach to a CSR strategy attempts to make the topic sustainability more specific in dialogue with employees or the extended circle of stakeholders. It is designed to prevent requirements lacking in practical relevance and having an abstract effect. The parties involved gradually develop a comprehensive basis for the company's sustainability policy based on the "instruction for being unsustainable". This provides clarity about what sustainability really means for the company and the employees involved (stakeholders).

Learning targets

- Develop principles of CSR and sustainability policies with the involvement of employees and other stakeholders of a company

CSR learning contents

Generally, a cast-iron illustration of the complicated topics of CSR and corporate sustainable development is difficult. In fact, it is often much easier to determine what is unsustainable in a company. The creativity technique "Instruction for being unsustainable" takes advantage of this fact. With a minor detour, the method provides a basis for the definition of the sustainability and CSR of a company, by including the employees and other stakeholders. In smaller enterprises, the "Instruction for being unsustainable" can be implemented by all employees jointly. In larger companies, setting up a specific project team is more suitable for implementation. In addition, the method can be addressed in the stakeholder dialogue of the company, thus integrating a broader selection of target groups.

To perform the method, a moderator will ask the attendees the following starting question for brainstorming at the beginning. The contributions will be documented in bullet form on flipchart papers:

- How do you recognise that our company is sustainable?

This initial collection of ideas and points of criticism represents the "Instruction for being unsustainable". It is subsequently supplemented with a detailed round of
questions. In doing so, the answers and contributions can again be documented by
the moderator or written down on little cards by the attendees themselves.
Specifically, the moderator asks the following questions:

- How does the local community recognise this?
- How do our customers recognise this?
- How do the employees or their family members and friends recognise this?
- How do our suppliers and business partners recognise this?
- How do the banks recognise this?
- How do competitors recognise this?
- What effects does this have on the industry?
- What effects does this have on the environment?

As soon as this round of questions has been answered and the keywords are neatly
presented for all attendees on flipchart papers or small cards, the moderator will ask
the group to determine the opposite of the individual points:

- How can such a scenario be avoided?
- What should our company therefore do to act sustainably?

From the attendees perspective, the responses to the final brainstorming represent
the requirements for sustainable development and CSR of the company. These
requirements can be formulated as guidelines and proposed to the management.

**Exercise 8.4. (approximately 45 minutes)**

In your seminar group, moderate an "Instruction for being unsustainable" for a
company of your choice, for example one from the practical examples contained in
this compendium.

**Additional information and resources**

Methodensammlung – In 7 Schritten zum Nachhaltigkeitsbericht (Vienna 2006)

Wallner + Schauer GmbH – Sustainability consultants

http://www.nachhaltigwirtschaften.at

Further information from Portugal


Simple steps to build your CSR strategy

8.5. Stakeholder-dialogue at the "CSR world cafe"

In short

A company should integrate employees into its Corporate Social Responsibility (CSR) on different levels. Only then can a CSR strategy be perceived tangible and lively in the entire company and appear authentic toward the inside and outside. The "CSR world cafe" is designed to integrate a company's employees into the development of CSR in a "coffee-house-like" atmosphere. The creativity method "World Cafe" makes collective creativity visible and usable among employees for the CSR strategists in the company. The "CSR world cafe" is designed to initiate the exchange and further development of know-how and ideas via several rounds of discussion. This explorative process not only yields new insights, but also promotes the employees' identification when dealing with the topic CSR in the company. In addition, the method is also suitable for a comprehensive stakeholder dialogue of the company. The focus should be on a clearly formulated CSR topic for the "CSR world cafe" and each of its sequels.

Learning targets

- Get to know and experience the "CSR world cafe" as creativity method for the integration of employees into the CSR development process
- Get to know a practical method for the stakeholder dialogue

CSR learning contents

The integration of employees into the CSR development of a company can facilitate the "CSR world cafe" in different strategic phases. For example, companies can use this creative group method to derive goals from their own CSR concept or to use the process to optimise the next CSR report. The occasions for a "CSR world cafe" can be established individually and should be defined clearly to be able to work in a solution-oriented way. Aside from employees, this method can integrate other target groups of the company and serve as starting point for a stakeholder dialogue.

For the "CSR world cafe", a company only requires a room with several tables and chairs and one employee to act as firm host/moderator per table. Usually, a "CSR world cafe" consists of 3 consecutive rounds of talks. In the process, 4 – 6 employees (or stakeholders) each are sitting together at a table in a relaxed atmosphere for the duration of 20 – 30 minutes. The discussions among the
participants at the table are supported and moderated by the respective host. During the first round of the "CSR world cafe", the moderator's role consists in welcoming the participants and providing a brief introduction of the topic. The moderator then asks every participant to provide feedback on the presented topic. The guests are encouraged to present their different points of view, evaluations, experiences, proposals and ideas. The moderator should pay attention that all participants voice their opinion and participate actively in the discussion. This is to ensure the exchange of ideas and know-how about the motto of the "CSR world cafe". In addition, the moderator will document the participants' main impulses during the discussion at the table in bullet form on a "table paper" (e.g. flip chart paper). The "table protocol" should be compiled with the participation of all discussion participants. The host/moderator of the tables in the "CSR world cafe" makes a significant contribution to the success of the event by constantly bringing back the focus of the discussion to the topic defined for their table. Without regulating the contents, he enables constructive contributions to the conversation which link different opinions and ideas and may produce new courses of action.

The start and end of the first round of discussions can be announced for example by means of a gong. After that, the participants casually rearrange themselves at different tables to form a new discussion round. The respective host of every table welcomes the new group with a brief summary about what was discussed at the table earlier and documented as keywords. S/he relays the main ideas of the previous round to the newly arrived. The participants then jointly continue the discussion based on the previous ideas and again document their conclusions in bullet form. The main potential of the exchange of tables and groups is that people are discussing a specific topic with many different people and are adding their own contributions to previously documented knowledge and ideas. After the end of the second creativity session, the "CSR world cafe" enters its third and last round to obtain once again thought-provoking impulses and further interconnections with the respective CSR topic. After taking a break, the summarised results will be presented and reflected on in the entire group.

**Exercise 8.5. (approximately 60 minutes)**

Realise a "CSR world cafe" with the participants of your seminar programme. In doing so, you may refer to the CSR examples presented in the movie and other example companies presented in this compendium. You may decide to use the "CSR world cafe" as a group method several times in different phases of your programme.

**Hint:** You can also use the method of a „CSR world cafe“ without moderators, i.e. at the strategic kick-off of a CSR orientation in a company. An hour before the next annual meeting or Christmas celebration takes place in the company all employees could be motivated for a brain walking on CSR topic tables.
Additional information and resources

The World Café Community Foundation

http://www.theworldcafe.com

Programme "Participation & sustainable development in Europe"

http://www.partizipation.at/index.php?english
Simple steps to build your CSR strategy

8.6. Implementing CSR in small and medium-sized enterprises

In short

Companies are not always run by managers and business administrators who are trained for strategic changes in the organisational development. In smaller and owner-operated enterprises, experts of the own profession are usually at the same time assuming the role of the manager. Their approach of managing the company is based on experience values and "common sense". In small or traditional enterprises, Corporate Social Responsibility (CSR) is rarely a quick response to daily challenges and the order situation of the next months. Implementing CSR in small and medium sized enterprises requires a "policy of small steps". Smaller enterprises and the self-employed have a significant advantage compared to large enterprises: It is relatively easy to integrate the entrepreneurial personality's moral concepts into work processes, products and services.

Learning targets

- Put a practical operating guideline for the introduction of CSR into small enterprises to the test

CSR learning contents

A step-by-step introduction of CSR into the existing corporate structure makes it possible to define priorities and to adapt the implementation time frame and speed based on these priorities. The gradual implementation of CSR is especially important for small and owner-operated enterprises in which the reorganisation of core processes has a significant personal impact on the entrepreneurial personality. Because a structural CSR focus of the company on ecological, corporate and social trendsetting topics sometimes requires that the entrepreneur questions or completely abandons proven "recipes" and facts.

The guideline on "CSR in sole proprietorships" provides a simple instruction for the implementation of CSR in five steps:
Step 1 – Making a decision on what the company stands for
Step 2 – Gathering relevant information
Step 3 – Setting goals
Step 4 – Implementing measures
Step 5 – Reviewing results and communicating the engagement

Step 1 – What should CSR stand for in the company?

The daily business routine usually leaves little room for answering general questions about strategic corporate planning, especially in small enterprises in which a single person is in charge of handling all the requirements alone. This has a negative impact on questions concerning the company's core competencies and competitive advantages. To integrate CSR specifically into the core business, it makes sense to check in a first step which personal, corporate, ecological and social values are to be used strategically in the company and can be implemented into the operations.

Step 2 – Gathering CSR-relevant information

Necessary adjustments and innovation potentials for companies emerge in connection with the "pulse of time". The introduction of CSR is based on a comprehensive analysis of internal and external fields of action in the following areas A) Company/employees, B) Market, C) Environment and D) Society. The gathering of information about CSR-related aspects in the company's sphere of action can have a positive impact on the corporate development and in guaranteeing the future.

In order to be able to collect the information systematically and use it as basis for a dialog, the second step of the CSR implementation consists in the analysis of the company's stakeholders. Company owners depend on the integration into networks. A fundamentally fair interaction with stakeholders is normally a requirement for the business success. On this basis, the existing stakeholder contact within the own network can be expanded by CSR-relevant aspects and contact persons. In addition, identifying stakeholder topics and trends can be used to communicate with the own environment in an image-promoting way.

Step 3 – Setting CSR goals

The goals for switching the direction toward CSR should also be based on the strengths in the company, without loosing sight of the minimisation of weaknesses. In simplified terms, linking the most important corporate goals with CSR aspects can be divided into the following questions:

A) Which values is the company currently promoting? How can these values be strengthened?
B) Which additional values can be promoted with the corporate goals? How can these values be used strategically?

C) Which values are impacted negatively by the corporate activity? How can these weaknesses be reduced?

The "SMART" method can represent a simple, yet professional framework for the formulation of CSR goals. "SMART" stands for specific, measurable, attractive, realistic, time-phased.

Step 4 – Implementing CSR measures

The company's long-term orientation toward future issues with social relevance is normally not achievable immediately. Because CSR is also a learning process within the company, comprising all relationships among the stakeholders. In individual cases it makes sense to introduce sustainable products and services for example for a test run. Rather than trying to implement all CSR activities at once, experience has shown that small and well planned steps are paying off. This also includes a corresponding learning and optimisation potential of the company. Consistency and communication as well as a certain degree of perseverance ensure the sustainability and credibility of CSR activities and prevent well-intended actionism.

Step 5 – Reviewing and communicating the CSR implementation-related success

CSR is worth to the extent the set goals are actually achievable. Therefore, the approximation to and achievement of tangible goals should be reviewed regularly as early as during the implementation phase of CSR activities. This allows the company at the same time to make a significant contribution to the quality management in its own core business.

Communicating the success at the end of a CSR process means that the CSR can unfold its effect. However, strategic communication is also useful during the implementation of a "CSR policy in small steps". The systematic integration of stakeholders can deliver essential indicators for an improvement process and as a result the securing of the company's future, especially during this implementation phase of CSR.

Exercise 8.6. (approximately 45 minutes)

Ask your participants to form small virtual companies with teams of 3 - 5 people. For this purpose, you may provide the participants with a choice of industries and corporate activities. Some participants may be willing to work alone as a virtual sole proprietorship.
The participants of the small enterprises are first asked to define their duties within the company roughly, by putting the size of their own team on a level with the "real" size of the company. (For sole proprietorships, the entrepreneur is his own boss and will be responsible for all arising tasks as a single employee).

In about 30 minutes of team work, the small enterprises are asked to discuss the "5 steps for implementing CSR" outlined in this module and to write down their ideas and suggestions in bullet form. If you limit the subsequent presentations of the small groups to 5 minutes per team, this will generate an additional "competitive character". Alternatively, the presentations can be expanded to a "CSR casting" by asking one representative from every corporate team to evaluate the presentations as a jury member. The jury will vote on the most convincing CSR implementation based on a scale ranging from 1 - 10.

If you are using the option of a group discussion following the presentations, you may encourage the plenum to analyse especially the difference in the CSR situation between a sole proprietorship and a company with employees.

**Additional information and resources**

Corporate Social Responsibility im Mittelstand. Chancen und unternehmerische Verantwortung im Kerngeschäft (Berlin 2010)

TÜV Rheinland Bildung und Consulting GmbH (ed.)


A Guide to Corporate Social Responsibility for One-Person Enterprises (Vienna 2009)

respACT – austrian business council for sustainable development (ed.)

[http://www.respact.at/epu](http://www.respact.at/epu)

Information resources and practical guides in Hungarian


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Information resources and practical guides in Portuguese


SOCIALSME - Sustainability and social responsibility through learning in SME:
http://www.socialsme.org/index.php/pt
Simple steps to build your CSR strategy

8.7. CSR in regional networks

In short

Companies and communities are facing similar and in part common challenges at their location which have a significant impact on the sustainability of a region. This concerns for example the attractiveness of the location for qualified workers, professional perspectives for young adults or amenities for families. Organised in regional networks, companies can pool their Corporate Social Responsibility (CSR), allowing them to contribute to structural solutions in the region aside from pursuing their own selective and project-related CSR measures. Especially small enterprises stand to benefit much more on location when working jointly in networks. Different initiatives can represent good options for these enterprises to participate effectively in CSR and to contribute their own entrepreneurial power to the sustainable regional development with manageable expenses.

Learning targets

- Get to know the potential of regional networks for structural solutions in a specific region based on a practical example

CSR learning contents

Companies and the region stand to benefit jointly if corporate networks work to resolve social challenges, develop new ideas and implement specific actions. Because the companies in the region, irrespective of the industry they are in and their size are familiar with the social environment at the location and often have innovative ideas on how social problems can be creatively and effectively resolved in an entrepreneurial spirit.

Regional networks for sustainable development and CSR bundle the resources of their members to develop regional sustainability topics, including in collaboration with partners from other industries. In doing so, networks are capable of establishing new structures allowing the long-term execution of cooperative projects. A strong network can also enable particularly smaller enterprises and one-man operations to participate in CSR measures. Aside from business contacts which are relevant for one's own company in the cooperation of several enterprises, a well organised network is capable of increasing the effect of public relations and the political influence for positive changes in the region several times over.
The "Responsible partner" network is a regional network structure launched in Germany in 2008 at the initiative of the Bertelsmann Foundation. Local companies domiciled in the pilot region Lippe started projects to secure the sustainability of the region in cooperation with the Chamber of Industry and Commerce (IHK) Lippe Detmold, GILDE promotion of economic development and other partners. The "Responsible partner" method used for this purpose is tailored to the needs and interests of entrepreneurs. As a results-oriented work process, it is limited to a period of one year during the initial execution phase. The cooperation for a limited period of time is intended to yield efficient decisions and results. Within the meaning of productivity and focus on results of the corporate network, the network will be maintained if this is deemed necessary upon completion of the pilot phase and if positive results are achieved promptly.

The initiative "Responsible partners for Lippe" is dedicated to the topics education, profession and quality of life in the region. This is intended to attract a greater number of skilled workers to come to and stay in Lippe, because the region hopes to be attractive and livable for families and employees in the future. In the network comprising more than 70 companies, institutions and private persons, good ideas and collaboration count for more than the size of the company alone. The areas of activity of the network in Lippe-Detmold are divided into four working groups:

In connection with the demographic changes, the working group "Lippe residents are fitter" puts the emphasis on retaining skilled workers by offering them lifelong learning.

The working group "FABEL family support in Lippe" provides a service that assists working parents and single parents in "cases of emergency", thus also generating added value for companies.

As a working group with a database, "JUBEL - youth and business in Lippe" hopes to collect good examples of cooperation between the industry and educational institutions to provide the required orientation guide. This is designed to result in a strong network between educational institutions and companies.

The working group "ARMIN employees.migration.integration" promotes the professional orientation of children with a migratory background and the cooperation between different nationalities in companies.

Additional information and resources

Bertelsmann Stiftung – Initiative „Verantwortungspartner“

http://www.verantwortungspartner.de

Initiative „Verantwortungspartner für Lippe“

Chamber of Industry and Commerce (IHK) Lippe Detmold
Gewerbe- und Innovationszentrum Lippe-Detmold GILDE GmbH

http://www.verantwortungspartner-lippe.de

Initiative „Enterprise 2020“ (in Hungarian)

CSR Europe


Initiative „Enterprise 2020“ (in Portuguese)

CSR Europe


Further information from Portugal

http://www.rsopt.com
8.8. Competitions and awards for CSR

In short

The nomination for and recognition in a Corporate Social Responsibility (CSR) competition honours responsible corporate management and often generates a high media interest. The majority of regional and national CSR competitions are also geared toward small and medium-sized enterprises. The broad public awareness and scope of communication associated with CSR awards is a special opportunity for these enterprises to increase their acceptance, reputation and name recognition. Rewards awarded for social action and CSR in the company are designed to highlight how the economy gets involved on behalf of society and to convince other companies that social commitment is worthwhile.

Learning targets

- Get to know special ideas for competitions and awards in the field of CSR

CSR learning contents

Competitions and awards for corporate social responsibility (CSR) represent recognition and motivation at the same time. Their purpose is to heighten the awareness for sustainable action and commitment of companies in the economy and the broad public and to strengthen the relationships between companies and society. For this reason, particularly exemplary activities of companies are made public by means of awards to encourage others to replicate them. At the same time, most prize winners consider CSR competitions a "duty". They also motivate them to continue implementing CSR activities in an exemplary and effective manner in the future.

For most rewards, the criteria for awarding the prize include the exemplary nature of the commitment as well as the sustainability of the measures and the expenses in comparison to the company size. The prizes are usually awarded by a jury, which is ideally made up of representatives from the economy and society, scientific and media experts as well as public figures.

Generally speaking, awards for CSR are still a very new territory. These days, other rewards provided by various initiatives are added to established prizes. However, traditional and diversified awards are also relevant for CSR, which pay topic-related tribute for example to family-friendly enterprises. Because of the diversity in corporate
commitment, CSR awards are often divided into the categories employees, market, environment and society. Rewards for large, medium-sized and small companies are often awarded among the applicants in every category.

Similar to other rewards and tributes, the reputation of a prize in the field of CSR significantly depends on which institutions and organisations are advertising a CSR award and what kind of members the jury is composed of. In nationwide competitions, several associations, institutions or political authorities often award the respective prizes as a joint initiative. Generally, CSR prizes are symbolic rewards, meaning that the receipt of the commendation is not associated with any prize money.

However, in some cases, awards are based on the initiative of individual companies and honour social or corporate organisations. For example, the "German employer's award for education" is awarded by Deutsche Bahn and Deutsche Telekom jointly with the Federal Association of German Employers' Association (BDA). The prize money in the amount of 10'000 Euro is awarded to educational institutions for innovative teaching concepts. This other variation of a CSR reward can definitely be understood as CSR measure of the involved companies. Similarly to a recognition with a prize, the announcement and award of a prize can have a positive impact on the company's reputation.

The "Social transfer award" awarded by the Chamber of Industry and Commerce Braunschweig/Germany is an innovative specialty. It has been announced for the first time for 2010 with a reward in the amount of 10'000 Euro. Companies in the region can apply together with a social institution they are supporting. The reward will be endowed to the social institution. The criteria for handing out the "Social transfer award" are to make sure that the support from a company is not exclusively of a financial, but also of a material and personal nature. In essence, the project idea and the relevance of the project for society are evaluated.

Side note

Selection of nationwide CSR competitions in Germany

Initiative "Freedom and responsibility"
The annually awarded prize recognises the corporate commitment in the categories small, medium-sized and large enterprises. The reward is sponsored by the trade associations BDA (Federal Association of German Employers), BDI (Federation of German Industries), DIHK (Association of German Chambers of Industry and Commerce), ZdH (Central Association of German Trade) and Wirtschaftswoche magazine under the patronage of the Federal President.

http://www.freiheit-und-verantwortung.de
**Subsidy award "Sustainable medium-sized enterprises"**
The prize is a reward issued by the ethical bank to medium-sized enterprises which are reconciling ecology, economy and social commitment for the long term.

http://www.ethikbank.de

"**ZIVIL**"
"ZIVIL" is a CSR prize awarded by the junior economists Germany to honour the social commitment of medium-sized enterprises.

http://www.wjd.de/zivil

"**Shaping employment - companies show responsibility**"
The competition of the Federal Ministry for Labour and Welfare and the "Initiative for employment" is recognising companies in all industries, of all sizes and legal forms, which show an exemplary and trend-setting effort in the field of employment. Companies shaping employment jointly or in cooperation with institutions are also eligible to apply for the award.

http://www.beschaeftigung-gestalten.de

**Important CSR award in the UK**

**Business in the Community Awards**

Business in the Community's Awards for Excellence identify those companies that have had, and continue to have, a positive impact on the community, environment, marketplace and workplace. The awards look behind the headlines and find the evidence of the impact companies' CSR programmes are having and each Big Tick awarded highlights an example where a real difference is being made. In addition to the Big Ticks there is an overall winner in each category known as the Example of Excellence.

http://www.bitc.org.uk/awards_for_excellence/categories/index.html

**Competitions and awards in Hungary**

Hungarian Public Relations Association

http://www.mprsz.hu/ContentShow.aspx?Name=CSRBP
CSR Hungary:
http://www.csrhungary.eu

Zöld Iroda
http://www.zoldiroda.hu

Overview on CSR awards in Hungary
http://csrajanlas.wordpress.com

Additional information and resources

„Mit Verantwortung gewinnen - Verantwortliche Unternehmensführung im Mittelstand“
http://www.verantwortliche-unternehmensfuehrung.de

Deutscher Arbeitgeberpreis für Bildung
http://www.arbeitgeberpreis-fuer-bildung.de

„Sozialtransferpreis“ der Industrie- und Handelskammer Braunschweig
http://www.braunschweig.ihk.de/unternehmensfoerderung/istp/

Further information from Portugal:


http://www.egf.pt/content/index.php?action=detailfo&rec=1819&t=Valorsul-ganhou-premio-de-responsabilidade-social


Simple steps to build your CSR strategy

8.9. Organising and personalising CSR in the company – Interview with an expert

In short

The successful and durable implementation of Corporate Social Responsibility (CSR) into companies requires organisational structures that govern scopes of duties, responsibilities and quality assurance. The integration of CSR into the core business poses individual challenges for every company. At the same time, the CSR management within the company becomes more professional, making CSR to an ever more prominent competitive factor. Lothar Hartmann, director of sustainability management at the mail order business memo AG which received multiple CSR awards is reporting about the daily operational routine of CSR and sustainability management. Background information about CSR at memo AG is presented in chapter 7 by means of a case study.

Learning targets

- Get to know operational CSR management based on an example from the corporate practice

CSR learning contents

InnoTrain: How did your personal involvement with CSR start?

Lothar Hartmann: I had a knack for ecological topics as early as when I studied business economics, especially in connection with the special fields logistics or industrial management. Therefore, it was an excellent challenge - and ultimately "calling" - for me to find employment with memo AG; a company that defined sustainability as the basis of its corporate philosophy as early as when it was founded in 1990. I was particularly fascinated by the idea of exclusively including the most environmentally, health and socially compatible products of a division into the product portfolio.

When I started working for memo AG in 1997, I was initially responsible for managing the catalog production and the web shop development. At the same time, I pursued part-time continuing education. It included my successful graduation as an environmental protection officer. In addition, I intensively expanded my know-how about different ecological and social topics: sustainable product design, green logistics to name but a few. Although the idea of CSR was firmly integrated in all
divisions of memo already back then, be it in the product portfolio design, logistics, building management or employee orientation, a management system to coordinate and view the various divisions as a whole was missing at the time. The idea of installing a complete sustainability management was born. In addition, the integration of the quality management into the sustainability management was to be a key characteristic of the system. At the end of 1998, the management of memo AG commissioned me to develop and implement the sustainability management.

**InnoTrain: What were your first steps and experiences with CSR?**

Lothar Hartmann: In the first step, we analysed all processes together with the employees within the scope of audits, documented important contents and conducted detailed interface analyses. In addition, we compiled the first ecobalance of the company in which we measured and documented all relevant incoming and outgoing material and energy flows. We were able to quickly identify easily implementable optimisation measures as early as during this first phase. They were usually implemented directly by the employees in charge of the process and have already achieved additional positive ecological, quality-related or economic benefits.

In the second step, the management used the process analysis and the results of the ecobalance for the further development of the corporate strategy with respect to a universal perspective and for the definition of strategic goals. Then all employees were extensively briefed about the contents of the management system and given the opportunity of actively getting involved beyond their actual responsibilities.

Since then, this process is regularly repeated with audits conducted at the divisions every six months, with interface meetings focused on the needs, an annual ecobalance and a system evaluation report for the management. Strategic goals are further developed or re-defined and many operational measures conducted based on these activities. We refer to this as the continuous improvement process of memo AG.

**InnoTrain CSR: What is the operational daily routine like for you as a CSR officer?**

Lothar Hartmann: In my opinion, the daily routine of a CSR manager is characterised by a very broad range of activities, not just at memo AG. A CSR manager should be both an expert and a multi-talent. Therefore, regular continuing education for all relevant sustainability topics is the "top priority".

Because at memo, CSR is integrated locally in the company, my main duties consist in providing information, advice and coordination. Ultimately, I am sort of like an "internal corporate consultant". It is fairly uncommon for me to conduct the entire project or activity by myself. Normally, I am assisting with the implementation phase and will then audit the agreed control process within the scope of the management
As a result of the company's growth and rising work force numbers, the share of consulting and information activities opposite the executors is expected to continue growing. Currently, it is a major organisational challenge to integrate team leaders more into the CSR-associated responsibility. The vision is that each one of them eventually develops into a CSR manager for its own division.

As sustainability manager, I am additionally responsible for the compilation of our regularly published sustainability report and the certification of our company according to the various standards such as ISO 9001, ISO 14001, FSC or the EC Eco Ordinance.

InnoTrain: How do you organise CSR in terms of employees throughout the company?

Lothar Hartmann: The organisational structure of memo AG is designed locally. This promotes the team work both within the divisions as well as across the interfaces. The intensive co-operation of all employees - irrespective of the hierarchical levels - helps us achieve a continuous improvement process for all corporate activities.

InnoTrain: In your opinion, what are the opportunities and risks associated with CSR in small and medium-sized enterprises? What are the success factors?

Lothar Hartmann: Let's simply look at the reports in the media published in recent years: They were characterised by food-related scandals, problems associated with climate change, poor work conditions and many other CSR-relevant topics. The end user is increasingly well informed and at the same time sensitised. This means that end users will put greater emphasis on social, ecological and health-related aspects when making future purchase decisions. This affects in particular also small and medium-sized enterprises (SMEs). If a company is already dealing with the topic CSR now, it will be able to generate significant competitive advantages in the future compared to other - including large - enterprises. One of the problems small and medium-sized enterprises are facing is the efficient gathering of information. Understandingly, especially SMEs often have too few capacities to research and manage the multitude of relevant information required to make a decision. Therefore, the intensive cooperation with government offices and NGOs makes sense.

InnoTrain: A tip from the expert - "recommended for imitation"?

Lothar Hartmann: Start with small, manageable and easy to implement measures, in particular ones that help the employees with their daily work. Sustainability is not a static matter, in fact, the following applies: the journey is the destination.
Additional information and resources

memo AG – Lothar Hartmann, director of sustainability management

http://www.memo.de
Simple steps to build your CSR strategy

8.10. Advice and support with CSR – Interview with an expert

In short

How much advice and service do companies require for Corporate Social Responsibility (CSR)? Dr. Norbert Taubken has developed CSR for AOL Germany at the beginning of the century. After pioneering the CSR consulting business, Dr. Taubken is now head of the consulting firm Scholz & Friends Reputation under the umbrella of the internationally active communication agency Scholz & Friends. Below is a summary of his advice from an interview with the expert: "A company should always consider CSR as a topic, as whatever they hope to move or change - and support it with the matching tools."

Learning targets

- Get to know the approach to CSR from the perspective of a consultant

CSR learning contents

Do companies need a corporate consultant, a communication consultant, an environmental consultant or a CSR agency for their CSR?

Dr. Norbert Taubken: All these protagonists are active in the field of CR*. The lines are often blurred. For example, I am the head of a strategical CR consulting firm under the umbrella of a communication agency. Good consultants provide services from their respective CR perspective, designed to bring the company one or two steps further in terms of a specific task. Therefore, I personally don't think that the designation of the consultant is what matters most, but the match between the requirements and the skills as well as the accumulated experience.

As a company, it is important to acknowledge that agencies and consultants are focusing on different performances with the topic CR integrated into their portfolio. The understanding of CR and the skills should therefore be evaluated and matched carefully first. A marketing expert who is also dealing with CSR can provide companies with a marketing perspective of the topic. This consultant may have realised attractive marketing motifs on sustainability and knows how to reach consumers with them. However, he will likely not be able to tell the companies much about the strategic focus, organisational development and the implementation of CR structures. A corporate consultant is likely to predict the major trends which are
expected to have a general impact on the economy in the future and may be helpful in the field of product innovation. The advantage of people closely integrated into the CR and sustainability community is that they are usually CR all-rounders having an overall view with respect to external expectations. This can be very useful for the strategic positioning of CR. Because it is important that the course for CR strategies is set properly right from the start. Product innovation, the connection with marketing, human resources structures and others will fall into place in chronological order.

What does CSR consultation comprise?

Dr. Norbert Taubken: The main point first: An agency or consulting firm will not be able to provide a "standardised unravelling" of the topic CR. The point is to find out what responsibility means to this specific company. And this question needs to be answered within the company itself. The responsibility of a consultant is to provide the company with a well-founded external view on this process and to integrate analytical outcomes into the decision making process. CR consulting moderates and assists the company with a process. My approach in this respect is: anything a company is able to perform internally in connection with the formation of the CR strategy should be done internally. In other words: it starts with a good planning of the process. The management, board of directors and the operational level should get together to determine the goal. This will result in a schedule which will make it clear where it makes sense to obtain expert advice or to acquire time resources.

Where does CSR advice actually start?

Dr. Norbert Taubken: No company starts at zero. It is all about uncovering hidden treasures! I have never come across a company without CR. At least the second, thorough look reveals a wealth of measures and activities that would these days be bundled under the terms CR or CSR. Such a compilation often yields a surprise effect, in the sense of "I see, we have been doing this all along!" An important secondary effect: This stock-taking process allows the integration of all central figures of the company. If an external person is given the lead role, it results in an incomplete CR orientation on the one hand and in internal opposition on the other hand.

The second phase consists in assessing the status quo. Activities will be put in relation to the company's economic goals. Therefore, CR is always a cross-sectional task. It does not concern a single department, but rather runs through the entire company in the form of an attitude toward values. You should not establish a CR profile that exists detached from other structures within the company, but rather position CR as an integral component of your own economic activities, i.e. by integrating it into business goals, the corporate structure and corporate values. This is how your CR profile provides the answer about what responsibility means to your company.
What should CSR consultation pay special attention to?

Dr. Norbert Taubken: CR consultation should be able to evaluate social engagement economically. Many companies are intuitively doing good social deeds. A wealth of projects and topics exist which are naturally all considered positive. However, these days Corporate Citizenship means strategically positioned social engagement. This is precisely where consultants need to slip into the role of a business economist. However, the return on investment follows different rules than making a quick profit. Consultants can help devise the proper categories and indicators in this respect. One of the main basic principles of CR advice should be the - at least communicative - focus on essential "beacons". In addition, you will have to watch out for risky topics and encourage the company to develop credible attitudes toward critical topics. This process of prioritising activities, focusing and positioning can easily take two or three years.

What kind of developments do you see from the perspective of a CSR consultant?

Dr. Norbert Taubken: The integration of stakeholders into specific topics and processes of companies is growing. The question arises to what extent companies wish to open up. It is all about discourses, compromises and finding solutions, especially also with critical stakeholders. Based on this development, dialog formats are increasing and the possibilities available in Web 2.0 are used more often.

Another topic deals with how I can make consumers aware of CR-related topics. How do I achieve the sensitivity in consumers that the additional money I am investing to make my products better, greener and more sustainable can occasionally be reflected in a slightly higher price? Or an increased turnover? These tasks are expected to affect the communication agencies very strongly in the future. Because many companies are active internationally, the international harmonisation of engagement projects is another hot topic. The same company often represents different values and engagement topics in different countries. From a company's point of view it makes sense to handle a social topic internationally in order to generate operating figures across the borders. The task is to develop a conceptual roof on a global level for a topic, which creates an internationally uniform profile while at the same time being regionally adaptable. It would be a mistake to neglect sociocultural and regional backgrounds.

*Note: The interviewing partner is using the term CR (Corporate Responsibility) rather than CSR. For more information about the distinction between the terms CSR and CR, please refer to module 1.2.

Additional information and resources

Scholz & Friends Reputation – Dr. Norbert Taubken, Business Director

http://www.s-f.com/reputation