

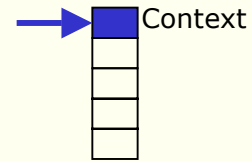
UNIDO Project on
**“Development of a Corporate Social
Responsibility Concept
in Croatia”**

Belgrade

26 June 2007

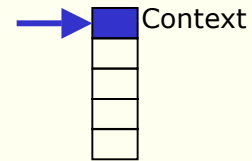
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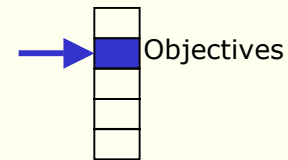
Context

- Croatia – process of stabilization and accession to the EU
- Croatian business – faced with challenges to meet the standards and requirements of the EU marketplace
- CSR - policy concept of growing importance
- CSR practiced in Croatia to a certain extent
- Major challenges in the CSR domain:
 - Limited knowledge in all social levels
 - Not clearly defined role of the state and lack of political support
 - Lack of mechanisms for multi-sectoral connections
 - Insufficient educational programmes

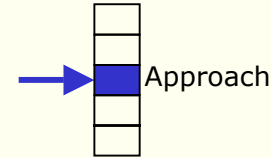


- Urgent need to:
 - Investigate already applied practices
 - Further develop and promote CSR concept in Croatia
 - Assist and guide companies in meeting social and environmental requirements
 - Develop a comprehensive approach
- Agreement on “*Development of Corporate Social Responsibility*” signed by UNIDO and Ministry of Economy, Labor and Entrepreneurship in April 2004

Objectives



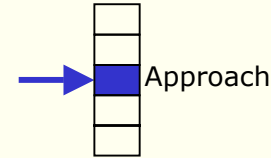
- Generate the evidence that the CSR has positive impact on businesses
- Build the necessary CSR-related capacity in the country
- Assist in developing a strong, export-oriented SME sector, able to meet the environmental and social requirements of international customers
- To facilitate the preparation of a Croatian business agenda for CSR in partnership with public and private sector institutions and enterprises.



Project activities in three phases:

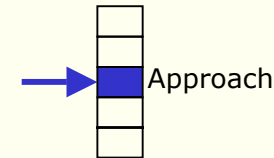
- 1. The Assessment Phase**
- 2. The policy and instruments - building phase**
- 3. The CSR cases – building phase**

Assessment phase



- Provide an overview of the status of CSR in the Country
- Identify target areas to focus on
- Responsible Competitiveness Index (RCI) was recalculated included Croatia and other SEE countries

Responsible Competitiveness Index (RCI)



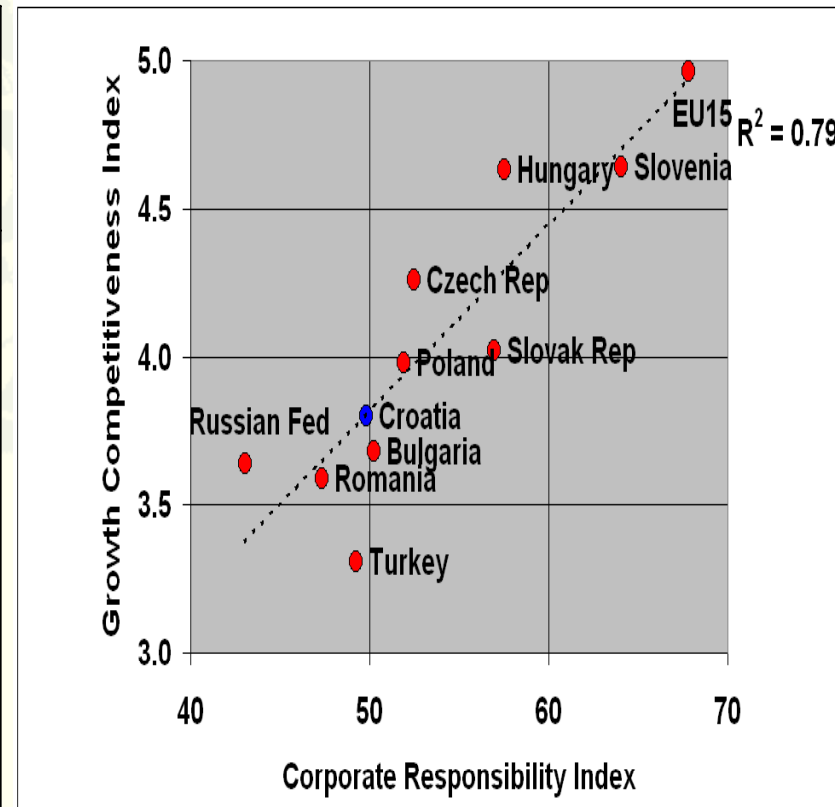
- Croatia ranked 7th out of 10 peer countries

For Croatia, strong points in the RCI study included:

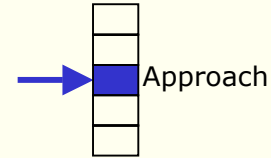
- Good workplace safety, employment laws and training;
- Reasonable engagement with civil society;
- Good contributions to public finance through corporate tax.

Less strong points identified in the RCI study further included:

- Problems with business ethics and corruption;
- Difficulties with public policy formulation;
- A limited uptake of Environmental Management Systems.



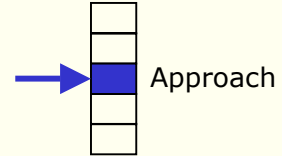
Policy and instruments building



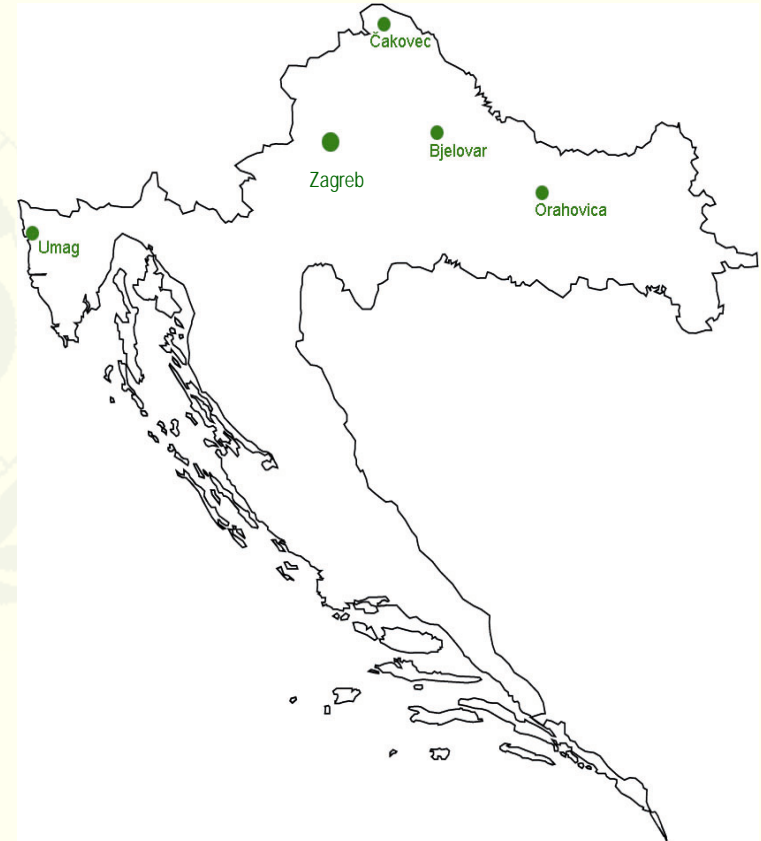
- Multi-sector interactive workshop in November 2004
→ 'how to develop comprehensive policy framework for responsible business'
- participation of the main national stakeholders
- Role of the Government:
 - Creating an enabling environment for responsible competitiveness
 - Promoting good CSR practises
 - Using CSR as a mechanism to achieve specific public policy goals

- mandating (legislation/standards),
- facilitating (incentives, platforms, etc.)
- endorsing (approval of private sector initiatives)
- partnering (multi-sector)

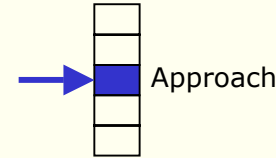
CSR cases-building phase



- Demonstration projects in selected pilot companies
- 4 selected companies:
 1. KIO KERAMIKA – ceramic tiles producer
 2. LURA d.d., Tvornica Sirela – diary
 3. PPM d.o.o., Čakovec – metal industry
 4. SIPRO d.d., Umag – chemical industry

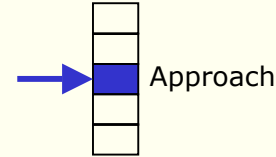


CSR cases-building phase



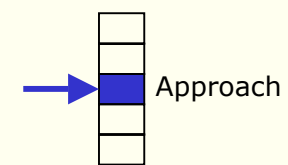
- TBL (Triple Bottom Line) Approach
- Application of tools in three areas:
 - **Productivity**: workplace organization/management
 - **Social**: labor standards, working conditions, health and safety, freedom of association, etc.
 - **Environment**: use of resources, waste/emissions
- Formation of training material and a learning model

CSR cases-building phase



- **Project input**
 - Seminars, coaching, training material
- **Situation assessment**
 - Surveys, shop floor visits
- **Identification of potential areas of intervention**
 - Establishment of priorities
 - Implementation of concrete measures in all three areas
- **Impact review**
 - Definition of performance indicators
 - Documentation of performance indicators - REAP software

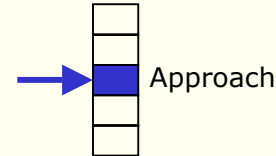
Performance indicators I



1	Productivity performance indicators											
	Indicator	Calculation	Data	Data	Initial project data (05 2005)			Control data (11 2005)				
			01/2004-12/2004	01/2005-04/2005	Company level	Dept/ prod. line 1	Dept/ prod. line 2	Dept/ prod. line 3	Company level	Dept/ prod. line 1	Dept/ prod. line 2	Dept/ prod. line 3

- **Productivity** (customer complaints, rejection)
- **Delivery performance** (delivery performance)
- **Equipment breakdown** (frequency, hours)
- **Production** (output performance)
- **Set up change over** (set up change over time)

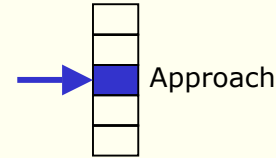
Performance indicators II



2 Social performance indicators											
Indicator	Calculation	Data 01/2004- 12/2004	Data 01/2005- 04/2005	Initial data (05 2005)			Control data (11 2005)				
				Company level	Dept/ prod. line 1	Dept/ prod. line 2	Dept/ prod. line 3	Company level	Dept/ prod. line 1	Dept/ prod. line 2	Dept/ prod. line 3

- **Stability** (working days lost, labour turnover)
- **Wages / hours** (minimum salary, over-time)
- **Accidents / sickness** (accident incidence...)
- **Workplace** (level of heat, noise, dust)
- **Satisfaction** (5 questionnaire questions)

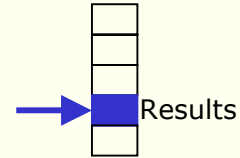
Performance indicators III



3 Environmental performance indicators												
Indicator	Calculation	Data	Data	Initial data (05 2005)				Control data (11 2005)				
		01/2004-12/2004	01/2005-04/2005	Company level	Dept/ prod. line 1	Dept/ prod. line 2	Dept/ prod. line 3	Company level	Dept/ prod. line 1	Dept/ prod. line 2	Dept/ prod. line 3	

- **Energy use** (electrical efficiency)
- **Water use** (fresh water, re-use)
- **Waste water** (BOD, COD, TSS)
- **Solid waste** (total, hazardous)
- **Air quality** (VOC, odour)

Results



- Company level
 - Enhanced understanding of CSR/TBL approach
 - Implementation of concrete measures
 - Establishment of supporting processes
- CPC capacity building
 - Expansion of expertise to productivity and social domains
 - Methodology development
- Policy support for CSR initiatives
 - First steps to definition of CSR support tool
 - Regional dialogue initiated

**THANK YOU VERY MUCH FOR
YOUR ATTENTION!**

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