



## **Corporate Social Responsibility in the Carpathian Region**

**Final Report - Slovakia**



July 2007

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in cooperation with The Carpathian Foundation Slovakia

## Final Report - Slovakia

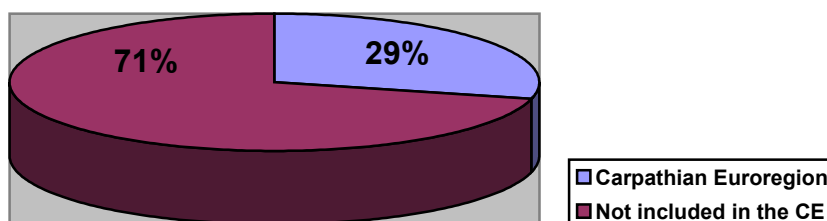
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## 1. Background of the Slovak part of the Carpathian Euroregion

Slovakia has 5 389 180 inhabitants according to the Statistical Office of the Slovak Republic (2005). Around 29 % of them are included in the Slovak part of the Carpathian Region (regions of Prešov and Košice).

**Population included in the Carpathian Euro Region**



Slovakia has 8 counties and two of them are included in the Slovak part of the Carpathian Region. In the table listed below are the number of inhabitants in each county and the number of inhabitants in the cities where data were collected.

Counties included in the CE	Number of inhabitants *	Municipality (mainly where data were collected)	Number of inhabitants *
Prešov	798 596	Prešov	164 331
Košice	771 947	Košice	235 006

\* Source of data: Statistical Office of the Slovak Republic, 2005. Available: [www.statistics.sk](http://www.statistics.sk)

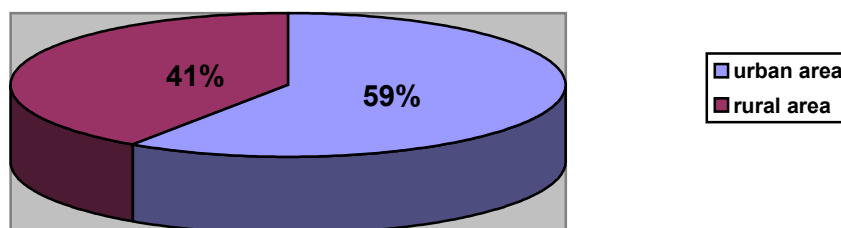
The share of persons with any religious affiliation in total population based on Census from 2001 reached 84,1 %. 68,9 % is reporting to be Roman-Catholic, 6,9 % belong to the Evangelic Church of Augsburg, 4,1% are Greek-Catholic and 2% Reformed.

Confession	Percentage
Roman-Catholic	68,9 %
Evangelic Church of Augsburg (Lutheran)	6,9 %
Greek-Catholic	4,1 %
Reformed	2 %

At national level 40,5% of the population is living in the rural area, the rest of 59,5% in urban. The average of the population at county level is very similar with that of national level – in the Prešov region it was 42,9 % rural population in 2004 and 39,3% of the rural in the Košice region.<sup>1</sup>

<sup>1</sup> Program rozvoja vidieka SR 2007-2013. Available: [http://www.land.gov.sk/slovak/dok/prv07-13\\_k03052007/prv07-13\\_03052007\\_kap3\\_1\\_1.pdf](http://www.land.gov.sk/slovak/dok/prv07-13_k03052007/prv07-13_03052007_kap3_1_1.pdf)

### Population by area at national level



The level of the GDP gives us a picture about the economical development of the different counties of the region. The most developed county is Košice, which is situated at the border with Hungary and Ukraine, in the South-Eastern part of Slovakia. Less developed is the Prešov region, situated in the north-eastern part of the county bordering on Poland and Ukraine.

Counties included in the CE	GDP*
Prešov	9,0 %
Košice	12,7 %
Slovakia (in 2004 - 33.86 billion EUR)	100 %

\* Source of data: Statistical Office of the Slovak Republic, 2004. Available: [www.statistics.sk](http://www.statistics.sk)

The unemployment rate is higher in the Košice region, despite it has a higher regional GDP than the Prešov county.

Counties included in the CE	Unemployment rate *
	Total
Prešov	18,1 %
Košice	20,3 %
Slovakia (total in 2006)	13,3 %

\* Source of data: Statistical Office of the Slovak Republic, 2006. Available: [www.statistics.sk](http://www.statistics.sk)

### Background of the country in the context of CSR

Activities of companies with wider impact on society and environment have been **present in Slovakia also in the past**. Though not named as such the nature of involving employees into work for communities (f.e. Action Z), or support to public beneficial activities also during the socialist times were close to the nowadays CSR concept. This concept is being adopted more widely in Slovakia since the **beginning of the 21st century**, though some initiatives to stimulate corporate community involvement appeared already in the mid of 1990's (f.e. Business Breakfasts of the Via Bona Award for Corporate Giving organised by the Civil Society Foundation).

Major initiatives driven by business appear only after 2004 when the **Business Leaders Forum (BLF)** in Slovakia is founded by 11 major companies<sup>2</sup> – initiated and administered by the Pontis Foundation. Despite

<sup>2</sup> These included: Citibank (Slovakia), a.s., Hewlett Packard Slovakia, s.r.o., Orange Slovensko, a.s., Pfizer Luxembourg SARL, o.z., Philip Morris Slovakia, s.r.o., Provident Financial, s.r.o., Slovak Telekom, a.s., Tesco Stores SR, T-Mobile Slovensko, a.s., Všeobecná úverová banka, a.s., Západoslovenská energetika, a.s.

later than in other Central European countries, the BLF plays a leading role in promoting CSR activities in the country, being it large and multinational corporations who take a lead.<sup>3</sup> **The Pontis Foundation** in cooperation with the BLF awards annual the **Via Bona Award** for corporate giving and corporate social responsibility. The CSR promotion among small and medium companies has been done by the **Integra Foundation**. The **Donors Forum** initiated a **Club of Corporate Donors** in 2006 which aims at promoting culture of corporate giving, helping corporate donors by setting standards, improving the environment and cooperation with important stakeholders.<sup>4</sup> **PANET** has focused on informational and consulting activities in the field of CSR and business-NGO cooperation since 2002. **NGOs on national level are thus major drivers for the CSR promotion** – awareness and resources building, activation of others.

The government and academia do not perceive promotion of CSR as an up-to-date issue. And do not do much in this respect. The only minor initiative undertaken by a central institution is the „**Family-friendly Employer**“ Award organised by the Ministry of Labour, Family and Social Affairs or initiatives promoting **ISO certification** and **eco-labeling** of companies by the Ministry of Environment<sup>5</sup>. There is only one specialised **academic course** devoted to CSR run at the Comenius University in cooperation with the Pontis Foundation. The only **information portals** dealing with the topic of CSR in the country is the website of BLF ([www.blf.sk](http://www.blf.sk)) and portal of PANET and the Children of Slovakia Foundation ([www.partnerstva.sk](http://www.partnerstva.sk)).

The specificity of Slovakia in the CSR respect is the unique **existence of the 2% tax allocation mechanism**, which entitles not only individuals, but **also companies to allocate portion** of their paid income tax to NGOs. This is a phenomenon, which drives business-NGO cooperation in the country. Though basically allocating public money – otherwise taxes – this instrument boosts mutual interaction. On the other hand it blurs understanding of sheer philanthropy as one of the CSR practices.

More than half of companies in Slovakia link socially responsible activities to **addressing stakeholders' concerns** and **ethical conduct**. Slightly less than half of respondents associate socially responsible activities with **transparency in operations** and **compliance with existing regulations** followed by **environmentally friendly activities**, establishing **stakeholder partnerships**, **public relation** issue, and **correcting social inequalities**.<sup>6</sup>

**CSR involves** compliance with existing regulations, behaving ethically, and assuring environmental protection. Equally important is the shared attitude concerning what CSR is not specifically, the correction of social inequalities and public relations. There is a convergence of attitudes concerning the appropriate role of the company in the society/economy (complying with regulations, making profits, avoiding the use of child labor, and protecting the environment) and what is not a reasonable role for companies to play (simply contributing to charities, creating jobs for their own sake to make more work for more people). Companies see themselves as pre-disposed to act in a socially responsible manner, and may already be doing so, they feel they lack economic incentives and regulations to go further.<sup>7</sup>

<sup>3</sup> Extended to 16 members (other companies: DELL, s.r.o., DaimlerChrysler Automotive Slovakia, s.r.o., Skanska SK, a.s., U.S.Steel Košice, s.r.o., Východoslovenská energetika, a.s. in June 2007) the BLF members committed voluntarily to integrate in their strategies principles affecting the social, ethical, and environmental aspects of entrepreneurship. The activities include publications, awareness raising events, benchmarking, research & surveys, Via Bona Slovakia Award, advisory services and consulting. Source: [www.blf.sk](http://www.blf.sk)

<sup>4</sup> The members (in June 2007) are: GlaxoSmithKline, s.r.o., Pivovar Šariš, a.s., TIPOS, národná lotériová spoločnosť, a.s., Volkswagen Slovakia, a.s., Slovak Telekom, a.s., Provident Financial, s.r.o.

<sup>5</sup> Baseline Study on Corporate Social Responsibility Practices in Slovakia. Final Draft. UNDP, 2007.

<sup>6</sup> What Does Business Think about Corporate Social Responsibility? Part II: A Comparison of Attitudes And Practices in Hungary, Poland and Slovakia. Enabling a Better Environment for CSR in CEE Countries Project, 2005.

<sup>7</sup> Ibid.

The companies in Slovakia identified subsidized interest rates, empowerment of the local government (tax exemptions), and recognition by consumer and business partners as **factors encouraging adoption of CSR practices**. For companies in Slovakia the most important factor in encouraging CSR is **tax incentives**. There is a shared view that government interventions would be of lower priority in stimulating the adoption of CSR. However, companies also pointed to dialogue with the government as a useful factor.<sup>8</sup>

As for **public perception of CSR**, according to a quantitative research 40% of respondents have encountered corporate social responsibility (CSR), but further qualitative findings show the real number of those, who heard of CSR, is lower. Substantial finding is that the CSR is perceived as a synonym to business ethics. The concept of CSR as such is too abstract for the public who is interested in particular CSR practices only, especially connected with local topics people meet in their neighbourhoods. People realize the term CSR is wide and they recognize many links between companies and their surroundings (environment, various stakeholders, state...). The most important field of CSR in public perception is the policy towards employees in its broadest sense (education, social program, benefits), and it is often perceived as mandatory, non-written condition taken as obvious. Relationship to environment and philanthropy are the most visible elements, based on which respondents perceive and evaluate companies as socially responsible or not. In communication the issue of CSR reports and information trustworthiness seemed to be substantially important. Less trustworthy information is likely to be perceived as published in national media. On the contrary information published in local, narrow oriented communication channels should have a potential to appeal and convince members of various target groups. People do not perceive advertising CSR negatively, though the concept can be sometimes understood as marketing anyway.<sup>9</sup>

The Slovak part of the Carpathian Euroregion hosts one of the major Slovak companies and major flat-rolled products maker in Central Europe – **U.S.Steel Košice, s.r.o.** It is a part of the United States Steel Corporation and besides being one of the biggest companies in the country, it also pioneers in promoting CSR. This concept is a part of its corporate culture and has been adopted since 1909 when one of the company's founder Elbert H. Gary defined the basic principles of honest and fair business conduct. The concept has been applied in Slovakia after investing in Slovakia. The main driver of CSR promotion in the region stems therefore from a foreign multinational company which joined the leading initiative of the Business Leaders Forum and helps promote CSR practices on a nationwide scale.

Another important CSR promoter in the region is **Východoslovenská energetika, a.s.** - an energy utility with its core business in sales and distribution of electricity. Since 2003 VSE has been a part of German corporation RWE Energy, with which it shares common values in the Code of Conduct. They create a framework for both business and social actions of the company towards its customers, shareholders, suppliers and public. VSE is a member of the Business Leaders Forum as well.

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<sup>8</sup> Ibid.

<sup>9</sup> Vnímanie spoločenskej zodpovednosti firiem, Nadácia Pontis, 2006.

## 2. Methodology

The data for this study has been collected through desk review, semi-structured interviews and focus groups with selected respondents.

**Desk review** aimed at monitoring of the CSR framework, identification of major actors and challenges within the issue in the country and particularly its eastern regions. Several studies and analyses have been reviewed in order to provide background data for further analysis.

**Individual interviews** and **focus groups** were designed to collect qualitative data on CSR practices and corporate community involvement in the regions of Košice and Prešov. There have been 6 individual interviews conducted in the municipalities of Košice, Prešov, Bardejov and Vítáz, and two focus groups in Košice (with participants from Košice, Moldava nad Bodvou, Rožňava and Spišská Nová Ves) and Prešov (Prešov, Bardejov, Zlatá Baňa, Lipany). One case study has been built on secondary data available and a telephone interview (Veľký Šariš).

The interviewees and focus groups participants were selected based on the following criteria – they were representatives of companies or their partners who implemented or were involved in CSR project in the Slovak part of the Carpathian region – Košice and Prešov. The company or NGO should have performed at least one CSR activity in the last 3 years. Based on this criteria respondents from the following backgrounds:

- 3 companies
- 2 NGOs
- 1 self-government

were selected for **individual interviews**. Other 7 (6) participants in the following structure:

- 2 (2) companies
- 2 (2) NGOs
- 1 (1) self-government
- 1 (1) local media
- 1 (0) academia

came to **focus groups** in Košice and Prešov (figures in brackets). The respondents were not identical at individual interviews and at focus groups, excluding the case of the U.S.Steel Košice. A representative of this corporation was firstly invited to come to the focus group, but the case appeared to be very interesting for individual interview as well.

The **selection of respondents** and **data collection** – individual interviews – were performed by the Carpathian Foundation in Slovakia staff in the period of April–May 2007, the focus groups were conducted by the Carpathian Foundation and a local CSR expert on April 23, 2007 in Košice and April 24, 2007 in Prešov. The interviews and focus groups were recorded, later transcribed and analysed.

One of the main **methodological restraints** proved to be collection of data on financial value of the corporate involvement in community. The companies either do not know how to evaluate their different forms of involvement, or do not want to disclose this figure. Even when this data is available, it is often misinterpreted – since the provided financial means often include 2% of the corporate income tax and philanthropic donations. The tax allocation instrument allows to divert part of company's tax to NGOs – according to community investment standards of the London Benchmarking model, this transfer belongs to mandatory transfers which should not be reflected in a matrix evaluating community involvement. However, in Slovakia this money is hard to identify and therefore we tried to include data which was available with some explanatory comments.

### 3. Good practices – Case studies

#### U.S. Steel Košice, s.r.o.

##### A. Company

**Company name:** U.S. Steel Košice, s.r.o.

**Business profile:** A profitable integrated steel company located in Eastern Slovakia represents a successful partnership of Slovak technical skills and knowledge with strong American plant management and market-oriented business experience. In November 2000 the ownership of the complete metallurgical operation of the East Slovakian Steelworks was successfully transferred to the U. S. Steel Group, then a unit of the USX Corporation (now the United States Steel Corporation).

**Company size:**

Number of employees: 13558, together with daughter companies 16133

Number of national branches: 1

Annual operating profit: 556,1 mil. EUR

Annual turnover: 2 674,7 mil. EUR

**Company ownership:** foreign company

**People involved in decision-making process for CSR practice** (please specify position within the company): president, vice-presidents, public affairs director

##### B. Partner

**Institution name:** elementary and secondary schools in Košice and neighbourhood

**Institution profile:** public institutions for education of children and youth

**Institution size**

Number of employees:

Number of national branches:

Annual budget:

**Institution ownership** (if the case): public

People involved in the decision making process as partner of the company (please specify the position within the institution): directors and teachers

##### C. Factual data of the partnership

When was the CSR project/initiative/program initiated: support/competition for elementary schools (Where and How We Will Live)<sup>10</sup> started in 2003 (there have been 4 rounds already), support/competition for secondary schools (What We Never Knew Until Now)<sup>11</sup> was initiated in 2005 (2 rounds)

Who initiated the CSR project/initiative/program.....company

<sup>10</sup> This competition focuses on the protection of air, water and nature through waste separation and collection. The pupils of participating schools must be able to participate in project preparation and realization, and the projects should be executable in real life.

<sup>11</sup> Objective of this knowledge competition is to motivate students to take an interest in the environment, support positive attitudes toward the environment, and help recognize the importance of its protection.



Corporate input	Organization input	Monetary value of inputs	Outputs		
			Other resources leveraged from other partners	Community benefits	Business benefits
Financial donation of the company <sup>12</sup>	Motivation and participation of pupils and students (schools)	21.970 EUR* (Where and How We Will Live) (company)  2.647 EUR* (What We Never Knew Until Now) (company)  * data from www.usske.sk		Children and youth involved in environmental education and activities (e.g. renovation of a school fountain, creation of a nature classroom or implementation of a school waste separation system, increasing environmental awareness) – 95 elementary schools and 140 three-member teams of secondary schools students involved	Good reputation within the local community as youth supporter and promoter of healthier environment.  Awards Via Bona Slovakia 2002 and 2003 for CSR and corporate philanthropy  Award for Corporate Excellence 2003
<b>Totals</b>		<b>24.617 EUR</b>	<b>Impact</b>		
				More aware youth with better relationship to the environment protection and improved environment in neighbourhoods	Company is perceived as a respected corporate citizen with long-term positive perception of its operation in the community

The data in this matrix has been taken from and calculated based on secondary sources – [www.usske.sk](http://www.usske.sk). It does not include values of all inputs since they were unavailable. The company has invested more than 247 mil. EUR into ecological projects. The two projects above are a small portion of that. Since 2000, the amount of solid pollutant emissions per ton of liquid steel produced has been reduced by 81 per cent.

The EUR values have been calculated with exchange rate 34 SKK/EUR for all years.

<sup>12</sup> The financial contributions probably include also means from the allocation of the 2% of the corporate income tax.

**Quotes or other relevant information regarding the corporate social project/program/initiative.**  
Please offer any quotes, images, printed products you consider relevant to the project.



## Pivovary Topvar, a.s., production facility Veľký Šariš (former Pivovar Šariš, a.s.)

### A. Company

**Company name:** Pivovary Topvar, a.s., (production facility in Veľký Šariš)

**Business profile:** Pivovary Topvar, a.s., was created on the 1st January 2007, when the breweries Pivovar Šariš, a.s., and Topvar, a.s., merged into one company. It is 100% owned by the second largest in the world brewing company SABMiller. The company has two production facilities in Topoľčany (Western Slovakia) and Veľký Šariš (region of Prešov). Brewery in Veľký Šariš belongs to the technologically most modern breweries in the country. The tradition of beer brewing in the Šariš facility dates back to 1967. The company offers traditional Slovak brands of beer Topvar, Šariš and Smädný mních, as well as the Czech brands Pilsner Urquell, Gambrinus, Velkopopovický Kozel and alcoholfree Radegast Birell.

### Company size:

Number of employees: 1000 (the whole group in Slovakia)

Number of national branches: 2 production facilities, offices in the capital city, network of distribution-sales centres across the country

Annual after-tax profit: Pivovar Šariš, a.s.: -560.000 EUR, Topvar, a.s.: 13.680 EUR<sup>13</sup>

Annual turnover (2005): Pivovar Šariš, a.s.: 65,1 mil. EUR, Topvar, a.s.: 21,8 mil. EUR<sup>14</sup>

**Company ownership:** foreign company

**People involved in decision-making process for CSR practice** (please specify position within the company): executive management, public affairs manager

### B. Partner

**Institution name:** Community Foundation Veľký Šariš (Komunitná nábacia Veľký Šariš)

**Institution profile:** The mission of the Community Foundation Veľký Šariš is to help solve problems of Veľký Šariš citizens and improve their quality of life. It has been supporting activities improving social conditions and health of older people, children, youth and handicapped groups of citizens, supporting culture and education, charitable cultural events, improvements of the environment as well as protection of cultural heritage and sights since 1998. The Community Foundation also helps develop non-professional sports and sports activities in the town. It contributes to support local democracy and ethnically and religiously tolerant environment.

### Institution size

Number of employees: 7 staff incl. 1,5 full-time employees

Number of national branches: 1

Annual budget: 79.411 EUR<sup>15</sup>

**Institution ownership** (if the case): non-profit organization

People involved in the decision making process as partner of the company (please specify the position within the institution): executive director, board of directors

### C. Factual data of the partnership

When was the CSR project/initiative/program initiated: The cooperation between the Brewery in Veľký Šariš and the local community foundation started in 1999, when the foundation addressed to the company and offered them cooperation on local projects. This matrix includes data for cooperation since 2001 when the company supported several projects in the field of education, sports, culture and cultural heritage protection. The support has been concentrated in the *Civic Choice of the Pivovar Šariš* project (corporate fund set up within the community foundation). The aim of this initiative is to improve quality of life of the

<sup>13</sup> Both numbers are by TREND TOP 2006. Financial year of the Pivovar Šariš is not the same as a calendar year.

<sup>14</sup> Both numbers are by TREND TOP v priemysle 2006

<sup>15</sup> Community Foundation Veľký Šariš Annual Report 2006

citizens in its various fields. The specificity of the project is local citizens are the ones who decide, by voting which projects will be supported by the company and which not.

Who initiated the CSR project/initiative/program.....community foundation

Corporate input	Organization input	Monetary value of inputs	Outputs		
			Other resources leveraged from other partners	Community benefits	Business benefits
Financial donation of the company <sup>16</sup>  In-kind donations – refreshments at events	Administration of the project, corporate fund and grant-making process (community foundation)	31.029 EUR* (2001-2003) (company)  61.081 EUR <sup>17*</sup> (Civic Choice of the Brewery Šariš 2004-2006) (company)  * data from the Community Foundation Veľký Šariš Annual Reports	More partners were involved in other community projects	26 various projects chosen by citizens (in 2004-2006) improving life for children, handicapped, whole community and in the fields of education, sports, social life, environment, culture supported	92% of people working for the brewery are proud of their employer  Good reputation within other stakeholders in the community.
<b>Totals</b>		<b>92.110 EUR</b>			
			Impact		
				Activated community needs of which are solved with more stakeholders involved	Company is perceived as a respected corporate citizen with long-term positive perception of its presence in the community

The data in this matrix has been taken from and calculated based on a telephone interview and secondary sources – Annual Reports of the Community Foundation Veľký Šariš (<http://home.nextra.sk/komunit>), website of the Pivovar Šariš ([www.saris.sk](http://www.saris.sk)), cross-sector cooperation portal ([www.partnerstva.sk](http://www.partnerstva.sk)) and the Top Corporate Philanthropist ranking ([www.klubfiremnychdarcov.sk](http://www.klubfiremnychdarcov.sk)). The matrix does not include values of all inputs since they were unavailable. Pivovar Šariš has invested in support of NGOs and other community partners 52.941 EUR in 2004 (amount includes 2% corporate income tax)<sup>18</sup>, then 23.529 EUR in 2005 and 20.588 EUR in 2006 (these two figures are without 2% corporate income tax and include financial, in-kind donations, and other support)<sup>19</sup>.

The EUR values have been calculated with exchange rate 34 SKK/EUR for all years.

<sup>16</sup> The financial contributions probably include also means from the allocation of the 2% of the corporate income tax.

<sup>17</sup> This amount includes also means from the 2% corporate income tax mechanism – in 2004 this amount reached 29.411 EUR, in the following years the money has been donated only from corporate profits.

<sup>18</sup> Fórum Donorov – Top firemný filantrop 2004 - ranking of the biggest corporate supporters of NGOs

<sup>19</sup> Fórum Donorov – Top firemný filantrop 2005 and 2006

## Kronospan SK, s.r.o.

### A. Company

**Company name:** Kronospan SK, s.r.o.

**Business profile:** Roots of Kronospan date back to 1897. The company gradually expanded to other countries and today it belongs to the leaders in wood-based agglomerated materials. Kronospan arrived in Slovakia in 1997 when it took over the company of Drevokombinát Šariš and fasten on to a woodworking tradition in the region of Prešov. The manufacturing programme of Kronospan SK includes a production of laminate flooring, raw and laminate chipboards and wall panels. Kronospan has had a leading position in the sale of large-surface materials within Slovakia, and it is the only Slovak producer of floating laminate flooring, as well

**Company size:**

Number of employees: 400

Number of national branches: 1

Annual revenue: 88,97 mil. EUR<sup>20</sup>

**Company ownership:** foreign company

**People involved in decision-making process for CSR practice** (please specify position within the company): hired external PR manager

### B. Partner

**Institution name:** Community Foundation Prešov (Komunitná nadácia Prešov)

**Institution profile:** CF Prešov was founded with the aim to support local initiatives of citizens, foundations, civic associations or other non-for-profit subjects in the city of Prešov, which focus on development of culture, sports, health-care, education, work with youth and children, other age groups as well as improvement of environment, support of democracy and environment tolerant to different religions and ethnicities.

**Institution size**

Number of employees: 2 employees, 1 for a separate European project, 30-35 stable volunteers, other 30 occasional volunteers

Number of national branches: 1

Annual budget: 73.529 EUR

**Institution ownership** (if the case): foundation

People involved in the decision making process as partner of the company (please specify the position within the institution): The first contact is made through the Board, but also executive director. They are connected, each of them has its tasks...

### C. Factual data of the partnership

When was the CSR project/initiative/program initiated: initial talks started in 2000, data in the matrix is for the year 2006 only

Who initiated the CSR project/initiative/program.....foundation

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<sup>20</sup> TREND Top 2006

Corporate input	Organization input	Monetary value of inputs	Outputs		
			Other resources leveraged from other partners	Community benefits	Business benefits
1) Financial donations of the company  2) Financial donations of the company's employees	managing three funds <ul style="list-style-type: none"> <li>▪ Green Housing Estates Fund</li> <li>▪ Kronospan Open Fund</li> <li>▪ We live here as well... within foundation and grant-making program on behalf of the company (community foundation)</li> </ul>	15.530 EUR <sup>21</sup> (company)  2.117 EUR <sup>22</sup> (employees)		Dozens of green projects realized – new benches, new trees, new spaces revitalized  Sports tournaments organised  More children and youth activated	Positive reputation within the community.  Award of the Top Corporate Philanthropist – 14th rank in Slovakia  Award of Community Foundation Prešov to be the Donor of the Year 2004, 2005, 2006
In-kind donation of products (floorings) and other material		2.170 EUR <sup>23</sup> (company)  1.625 EUR <sup>24</sup> (community partners, schools and its partners)		At least 5 NGOs and schools received support for their crisis situations or projects improving environment, neighbourhoods	Good reputation within the local community as supporter of educational institutions.
Volunteer time of employees		303 EUR <sup>25</sup> (company)		More volunteers involved in community projects	Staff motivated through volunteering
<b>Totals</b>		<b>21.745 EUR<sup>26</sup></b>			
			<b>Impact</b>		
				Better environment, more comfortable public spaces, resolved social problems and active citizens in the neighbourhoods	Company is perceived as an involved community partner which helps improve bad image in the public caused by company's pollution of the environment

The data in this matrix has been taken from and calculated based on secondary sources – a community partner the Community Foundation Prešov and a company website [www.kronospan.sk](http://www.kronospan.sk). The EUR values have been calculated with exchange rate 34 SKK/EUR for all years.

<sup>21</sup> The Community Foundation Prešov estimated the annual financial contribution of the company to be around 17.647 EUR, based on the Top Corporate Philanthropist Ranking it was 20.120 EUR in 2006. This amount is a difference between this sum 17.647 EUR and the money collected by employees.

<sup>22</sup> [www.kronospan.sk](http://www.kronospan.sk)

<sup>23</sup> [www.kronospan.sk](http://www.kronospan.sk)

<sup>24</sup> [www.kronospan.sk](http://www.kronospan.sk) - this amount is only estimation of contribution of community partners to one of several projects. Based on the data available the in-kind donation of the company in the height of 813 EUR covered only 1/3 of total costs. Total contribution of other partners has been definitely higher (also in other projects), but this data is not available.

<sup>25</sup> This amount is calculated as difference between the total sum which is taken from the ranking Top Corporate Philanthropist 20.120 EUR in 2006 deducted by financial (estimated by the community partner) and in-kind contributions ([www.kronospan.sk](http://www.kronospan.sk)) of the company

<sup>26</sup> Fórum donorov - Top firemný filantrop 2006

**Quotes or other relevant information regarding the corporate social project/program/initiative.**  
Please offer any quotes, images, printed products you consider relevant to the project.

**SUPPORTED PROJECTS<sup>27</sup>**



<sup>27</sup> [www.kronospan.sk](http://www.kronospan.sk)

**GREEN HOUSING ESTATES**





## Telegrafia, a.s.

### A. Company

**Company name:** Telegrafia, a.s.

**Business profile:** Founded in 1919 in Pardubice, renewed in 1990 Telegrafia played an important role in radio communication industry, creating and developing radio communication equipment. After the WWII company joined Tesla corporation and its scope of activities extended by top quality products in radiolocation and radio communication field.

The original goal was to provide engineering services in the field of radio communication technology.

Several years after, company increasingly extended its activities also in the information technology market.

**Company size:**

Number of employees: 90

Number of national branches: 4, (one daughter in Romania)

Annual revenue: 8,4 mil. EUR

Annual turnover: over 8,8 mil. EUR

**Company ownership:** 3 Slovak owners

**People involved in decision-making process for CSR practice** (please specify position within the company):

Board of Directors of the company, before it was general assembly (there was a transformation of the company from the limited liability to joint stock company), who is responsible for decision-making about all issues (financial). This decision-making body – board of directors – has 3 members – co-owners. The executive body of the decisions is the executive director.

### B. Partner

**Institution name:** Society of Friends of the Orphanage Children – Smile as a Gift (Spoločnosť priateľov detí z deťstských domovov - Úsmev ako dar)

**Institution profile:** Oldest and biggest nationwide civic association - voluntary organisation supporting children in alternative parental care. Organises various projects, educational activities, provides social care and prevention, social counselling, concrete help to children and families, organising oldest beneficial concert in the country.

**Institution size**

Number of employees: 9 – central headquarters; 5 employees, 44 volunteers – in branch Košice, (in 2006)

Number of national branches: 7

Annual budget: 523.529 EUR<sup>28</sup>

**Institution ownership** (if the case): civic association

People involved in the decision making process as partner of the company (please specify the position within the institution).....

### C. Factual data of the partnership

When was the CSR project/initiative/program initiated: 15 years ago in 1992, cooperation in employment of an NGO person for 10 years

Who initiated the CSR project/initiative/program.....civic association

<sup>28</sup> Výročná správa Úsmev ako dar 2006

Corporate input	Organization input	Monetary value of inputs	Outputs		
			Other resources leveraged from other partners	Community benefits	Business benefits
Financial donations <sup>29</sup>	Managing the project, input of human and logistic resources, knowledge, expertise	1.450 EUR (company in 2006)		Contribution to transformation of living conditions of abandoned children	Good reputation within the local community.  Award for support of orphanages and dormitory schools transformation by the NGO
In-kind donation of a computer	Administration of donation	750 EUR (company approximately every second year)	Computer network, printers (other companies)	Opportunity for children to get computer literacy	Getting rid of older equipment.
Employment of a person working for the community partner	Employee secures promotion of a corporate brand on NGO events and materials	1 full-time staff per month (403 EUR x 12 months) = 4.836 EUR/year* (company)		One NGO person gets money for salary from the company while working for the NGO Smile as a Gift	Direct connection between the company and the NGO.  Good reputation within stakeholders.
<b>Totals</b>		<b>7.036 EUR</b>	<b>Impact</b>		
				Living conditions for children from local orphanages get improved and have more chances for better life	Company is perceived as an involved community partner which improves its publicity

The EUR values have been calculated with exchange rate 34 SKK/EUR for all years.

<sup>29</sup> This amount includes financial support provided from donations and 2% of the corporate income tax – the respondent could not estimate the amounts from donation and the 2% corporate income tax

## Village of Vít'az

**Institution name:** Village of Vít'az

**Institution profile:** The village of Vít'az is located in the region of Prešov on the border of south-western edge of Šariš highlands below Branisko and valleys in the river-basins of Hornád and Svinka. The first notice about the village comes from 1272. The village area reaches up to 2,1 km<sup>2</sup>, and there are 1985 inhabitants in Vít'az.

**Institution size**

Number of employees: 4 – municipality, 33 – school and other municipal institutions, 80 – voluntary fire brigade, 56 – local entrepreneurs, 45 volunteers in local NGO Vít'azský prameň

Annual budget: 323.530 EUR (11 mil. Sk) including school

**Institution ownership** (if the case): municipality

People involved in the decision making process as partner of the company (please specify the position within the institution).....mayor, deputy members, members of commissions – coordinated by the mayor

**Factual data of the partnership**

Who initiated the CSR project/initiative/program...The mayor of Vít'az cooperates with companies since he came into the office, 9 years ago. He was developing cooperation already in 1992 when he was not mayor yet (but a director of the school).

## Community Relax Centre

51 local entrepreneurs got together and in cooperation with the municipality they created a community centre for relax. Its value is 44.118 EUR (1,5 mil. SKK). The centre includes various facilities for citizens and tourists – a fire place, swings, slide, outdoor table for table-tennis, playground for ball games. There is also a stage and benches. It became a meeting place for local inhabitants and people from wider community of the Prešov and Spiš regions as well. They also started to organise a Vít'az Festival, which becomes an opportunity to meet, but also to present activities of local business people.

The involvement of local entrepreneurs was initiated by one of the citizens. The whole construction has been done within 3 months and the entrepreneurs contributed with different in-kind donations depending on their field of business – f.e. wood, iron, concrete. Another one active in food business helped f.e. by cooking a goulash soup for people. The municipality helped with financing of inputs not covered by local businesses.

## Craft House

Another project concerns an older house owned by a municipal construction company Istav. The house in the centre of the village needed reconstruction. The idea of the mayor in this project was to connect history with typical for the village agriculture and textile production. The house has been reconstructed with the help of the Sapard program, but also local entrepreneurs, the Carpathian Foundation and the municipality. Now it encompasses a crafts museum with an exhibition and a pub. The place is used for community celebrations, baptisms, etc. – they are said to have orders for its usage until 2009 already.

The municipality also cooperates with a local NGO – Vít'azský prameň (Vít'az Spring). The field of its activities covers protection of environment, development of culture, work with the youth and local people.

## Impact of the cooperation

The municipality annually invests around 1.470 EUR (50.000 SKK) in partnerships and gains out of them approximately ten times more – 14.705 EUR (500.000 SKK). The overall impact of these projects is not only in creation of a tourism friendly environment, but also opportunities for cultural, sports and educational activities, in which local people and even Romas get involved. Probably the most important impact of the community is that local people get activized and come up with their own ideas.

## 4. Interpretation of the collected and analyzed data

### Description of practices in CSR

#### Issues covered by the initiative/field of the project

Almost all interviewed actors defined CSR as doing activities above company's own obligations defined by law, being them **initiatives beneficial to own employees, the environment, partners in communities and other stakeholders**. CSR means being ethical, doing fair business, when company also tries to share with profits earned with others and enters mutually beneficial partnerships with different actors. The aim is to **give something back to communities** in which the companies operate, to help **increase standard of living and quality of life**, especially of those disadvantaged. It increases chances for long-term successful operation on the market and sustainable life in the community. It is also about **favourable treatment of the environment**, reasonable usage of sources, and not harming the natural living conditions. CSR devoted companies have been also named as fair companies or companies on a higher level.

Involvement of companies in community initiatives encompasses different programmes in Slovakia. The companies cooperate **with wide variety of partners** among them different **NGOs, municipalities, government, public institutions, local leaders**. Activities are done on a non-profit basis – companies like what NGOs are doing, they value it, and want to support it in order to reach multiple effects for the good of their community. This study has covered support by **Telegrafia, a.s.**, to a civic association **Úsmev ako dar (Smile as a Gift)** improving life conditions of children in orphanages (redesign of orphanages from dormitory-like to more family and community oriented) and promoting alternative parenthood. Then there has been involvement of **Kronospan SK, s.r.o.**, in cooperation with the **Community Foundation Prešov** and **JAS-Export, a.s.**, - a company striving to survive and keep the jobs in the region. Another studied case with bunch of projects is an environmental NGO **Sosna**, which conducted a research for a Brazil company **Embraco** based in Spišská Nová Ves, or got involved in campaigning and ecological education in cooperation with the U.S.Steel Košice, s.r.o. Local **municipality in Vít'az** in cooperation with 51 local little entrepreneurs have commonly constructed a community relax centre. The former **Pivovar Šariš** (now **Pivovary Topvar**) has been involved in community projects for years already and developed very fruitful cooperation with the local **Community Foundation Veľký Šariš**. The separate chapter are projects of the giant **U.S.Steel Košice, s.r.o.**, (USSK) which alone in the period of 2001-2005 supported thousands of talented and active people, particularly those in need, through more than 1100 projects in the health-care sector, charity, education, sports and culture. Important position has the **Východoslovenská energetika, a.s.**, (VSE) which together with USSK are members of the Business Leaders Forum promoting CSR practices not only in the region, but also on a nationwide level.

In the following text, there are few examples of U.S.Steel Košice<sup>30</sup>, Východoslovenská energetika<sup>31</sup> and other companies in the region presented:

**U.S.Steel Košice, s.r.o.**, tries to make the overall outcome of the solutions for Romany issues more effective by interconnecting several projects. The *Schola* project is devoted to Romany pre-school children, focusing on their preparation for compulsory school attendance. By upgrading and equipping a vocational education classroom at the elementary school in the Luník IX residential area, USSK achieved better conditions for Romany girls and boys, enabling them to gain work habits and skills. With the aim of drawing attention also to occupational safety issues, USSK has supplied pupils with protective clothing: coats and aprons manufactured by Romany women in a sewing shop established with the company support. Summer camps for Romany youth near the opal mines up at Dubník are focused on environmental protection.

<sup>30</sup> U.S.Steel Košice Social Responsibility Report 2001-2005.

<sup>31</sup> www.vse.sk

In November 2000 USSK established the *Economic Development Center* in Košice, with the aim of promoting economic growth and creating new jobs in the region. Since 2001 USSK has been organizing annual *Talent Night* competition focused on supporting musical groups, singers and dancers from Eastern Slovakia.

The competition *Where and How We Will Live* intended for elementary schools and organized since 2003 focuses on the protection of air, water and nature through waste separation and collection, and awards selected winning projects (e.g. renovation of a school fountain, creation of a nature classroom or implementation of a school waste separation system).

The aim of the knowledge competition *What We Never Knew Until Now* announced in 2005 is to motivate students to take an interest in the environment, support positive attitudes toward the environment, and help recognize the importance of its protection.

The *Professionals Work Safely Project*, started in 2005, aims to drawing the attention of young people to safety issues at work, at school, as well as in regular life, at home, during sports and leisure activities. It also involved USSK top managers meeting more than 1500 secondary school students and talking to them about safe work and behavior.

The project *Green Relax Zone Project* supported by USSK and implemented by an association of 16 villages in the Hornád Micro-Region resulted in the creation of 11 new relax zones, e.g. village parks, or picnic shelters by lakes and streams.

*CSR is fundamental principle of our company's operation. Its values were defined in the way we are not here for few years only, but our strategy is long-term and we want to do fair business. That means we want to behave fairly, we want to take into account our community partners. It is a long-term partnership, which enriches us mutually.*

*U.S.Steel Košice*

Financial and volunteer aid from USSK helped start up the entire project of *Sports and Fun Complex for Children and Youth* – a reconstruction of a deserted children's sports complex in desolate condition in Alejová Street in Košice-South.

The *Wishing Trees* project was initiated by the wife of the USSK President, Mrs. Susan Lohr, who had collected specific children's wishes from Eastern Slovakia, and

written on cards they were then hung on four Christmas trees located within USSK premises. The project raised a great response when more than five hundred employees donated their free time and funds to purchase one or more gifts for children in the homes.

The company sponsors ice hockey, the Košice Peace Marathon, handball and tennis sports activities. USSK has also actively contributed to the completion of the *STEEL ARENA* construction with financial, legal and technical help and advice.

*Sometimes they are asking us, why we are not supporting education more. But we are receiving requests from all areas, which we do not want to omit – abused and neglected children, domestic violence, etc. - in each of these fields it is critical.*

*We are trying to help Eastern Slovakia – the regional disparities do exist in Slovakia, therefore we are supporting this region.*

*U.S.Steel Košice*

Since 2002 a part of company's philanthropic activities has been implemented through the *U. S. Steel Košice Foundation*. Recognizing the needs of the region, it distributes the funds obtained mostly from the percentage of corporate and individual income tax set by the government to support services to the community. The **majority of support is for youth education, fitness and sports, activities for the retired, and other social, humanitarian and charity purposes.** The

*U. S. Steel Košice Scholarship Program* has been devoted to providing higher education for talented students from children's homes and socially disadvantaged families in the Košice and Prešov regions.

**Východoslovenská energetika, a.s.**, has supported **various projects in social area**, f.e. contribution to complete the construction of the poly functional center of the *Club for handicapped children and young people* in Košice. Thanks to their support the civil association *Smile for Smile* organized a summer camp for the children from the low-income families and for physically handicapped children in the summer 2006 in Drienica. The company and their employees financially supported the organization *League against cancer* in Košice, or provided in-kind donations of computers to several schools, municipal authorities and hospitals. 1. *Lyons Club* Košice organized in June 2006 with the support of VSE an auction of fine art pieces, the proceeds of which were directed to *Special nursery* at Ľudová Street in Košice. In order to save the preparation of new plays for the children, youth and an alternative theater spectator VSE supported *Marionette theatre* Košice and *theatre Jorik*. The fifth *International Sport Olympic Games* of young people took place in May 2006 with the contribution of VSE, which also supported completion of new tennis and volley-ball courts and children's playground in Košice. In the beginning of 2007 VSE organized an essay competition *Energy Industry 2007* with the goal to support talents and help schools improve their educational process. A financial endowment from VSE helped to establish a modern laboratory of industrial informatics at the United Secondary School in Humenné. As a general partner VSE participated in the unique project "Sme TU pre deti" (We as the TU (Technical University) are here for the children) in July 2006, which is the first project of the summer "children's university" in Košice, organized by the Technical University. Also with the help of employees the tourists can walk since August 2006 on the new educational trail in the forest of Smolnícka Huta.<sup>32</sup>

**Other examples** of community involvement of companies gathered during this study have been f.e. **IQ Servis** – supporting theatre festival, **Ralvex** supporting Slovak automobile moto-club, or small entrepreneurs providing space for retired people to meet, promoting local theatre and contributing to community dance ball. In the past, case studies of rich cooperation of Community Foundation Veľký Šariš<sup>33</sup> with business partners in the local community, or a case of the **Združenie rodičov a priateľov RADOSŤ**<sup>34</sup> (Association of parents and friends JOY) cooperating with **IQ Servis** were described more in detail.

### Target groups addressed by company through community project/activity?

The addressed target groups by companies covered by this study are **abandoned children** living in orphanages and alternative families providing substitutional homes for them. There are projects addressing particular issues in communities, such as **education, environmental protection, safety, social affairs, sports, health care**. The target groups there are **broad public, citizens and partners from all three sectors** active in communities of Spišská Nová Ves, micro-region Hornád, city of Prešov and particularly Sekčov and Ľubotice, but also for example Vítaz, Veľká Ida or the city of Košice including quarter Luník IX. Special attention is paid by companies and their community partners to the needs of **vulnerable groups** such as children of elementary and secondary school age or the marginalized ethnic group of **Romas**.

*We are supporting those active,  
but also those who are  
inexperienced and come up  
with an idea.*

*U.S.Steel Košice*

### Who else has been involved in the project/activity?

Civic Association **Sosna** has involved several companies in its projects – f.e. **Embraco**, or **U.S.Steel Košice**, in other community project, where it is a leading coordinator, there is **26 different subjects** from all

<sup>32</sup> [www.vse.sk](http://www.vse.sk)

<sup>33</sup> See [http://www.partnerstva.sk/buxus/generate\\_page.php?page\\_id=146](http://www.partnerstva.sk/buxus/generate_page.php?page_id=146)

<sup>34</sup> See [http://www.partnerstva.sk/buxus/generate\\_page.php?page\\_id=114](http://www.partnerstva.sk/buxus/generate_page.php?page_id=114)

sectors involved. Telegrafia, a.s., supports Smile as a Gift civic association and in this support there are also **other companies** or the **Dedo Foundation** involved.

For successful projects in communities it is often important to make **local municipality** and its **representatives or leaders**, such as mayors, deputy members of local and regional parliaments, heads of committees, priests as well as other **NGOs** and **entrepreneurs** involved. Projects oriented on children and youth often encompass **schools**, their **directors and pupils**. The U.S.Steel Košice in its successful project of employing Romas cooperates not only with civic associations, local leaders or state and self-government representatives (mayor of Veľká Ida and Košice regional self-government), but several departments of the company, **many employees**, and even **top managers** are also involved.

### Who initiated the project/activity?

Many times it is **NGOs** or **other partners** who initiate cooperation with companies and their involvement in communities. It is usually about **enlightened individuals** – within the NGOs, municipalities, or even companies – who come up with an idea, vision and initiate a project. Thus, f.e. the *Equal opportunity – Work for the Roma* Project of the U.S.Steel Košice has been initiated by the company's president Mr. Goodish in 2002.

### How long did it take to implement?

From the NGO perspective companies in community cooperation tend to go for **short-term gains** – it is not that common to go for long-term partnerships, it is more difficult to find business partners who would support long-term work of NGOs. However, there are examples of companies which perceive their community involvement as **long-term investment** into success and which stay with proved partners. Telegrafia has been supporting the Smile as a Gift association for 15 years already, before they were supporting other foundations too, but 15 years ago they decided to give it to one partner only; for 10 years they have been employing a person from disadvantaged background. U.S.Steel Košice started its community projects upon its arrival in Slovakia in the late 1990's. Individual projects and cooperations covered by this study usually last **from several months to few years**, companies or individuals involved usually have multiple year cooperation with several community partners.

### Which is the most successful experience from those? Why?

**U.S.Steel Košice** runs together with community partners (Košice regional self-government, the village council of Veľká Ida and the Romintegra 7777 Civil Association) the **Equal Opportunity – Work For the Roma Project**. It aims at improving the situation for Romanies in the fields of education and employment. The unemployment rate of Romanies is almost 100% due to poor qualifications. Romanies are employed by the above-mentioned employers, and U. S. Steel offers an agreed amount of work and the respective financial resources. The selected candidates are those who want to work and improve their standard of living, support the education of their children, and are interested in personal development. Project participants may apply for regular employment in the company. This comprehensive approach has enabled more than 150 Romanies or members of marginalized groups to gain employment. In 2005 already 6 project participants as a result of their good work performance were employed in USSK.<sup>35</sup>

Slovak representation of **Pfizer Luxembourg SARL** in cooperation with the Association for culture, education and communication has substantially supported a project **Health for Romany women** since 2003. The aim of the project was to spread awareness about health care in Romany settlements. With the help of the Red Cross ten selected Romany women were trained to become expert nurses in the six biggest

<sup>35</sup> U.S.Steel Košice Social Responsibility Report 2001-2005.



Romany slums in Slovakia (Jurské, Stráne pod Tatrami, Podhorany, Výborná, Bystré pri Vranove a Sabinov). Their task was to regularly visit slums in their neighbourhoods, raise awareness about hygiene habits, contagious diseases, sexual education as well as to be able to provide first aid in light illnesses and injuries. They cooperated with local physicians and their motivation supported active approach and higher awareness among inhabitants of the Romany slums. Further level were check visits and lectures organised by local physicians. Pfizer also supported the project with educational leaflets with many pictures and in Romany language. The continuation of the project called *Pfizer – Health Days in Slums* aimed at opening public discourse about necessary intensive health education in Romany slums. Its aim was to show this can be done through direct support of Romany inhabitants.<sup>36</sup>

A very interesting example is also a **Civic Choice of the Pivovar Šariš** Project, which allows local people decide which projects in the fields of sports, culture, education, cultural heritage preservation and community development would be supported by the local brewery **Pivovar Šariš**. Corporate community investment helps in this case to develop citizens participation and strengthens local democracy.

### **Other CSR practices (beside the partnerships with community actors) encountered – description – (if any example encountered)**

Other examples of CSR practices in analyzed case studies in the region included **social programs for employees** (f.e. education of and activities for employees, social fund supporting company cottage, celebrations, theatre visits, sports, dancing and similar activities).

**JAS-Export, a.s., Bardejov** considers their most important CSR practice that they strive for **maintainance of the highest number of jobs in the region** as possible, even despite always deteriorating market conditions. As a 100% exporter, their income is negatively affected by ever stronger exchange rate of the Slovak crown to Euro and by constant pressure on salaries and prizes. Therefore they consider socially responsible approach from their side to preserve employment in the region and not to escape to cheaper-in-costs Ukraine. When its legal predecessor Jas Bardejov was going bankrupt, they managed to employ 1.000 people and maintained this level throughout years. Also for JAS-Export, a.s., Bardejov trainings of employees in order to increase their productivity and efficiency and to understand complicated situation of their company is important.

**U.S.Steel Košice, s.r.o.**, has CSR activities in all areas of the concept<sup>37</sup> – besides community involvement it applies principles of morals and ethical conduct in its **Ethical Code**. The company develops also social programs for employees and protects environment. No.1 priority in U. S. Steel Košice is occupational Safety and Health. Through the **H.E.L.P. (Hazard Elimination and Loss Prevention)** training program, the company has been convincing employees that safe conduct is their individual need and responsibility. The programme aims at increasing employees' own responsibility for safety – the accident rate has dropped by 80% since 2000.

**Environmental protection** is one of the basic business drivers for USSK. At the end of 2003, U.S. Steel Košice s.r.o. received a corporate EMS certificate from the RWTÜV audit organization, confirming the implementation of an environmental management system in accordance with the international standard ISO 14 001.

All USSK objectives in environmental protection area are specified in the Environmental Action Plan (EAP). The measures contained in EAP result from various sources: Quality Policy, Environmental Policy, CAPEX, Waste Management Program and Low Emission Program.

<sup>36</sup> [www.pfizer.sk](http://www.pfizer.sk) and [www.acec.sk](http://www.acec.sk)

<sup>37</sup> U.S.Steel Košice Social Responsibility Report 2001-2005.

The Company also declares its emphasis on quality through the **quality management system** implemented in accordance with ISO 9001:2000 and ISO/TS 16949:2002. It is also concerned with lowering costs of the production and increasing productivity.

**Východoslovenská energetika, a.s.**, cooperated with bird conservationists in the monitoring of predator kill in the distribution area of VSE in 2005. Thanks to this monitoring, the barriers in the areas which have the greatest occurrence of raptors and thus ensure prevention have been placed. A significant contribution should have been made by the use of environmentally safer elements, which at last would provide **more effective bird protection**.<sup>38</sup>

The **Pivovar Šariš** has adopted **Principles of a Responsible Beer Maker** based on its multinational mother SABMiller's approach. The principles defined in the code aim to support responsible and moderate beer consumption and prevention of beer abuse. It includes also self-regulatory measures in the field of beer promotion and packaging. The company got involved in a nationwide no drinking when driving campaign.

### **Motivations of actors, who are they**

#### **Why do you think these projects/activities are important for your company?**

The motivation for many to implement a CSR approach is a debt of a commercial company for the opportunity to be able to run business in their communities. CSR practice can thus start from **inner need and pressure to share with the others**. They feel a human obligation to provide support for activities not provided by the state or better developed by NGOs and thus to take care of the own human kind. The aim is to get integrated within the community and to help it.

*We are behaving responsibly – our employees and partners know it, I am convinced that it is right – societal motivation for CSR does not exist, it is not formulated on a legislative nor media level.*

*Focus Group Prešov*

There might be certain **values** behind these actions, being them private ones **of business people** or reflecting **company's culture, philosophy** or **long-term vision**. Private motivations may encompass various family connections (son plays in the sports team), private experiences (someone got cancer-ill) and acquaintances (in small communities people know each other) – therefore support then goes where a person or company finds it meaningful and close to their interests.

With some companies it is said to be similar as with individuals – stronger one helps the weaker, the **solidarity** works and the reward is a good feeling from having contributed to better quality of life of the others. There is a moment of **self-satisfaction** within companies or business people from doing something meaningful, it might be a psychological question. Some of them might be themselves wanting to work in the third sector, but cannot afford it – therefore support it financially or in other way.

One of the business motivations to get involved in community support is definitely **self-promotion**. Many companies do it for **enhanced visibility, better image** and **brand building**, so that their name gets positive publicity. And the perception of and relationships towards

*We want to be a respectable company which is interested in people and the town, not only the one which soaks money.*

*JAS-Export*

<sup>38</sup> Album - The CSR activities of BLF Slovakia members. BLF 2006.

company within community and customers, suppliers get better. This is probably true for bigger companies who have capacities and funds to implement various CSR practices. Smaller companies have less opportunities and funds, their impact is naturally smaller. Their motivation stems rather from inner conviction and is more personally connected to companies' owners.

CSR action within company can also start when there is **a problem** – f.e. **negative image in the public, pollution of environment** (example of Kronospan SK in Prešov), scandals, etc. According to some opinions the CSR is becoming a tool of the marketing mix. However, many companies do not have any strategy how to behave towards NGOs and community partners. There is still not high enough awareness among business people so that they could see benefits in mutual connections that could push the whole community and society forward.

CSR actions can also have negative impacts, because companies are expected to **substitute** or are already substituting other (mainly public) institutions and their tasks.

### Why do you think these projects/activities are important for community?

There are **tangible results** of CSR activities in communities (fixed playgrounds, nice areas around houses, new trees, relax zones, new opportunities for community life, sports activities for children and youth). Almost all respondents agreed, that probably the biggest importance of CSR activities in communities is in their **non-tangible multiplying effect**. They have **positive psychological impact** on the whole community, examples of particular activities (f.e. investment into education, employing Romas, etc.) are appreciated by

*People do not know each other, but they do it together, they tidy it up and then oversee it, what is important. When people do not have relationship to things and their environment, then the change lasts only for one week and it is then visible.*

*Community Foundation Prešov*

*People should be proud of other skilled people in the community and support them. It is hard to overcome envy here. I say: do not envy, but be proud that he/she is from Vítáz, that we have such people. But still, we have not succeeded yet.*

*Mayor of Vítáz*

people. CSR practices are stimuli for thinking over own attitude and support of the others. Thus they become motivations for other companies to behave in similar way, even individuals are inspired to behave responsibly towards their environment and community. It has great impact on the whole of society – from these examples norms can develop – after longer time it will become a standard of operation and will be perceived

as normal, people get accustomed to it and demand it when it suddenly is not there. It changes the overall atmosphere, people get motivated and activated, get connected and they do things on their own.

### Why do you think these projects/activities are important for your partners, if any?

NGOs as one of the community partners **live from cooperation with companies** – without socially conscious companies and their support many of them would not survive. Therefore cooperation for them is a must. Creation of the Club of donors within community foundations have been a mobilizing factor in developing local individual and corporate philanthropy in the communities. There are two levels of importance of the cooperation with companies for the Sosna NGO –

*When a person works on his/her own, there may be stagnation, the cooperation brings something more. It brings to the third sector also challenges to think over financial matters in a different way, over activities it could develop on its own. The business sector brings new thinking, new perspectives on self-financing activities.*

*SOSNA*

**pragmatic** and **innovative**. The first is in practical implementation of projects and securing funds for the organization, the other one is inspiration and driving force stemming from cooperation with a partner from another sector and organizational culture.

### Which are some of the difficulties/challenges for the social involvement of the company? What caused these difficulties? How do you intend to step over them?

In cross-sector cooperation potential difficulties stem from the fact that **languages of the business and community partners (NGOs, municipalities, etc.) worlds are not the same**. Therefore partners need to get to know each other, to communicate over problems, discuss common vision and aims in partnerships. Conflict situations may appear – f.e. when a **partner feels to be used** by the others. In order to prevent these complications regular evaluations of previous activities and even celebrations of successes should take place to resolve potential tensions.

*The tradition is also missing here – people do not know why to support. They expect everything from the state, because during socialism baked pigeons were falling into their mouths. They were accustomed that the state must do everything. Why would they have to? We are still hearing this.*

*Community Foundation Prešov*

NGOs see as problematic also **not sufficient knowledge, motivation of business people, lack their of strategic approach and time** in supporting the community. Staff often change on positions in companies – new people have new priorities, are more afraid of new things, the connections with existing community partners are interrupted and need to built again.

*If I were a person with no relationship to this region, the first thing, I would do, would be to get rid of items that unfavourably influence our profitability, fire people in Bardejov and increase production in our sister company in Ukraine.*

*Managing Director of JAS-Export*

In the case of JAS-Export the most important is to **persuade people** – employees – that company and its representatives do not want to make money on them. JAS-Export does not have enough sources, everything earned is put into modernization. Therefore in order to survive the overall performance needs to be increased.

### Role of the involved actors, the differences and overlaps between the actors in the field of CSR Expectations from partners

*From the community foundation we are expecting that it will promote us and create positive publicity for us as a respectable partner. In schools it is said to pupils: „When you do not study well, you will go to JAS.“ Therefore we want to present ourselves as a respectable partner.*

The role of the companies is to **make profit** – and by **maintaining employment** they also help socio-economic development of the region. NGOs and communities often expect from companies that **business people would understand** the way how it works in communities – that depends on people who live there and their hands. Even businesses can influence this developments and their anticipated role would be **will to cooperate** and to

**provide financial help**. Municipalities expect companies to sustain as business entities which **provide jobs** and **make local employees' conditions better**. In closer partnership with municipalities it is expected from entrepreneurs to secure **elimination of potential risks**. Municipalities want to see the **support promised** by companies to come true. On the contrary the entrepreneurs expect from municipalities to make their life and operations easier where it is possible.

Businesses expect the NGOs would **behave professionally** in cooperation – there is not much difference between NGOs and companies in this respect – and would be able to „sell themselves“, since business people usually want to see numbers, expected outcomes and professional behaviour. Partnerships are about mutual need of each other – businesses like to do business with the ones whom they need, and this approach is often transferred to relationship with NGOs. Companies choose for cooperation those NGOs which can make their perception in public better – the more emotionally they can appeal to public, the better chances company has to be perceived emotionally as effect of such a partnership.

*We are always trying to search for a way how to solve matters, it is always about communication. Let us always talk, you tell your stuff, I will tell mine, so that we put them together. The better contracts and agreements there are, the better it works.*

*Mayor of Vit'az*

The role of all partners involved is to **come up with ideas, communicate** about outputs and outcomes, to **provide feed-backs**. It is also important to **share responsibilities** and **keep the promises**. Partners expect **pro-activity**, a **partnership relationship**, which is not one-sided, they expect **understanding common goals**. In order to reach that, honesty in communication and behaviour is needed. Very much appreciated is also inventiveness, which can supplement financial or in-kind donations in many cases. If a company decides to enter decision-making process (f.e. about a grant-giving program run by a community partner), it is expected that they would have capacity for that and would keep their obligations.

When the partnership is working, business partners expect from community partners, especially NGOs, **reporting, monitoring** and **promoting** the support in the media. After the cooperation is successfully completed, community partners expect from businesses it **would continue** and **new proposals** or drafts of future cooperation will be proposed.

## CSR Instruments

### What kind of resources have you invested?

The instruments used in CSR practices include **all sorts of resources**, including **financial, pro-bono services, volunteer time** and **access to business networks**. Besides financial means, also **lobbying** was conducted or **contacts** were provided. Most of the analyzed case studies included financial support, in-kind donations or pro-bono services (membership in an NGO board). With the brightest example of CSR in the region – U.S.Steel Košice – also other instruments such as volunteer time or access to business network have appeared – code of conduct has been elaborated for example as well. The access to the network was also provided in the case of Telegrafía.

*It is not many times about money. Even when people think that we are a big company and have money, we strive to show to people they can do a lot by themselves with little money. When we see they are doing something, then we support them. We live in this region and see the problems, thus we try to solve them.*

*U.S.Steel Košice*

As for financial means, it is important to mention the **specificity of the CSR tools** in Slovakia. Companies have a unique instrument at their disposal – allocation of financial means from the **2% of the corporate income tax**. More on this issue and its use can be read in the Section 1. or Section 4.

## Operational aspects of CSR – involved staff in a CSR activity.

### Who else has been involved in the project/activity? Decision-making about CSR

In **smaller and medium companies** it is most often the **owners** or **managers** who are making decisions about potential CSR involvement and practices. The bigger the company is the more likely it is to have a **CSR defined strategy** and **more capacities**. With bigger companies it is the **top management members** or the **Board of Directors** setting up values, criteria, procedures who decides. Operational activities and running of projects is implemented by specialized staff or even **departments**, f.e. PR or public affairs department, department of general manager for environment, etc. Contact with a competent and responsible person has thus impact for a potential partner. In CSR practices all managers, employees including owners of business can participate.

*People in large companies in the regions do not have to think of how to support – the strategy is formulated in Bratislava, local employees/management do not know, can not present in media, they are rather administrators than decision-makers.*

*Focus Group Prešov*

In decision-making about CSR also a **group of people from community** can be decisive – when it creates pressure, or **one person who is influential** in the region (mayor or members of municipal parliaments) and has an above standard relationship with the one who decides in the company.

In choosing partners the USSK has **standardized procedures** – the priority is given to those who have already achieved something and proved to be reliable with transparent financial flow. If there are more partners to choose from, USSK usually takes into account their aims and vision, but also yields partners with whom they can plan in long-term. In general, the cooperation is naturally better with those whom companies already know.

### Advantages and disadvantages of involving in CSR/involvement of other partners from various sectors

Advantages of involvement in CSR are in **positive publicity** for companies, **better perception by communities**, partners, public who are experiencing concrete benefits. Especially communities can experience **multiple effects** from getting several partners together. If each of them brings their specificities and strengths, then there is great chance a good cause will be addressed, target groups will be served, a problem will be solved, and the quality of life in the community increased. Partnerships need to have aims – formal and informal, everyone involved should benefit from it, it should multiply advantages to all. The overall aim is to benefit the communities, also with **environmental practices applied within CSR**.

CSR is usually **beneficial also to employees** – either through direct benefits in **social programmes**, or indirectly through their **positive relationship**, **increased motivation** and potential **higher retention** to work for the company. However, in disadvantaged areas such as Eastern Slovakia, people are often **happy to have a job at all**, it is difficult to talk about impact of this cooperation on employees – all the time they might tend to talk about salary increase only (JAS-Export).

The **disadvantages** of CSR is in their higher costs, and financial, in-kind, timely, etc. capacities they require from companies. For NGOs CSR mean potential gains, but also risks – of diverting from its mission values, being exploited by a stronger partner (f.e. as low-cost PR agencies promoting corporate brands) or unable to meet high demands from partners.

## Communication of CSR practices

**Who is involved in promoting CSR? Why? Which is the information promoted? Which are the main target groups for this type of information? Actors?**

**People do not perceive the CSR concept** as such, it is not that publicly known as it would be desirable. Major role in promoting CSR practices and explaining the concept has been thus attributed by respondents to **media**. The overwhelming opinion was that media are more likely to present what is negative, with sensations involved, or cases with problems involved, what makes everyone interested. The situation is different, when there is something positive what companies would like to communicate to public, **positive examples in media are missing**. It is more difficult for them to get this into news, the media perceive it as corporate self-promotion and are resistant to mediate this message. Sometimes it is really difficult to distinguish between general information and PR activities. The communication gap between companies and media can be caused also by situations when media want to talk to employees or company representatives, but reporters, journalists are redirected to a PR department or a speaker. Positive examples of companies help create more favourable attitudes of customers towards company and it very much affects the public opinion. The public opinion is a more long-term tool which needs to be formed, shaped and pressed upon for years. However, those companies who think short-term and want immediate benefits are often offered more achievable publicity by NGOs – connecting a corporate brand with an NGO, its mission and activities. Such community involvement and cooperation is then communicated **externally** (by recognizing the business partner on promotion materials and in communication channels) and **internally** (through company media and internal communication means). Managements find it important for their employees to see what the company is doing in the community. The role of local media – press, radio and press, as well as f.e. direct mail – in this communication can not be substituted. One of such initiatives in the region was a regular section *Social Responsibility of Companies and Institutions in the Region of Prešov* in the local press of *Prešovský večerník*. Despite its title and intention, it does not serve to promote corporate social responsibility practices, but turned most often to be a tool of general presentation to some companies, but mainly educational institutions.

The communication is key in mutual cooperation among several partners so that they feel to be equal. It encompasses regular **personal meetings, evaluation sessions and other communication means**. It shares information about partners, their missions and goals. From the point of company's view the communication should bring information how the money invested in community has been or will be used, what impact it has had or will have on the community, which area the project will be implemented in, how many and which from the target groups will be served, whether the impact is going to be long-term and sustainable. The aim of the communication is also the promotion of company and NGO brands.

## Trends

*Market and competition even in our shoe-making industry will press on companies to present as socially responsible. It is already obvious, that if we want to get an order from Puma, they would send an auditing person (to check whether an average wage is paid to people here, whether facilities are all right, whether people have places to eat, whether children are not employed, whether harming materials are not used here). When the audit is OK, we get the order and they then present themselves towards other producers as socially responsible on the market in order to have a competition advantage. The market will compell companies to behave in such a way, because it will be one of the success factors.*

*JAS-Export*

*I think it is going well, we feel a shift. Those companies who have foreign investors, at least know something about CSR, what is happening in their home countries.*

*Community Foundation Prešov*

The concept of CSR is according to all respondents interviewed **very much up-to-date**. The trend will be growing, the CSR, community involvement, solidarity are more often discussed in public. These topics and concepts infiltrate into Slovak society and will

be winning continuous recognition. Slovakia is getting more aware that it is not the third world – the feeling of

people that they can be useful has been enrooted already. The **number of companies involved in CSR will grow**. There are hopes the spectrum of their supports will become wider, it will not be only financial support through grant-making programmes or 2% corporate income tax. They will **specialize in different topics and areas**. It will also be easier for them to get involved in some topics together with other companies – more companies will mean it will be less expensive and will bring more effect to target groups.

CSR costs, but **economic situation of companies is getting better** in the booming economy. **So will the conditions for adoption of more CSR practices** in the future. **CSR will get more strategic and implemented in long-term strategies** of companies. The **competitiveness of companies will grow**, and **so will the public perception** of community investments and pressure of other competitors, suppliers and customers who will demand the companies adopt CSR policies.

*If we are in a good economic condition, we can get more involved in activities in the town. I am an optimist, otherwise I could not be here.*

*Managing director of JAS-Export*

Even **SMEs will adopt it more often and more sophisticated** than today. NGOs have public opinion in their hands – they can create pressure on promoting best practices as well. The trend is also that NGOs will become expert partners for businesses for some types of activities. NGOs would like companies to become patrons and financial supporters of their programs.



## 5. Main findings

### ▪ **Specificities of the region**

The Košice and Prešov regions, which are considered to be the most hindered in the national comparison, are disadvantaged in the lack of infrastructure, smaller investments and fewer job opportunities. There are also some **specific cultural characteristics**. The region is typical for **closer relationships** among people and within communities, the factors „**what the others will say**“ and **envy** play their roles, people often lack strong self-esteem to formulate and follow their own visions. On the contrary there is a **strong feeling of belonging to the region and local patriotism**.

### ▪ **Relationship to the centre**

Very specific is the relationship of this part of the country to the capital of Bratislava, where the **feeling of being often times omitted, neglected and unfairly treated** from the centre is almost omnipresent. There are objective reasons for this attitude – f.e. community involvement strategies of big companies are formulated and implemented from Bratislava and often do not take into account regional specificities and needs of this part of the country. On the other hand self-paralysing effect of such an attitude, probably often related to **strong expectations of the caring functions from the welfare state** together with lacking tradition can discourage people, companies and their stakeholders from their own active initiative and involvement.

### ▪ **Automatic expectations of communities and will of companies to share**

Representatives of companies, but also NGOs often say that successful companies are willing to share with communities, because they are **aware of the ties and debts to the environment** in which they operate, from which they come from. Also, communities often expect that profitable companies would contribute from their profits, and there is a feeling that these expectations are sometimes too high. The **community involvement is somehow perceived as automatic**, and often very pressure-making on companies on the other hand. These expectations, when not met, can create negative tendencies towards a company.

### ▪ **There are CSR and CCI practices in the regions of Košice and Prešov**

Their nature is varied and this study has not showed that the only CSR practice is the **corporate community involvement**. However, it still **remains prevailing**. There are also examples of other CSR practices, being them mainly **social programs for employees** or **environmental projects** as well. But also some **codes of conduct** can be found. Main areas of community investments include support to children and **youth, education, sports, health care**. In the still afflicted regions endeavour of a company to **maintain the employment** on unchanged level despite ever deteriorating conditions on the market can be, however, also considered to be an **alternative perspective of CSR**.

### ▪ **Motivations for CSR approach**

Motivation for many to implement a CSR approach is a **feeling of debt** to their communities described above, moment of individual **self-satisfaction** from helping the others, or clear intention for **self-promotion** and **PR building** of a company. In employee's programs it can be **improvement of working conditions** or **increasing employee's loyalty**. Environmental projects often cope with **pollutions** and **negative impacts** of business operations. Motivations for implementing CSR can thus be clear intentions to cope with problems a company might be facing. With small and medium companies the motivation for CSR practices or community involvement is most often **individual**.

- **Target groups and other actors involved in CSR projects**  
 Target groups of these projects are not only **narrowly defined**, but often include **several groups of stakeholders** or **whole communities**. Community involvement projects of companies can besides main partner often attract also other subjects to get involved – often times those are **NGOs, schools, hospitals, local self-governments**, etc.
- **Multinationals are taking the lead**  
 CSR is gaining more publicity and importance thanks to initiatives of large and multinational companies. It is in many cases a part of their corporate cultures or philosophies, an approach to doing business. Multinationals in Slovakia take over elaborated programs and proved instruments of their mother companies and adopt them in Slovakia. Thus they contribute to setting benchmarks for further spread of CSR practices. This concerns the Košice and Prešov regions as well, where **major companies U.S.Steel Košice** and **Východoslovenská energetika** – Business Leaders Forum members – are these flagships of good practices. Especially the role of the **U.S.Steel Košice in promoting CSR as a leader** with tradition, values, defined vision and rich practices is immense. USSK wants to promote the concept, they feel a need to talk about it and to teach others as well. It is important that their examples are also followed by small and medium companies, which are starting to take part in as well. However, they do not often name it as a CSR practice, but also get involved in interesting public beneficial activities.
- **Leading examples**  
 Special importance in this respect is played by two **projects with Romany ethnic minority** coming from disadvantaged backgrounds. The impact of community projects of U.S.Steel Košice and Pfizer Luxembourg SARL show the companies can create very effective tools for improving very poor living conditions and quality of life of this marginalised group. Very specific is the motivation part – Romas can experience that if there are opportunities created and they are motivated to acquire skills, their life can change. These projects with positive impact thus provide **important impetus for the whole region** highly populated by this ethnic minority.
- **CSR costs**  
 CSR implementation is **connected with economic and financial condition** of companies (for example sufficient funds for resource demanding social programs) as well as community involvement and philanthropic giving are intertwined with the standard of living of individuals. With these parametres getting better, there are better chances for CSR and philanthropy becoming normal part of community life.
- **Tools supporting community investments and CSR practices**  
 There is **no public promotion or incentives to CSR behaviour** – no legal tax or other external incentives on national level besides the percentage mechanism. By the end of 2003 the tax system supported community investments by donations being partly deductible from the corporate income tax base. It was cancelled and with the new flat tax rate system since 2004 a new instrument for business-NGO cooperation promotion has been introduced – **allocation of the 2% from the corporate income tax to NGOs**. It boosted mutual cooperation when companies started to widely use it already in the first year. At the moment this remains the only legal tool of supporting community investments of companies in Slovakia, though attempts to abolish it by the government have been present especially recently. The 2% of the corporate income tax allocation is however **perceived controversially**.
- **Controversy over the 2% corporate income tax allocation**  
 This tool is **highly appreciated by companies**. Opinions of business people clearly demonstrate that companies do consider this money to be theirs, earned by their operation, they have a relationship to it

and may consider allocating it as an act of their giving. From its nature it is, however, **only allocation of public money** – tax – which otherwise would end up in the state budget, and which **does not cost companies much** (only filling in the tax form). Therefore provision of finances from the 2% corporate income tax to NGOs **cannot be perceived as a CSR practice, though it is most often used and promoted as such**. It could be considered philanthropic and thus CSR only when a company invests some of its own funds – financial, in-kind, voluntary time, etc.

- ***Impact of the 2% corporate income tax allocation***

2 % mechanism for companies has therefore **blurred perception of real philanthropy** and its means have been used alternatively by companies as their own community investments. On the other hand these **negative impacts** on the CSR perception could be balanced by the **learning effect** of the tax allocation mechanism. It has undoubtedly helped **deeper interaction between companies and NGOs**, which now takes place more often. It can be seen in setting up new corporate foundations, formulating strategies for community involvement, sophistication of corporate support, more corporate community partnerships. It helped them to enact communication, form cooperation and partnerships and served as a learning tool which could lead to more philanthropic involvement in the future. Traces of this **trends can be seen also in the studied region**.

- ***Community partnerships and tools used in them***

Businesses can bring to such partnerships financial and in-kind resources, knowledge, experiences and professionalism, whereas NGOs often contribute with their enthusiasm, new ideas, innovative solutions and expertise, sense for solidarity. Another competence, funds, and respect in communities can be brought to partnerships by municipalities. The **instruments used in CSR practices are almost all available** – from financial through in-kind donations, pro-bono services of business people or volunteering of employees. Most often companies provide financial means including the 2% allocation mechanism. **Percentage mechanism often plays the only role of a „CSR“ tool**.

- ***Perspective of self-governments***

The interest of local self-governments is to **improve conditions for doing business and creating jobs** in the region, and the tools, self-governments have, are also sometimes used in mutual cooperation. From the point of **view of some self-governments, the time is not ripe yet** – small self-proprietors consider paying taxes as fulfilling of their societal obligations. Some **more trust and involvement are yet missing**, something above this obligation would help better activation. The entrepreneurs still need to see concrete benefits for themselves at the end.

- ***Impacts of CSR practices***

There are **tangible results** of CSR activities in communities, but even bigger importance of CSR activities in the communities is in their **non-tangible multiplying effect**. They have **positive psychological impact on the whole community**, examples of particular activities are very **appreciated by people**. They become motivations for other companies to behave in similar way, even individuals are inspired to behave more responsibly towards their environment and community. It is helping change the overall atmosphere, motivation and activation of people, which especially in the regions of Eastern Slovakia play an important role.

- ***Role of media***

Major role in promoting this concept can be played by media – by **explaining the issue as such, bringing positive examples, best practices, by mediating positive news** to public and other companies. **Local media are more trustworthy and closer** to actors in the communities than the national ones.

- **Actors promoting CSR**

The key actors identified in CSR promotion besides media are the **state/government, big corporations** and **their managements** as well as **medium companies** whose role is growing. Their role is to cultivate public opinion so that it creates pressure on self-governments and other companies to behave responsibly, to create favourable conditions for CSR development and motivate more and more companies to join. Very important role in developing community involvement of companies in local communities is played by **community foundations**, which are several located in the region.

- **CSR is IN**

The concept of CSR is according to all respondents interviewed **very much up-to-date**. However, people do not understand what the CSR is about. **The trend of involvement in CSR will be growing**. Increased awareness and pressure of the other competitors will be helping in further promotion.

## 6. Recommendations

In order to promote CSR practices in the region of Prešov and Košice particularly:

### ***Large corporations and SMEs should:***

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- Get inspired by leading examples of best practices and use experiences of the corporations associated in the Business Leaders Forum, Club of Corporate Donors or SMEs from other parts of the country and abroad
- Formulate corporate philosophies, values, priorities - adopt a more sophisticated approach with their CSR and community investment programmes getting more structured and targeted
- Allocate internal capacities to CSR activities within a strategy
- Outsource to partners/suppliers of CSR solutions
- Motivate and get involved own employees
- Introduce cost-benefit analysis of CSR practices
- Take into account benchmarking, Adopt international standards in CSR evaluation
- Report more on CSR activities
- Promote networking and transfer of experience/expertise within business networks f.e. commercial chambers or business associations and their local branches in the region
- On local level „big players“ could get together and formulate a local Business Leaders Memorandum oriented on CSR practices reflecting the needs of the region – formulate local priorities and strategies of community support
- Use more frequently local media who are closer to communities and public

### ***Government and local self-governments should:***

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- Create conditions for sustainable economic growth
- Increase their performance, flexibility and orientation on goals/impact
- Understand what the CSR is and how it works
- Create better conditions for business investments into community and solution of the situation of those mostly in need (Romanies, poor, marginalized groups, etc.)
- Use the expertise, resources and support mechanisms available from multinational institutions (EU, World Bank, UNDP, OECD, ILO, etc.)
- Develop more supportive measurements to CSR adoption than the 2% of the corporate income tax – legislation and other non-legislative instruments supporting CSR - also in the field of environmental protection and social programs to employees
- Keep the 2% of the corporate income tax allocation tool as a „teaching“ tool for several more years and introduce others because it is very often used also by local companies
- Local self-governments should look for best practices of partnerships from other parts of the country and abroad
- Contribute to raising awareness about the issue and promote its benefits to businesses and other stakeholders with special focus on local needs and specificities of the regions.
- Provide public recognition to leading examples which can inspire others (similar examples as the „Family-friendly Award“ also on local level – local awards)

### ***Non-Governmental Organisations should:***

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- Carpathian Foundation could serve as a multinational NGO which helps drive CSR concept in cooperation with local leading multinationals, SMEs and leading NGOs
- Use the potential of local NGOs, especially community foundations which are close to communities and their actors

- Come up with proposals and support common projects with companies, promote cross-sectoral cooperation and community involvement of companies
- Transfer international experiences and best practices
- Get more involved in awareness building activities about CSR in the region
- Continue in public recognition to leading examples which can inspire others – introducing new instruments of recognition/awards for leading SMEs – green labels, etc. also on local level
- Stimulate activation of local communities, key stakeholders, their networking and multi-stakeholder dialogue.
- Help increase self-esteem of the region, self-presentation within CSR, promote local patriotism

#### ***Media should:***

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- Help in promoting the CSR issue – by making it a topic of the future socio-economic development
- Main role in this communication should be played by local media
- Local media should be used by companies when communicating with communities, specialised media when with experts and partners
- Bring general and specific information about CSR activities, more positive news about companies
- Distinguish between PR promotion and positive informing in the public purpose, contribute to public recognition of positive examples
- Help in creating common discourse among all stakeholders involved.

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