

SME in Search for Feasible Concepts for Systematic Social Responsibility in Times of Crisis

SOCIALSME Requirement Analysis Synthesis Report March 2009

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Regensburg, March 2009

SOCIALSME – Sustainability and social responsibility through learning in SME
LLP-LdV-TOI-2008-LT-0021

This project has been funded with support from the European Commission. This publication communication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

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Executive Summary

Inquiry in existing research and survey among 120 target group representatives and experts demonstrates validity and feasibility of SOCIALSME approach.

Concept of CSR relevant in all of the partner countries.

Implementation of SR in SME still moderate but underreported since companies do not perceive socially responsible activities in the framework of the concept.

Moderate support from government and a number of associations for the concept.

The current economic and financial crisis is a dominating context factor that can be an obstacle but also can increase interest in new and more sustainable models of business conduct.

SME need more strategic planning, improved management and strengthened relationships with employees, customers and communities.

Practical, down-to-earth approach in consulting SME and simple but flexible guidelines needed.

High level of interest in further cooperation with SOCIALSME.

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1 Context, Aim and Methodology of Inquiry

This paper will report on the results of an inquiry on the state of the implementation of the concept of “Corporate Social Responsibility”¹ in the partner countries of the Leonardo da Vinci Transfer of Innovation project SOCIALSME (Sustainability and Social Responsibility through Learning in SME).

The project is focused on the internal dimension of social responsibility in SME, specifically the dimension of LifeLongLearning opportunities for employees.

Partners of the project come from Lithuania (promoter), Romania, Latvia, Bulgaria, Poland, Portugal, Spain and Cyprus. ISOB GmbH from Germany is the partner responsible for the formative evaluation of the project, for synthesizing results of the requirement analysis and for transferring experiences from the scientific guidance of projects COSORE, Learn and Work and FILIP to this project.

Partners of SOCIALSME represent a broad sample of organisations from consultancy, universities, an enterprise organisation and a training provider. Partners are:

Lead partner: Lithuania: Economics and management faculty, Kaunas university of technology; Partners: Germany: ISOB Institut fuer sozialwissenschaftliche Beratung GmbH; Bulgaria: National Association of Small and Medium Business (NASMB); Cyprus: European University Cyprus; Spain: Institution Pau Casals; Poland: Wroclaw University of Economics; Romania: FiaTest SRL; Latvia: Riga Technical University, Faculty of Engineering Economics; Portugal: CECOA – Centro de Formação Profissional para o Comércio e Afins Vocational Training Centre for the Trade; Lithuania: EKT group

The concepts to be transferred in the context of SOCIALSME are highly innovative and proved their usefulness in the field test of the three projects. Some points of improvement were revealed however. In addition to that, the transfer has to take into account specific situations, challenges and opportunities in the target countries.

An overview of the situation of CSR and workplace learning in the partner countries to which the concepts ought to be transferred will be useful therefore.

It has to be emphasized, that this exercise is limited in scope, resources and aims, as it is strictly oriented to the practical requirements of adapting and further improving the products of SOCIALSME.

No exhaustive analysis of the situation of CSR in the partner countries has been intended.

Much more, a selection of existing research and knowledge has been studied by the partners as far as they were accessible and relevant for the aim of the research.

This desktop research has been complemented with first hand knowledge and input from experts and target group representatives through face to face interviews either individually or in the context of focus group discussions.

Focus of both methods of research has been to gain practical insights into criteria for the improvement of the products.

¹ In the text Corporate Social Responsibility is abbreviated as “CSR” while the abbreviation “SR” refers to the concept of Social Responsibility in general. This term is preferred when referring to SME activities since SME often feel excluded by explicitly referring to “Corporations”

A second aim of the research has been to get into contact with potential partners in the field test of the project as well as potential members of the advisory committees in the partner countries. Research therefore also aimed to inspire dialogue with experts and potential partners to broaden and consolidate the knowledge base concerning CSR in general and the situation in typical SME specifically by first hand knowledge.

The research has been conducted using guidelines provided by partner ISOB (Working paper SOCIALSME - Requirement Analysis, Suggestions on Methodology - Guiding Questions, Regensburg December 2008).

Taking into account the action research approach of the inquiry the focus has been more to engage the target groups and experts in dialogue and to mobilise them to take part in the activities of the project either as members of the advisory committee or as testing partners, rather than securing the easy comparability of the data obtained. Also the reporting of qualitative information from the different situations in the partner countries had priority as an exploration of the situation. It was not intended to achieve representative samples of target groups or to collect statistically valid quantitative data.

Partners had substantial latitude in conducting the research and interviewing. The same applies to the desktop research, taking into account the inhomogeneity of availability of literature and differences in topics covered by it.

As a common minimum the guidelines asked partners to cover the following topics:

- General situation
- How is CSR defined?
- Topics most discussed
- Relevant research
- Specifics of SME
- Web sites
- Institutions
- Conferences
- Regulations
- Certifications

In exploiting the material partners were asked to focus on the following aspects:

- recommendations given for implementing CSR in SME,
- promotion of life long learning opportunities as a aspect of CSR in SME.

Interviews should give the partners first-hand experiences, requirements and assessments from experts and target group representatives.

Although a focus group methodology had been recommended by the guidelines, also individual interviewing was regarded as valid if there were strong organisational arguments for the latter.

In general “focus group” interviewing, in the context of this inquiry was used as a term for a facilitated group discussion, characterised by strong interaction within the group.

For both options the sample should have been about 10 interviewees.

Duration should have been about 90 min for the focus group and about 45 min each for individual interviews. The selection of interviewees had been dependent on the partner country situation.

Relevant candidates recommended by the guidelines had been:

- potential members of the Advisory Committee of the project in each partner country,
- SME managers (strong focus),
- Workers representatives (strong focus),
- potential consultants/facilitators,
- other stakeholders.

The questions below had to be regarded as a common minimum to be obtained through interviewing.

Partners were free to use additional questions and/or follow the flow of discussion among participants, since it would be very relevant which insights/arguments/questions the participants would bring up themselves.

Guiding questions have been:

1. What are the most pressing problems your company/SME faces right now?
2. What are (your) SME´s main resources?
3. How does this affect SME´s stakeholders (workers, customers, communities)?
4. How do SME deal with this impact on others? Is there an explicit strategy for that? (training policy, community involvement policy etc....)
5. Are there policies to deal with special staff groups like workers with family, senior employees, employees with special needs?
6. What is the situation of training? Are you (are SME) able to attract enough qualified staff and/or candidates for training?
6. On a scale of 1 (not important) to 5 (very important): how important do you think activities in the areas discussed are?
10. On a scale of 1 (not important) to 5 (very important): how pressing do you think is the need for activities in these fields?
11. Would you be interested to get involved in cooperative efforts in these fields?

Partners used the latitude in the design of the research to a quite high degree. Therefore not all topics are discussed in all reports in the same depth and balance. This, however, is no deficiency of the results and

reporting, but a reflection of the situation, available resources and flow of discussion among the groups engaged in the dialogue.

The synthesis presented in this report relies exclusively on the material selected and reported in the national reports. Selection of findings and conclusions in this synthesis report are those of the author. More in-depth discussions of the respective situations in the partner countries and detailed references for the statements and quotes used can be found in the national reports. Page references in the text refer to the respective national reports in the annex.

2 General Analysis of CSR Approaches in Partner Countries

2.1 General Role of CSR in Partner Country: The Long Way to Implementing a Good Concept

In the aftermath of the Lisbon summit where the European Community decided on a strategy to make Europe the most dynamic and socially integrative economy in the world, the European Union and the European Commission in particular promoted the idea of Corporate Social Responsibility as an integral part of the strategy to foster this objective.

In the Green Paper “Promoting a European framework for corporate social responsibility” the Commission explained the concept to a broad public and invited a participatory discussion among all stakeholders of CSR.

In this Green Book the Commission defined CSR as

“...a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”²

This definition, that in itself claimed to be a synthesis of the general understanding of the term, proved to be valid also in the further discussion in the years to come.

Key elements of the definition are: Social and environmental concerns as the topic, companies (big and small) as the actor, stakeholder dialogue as a main mode of activity. Furthermore the definition underlines that the concerns should be dealt with as part of the business strategy in contrast to viewing it as an extra activity, unrelated to the day to day business operations. The definition includes also the idea that merely following the legal regulations can not be in itself be regarded as socially responsible, but that voluntary (in contrast to forced) activities reaching beyond legal requirements characterise socially responsible business conduct.

The discussion following the publication of the Green Book more or less affirmed this understanding.

This is not the place to follow this discussion in detail. From the perspective of the SOCIALSME project three discussion points must be emphasized, however.

On the one hand the public discussion revealed that while the concept itself was quite broadly accepted, the implementation was not as fast and as wide-spread as hoped for by the initiators

This lack of implementation was bemoaned specifically for the smaller companies.

As the reason for that, second point, the term “Corporate” social responsibility was identified. “Corporate” seemed to imply that the concept referred exclusively to big and resourceful companies, but not to the

² Promoting a European framework for corporate social responsibility Green Paper. European Commission Brussels 2002, p.10

majority of companies that are small to medium size and in fact represent the backbone of the European economy, namely with regard to employment. Therefore a special campaign to reach out also to SME was launched and there were suggestions new terms, appealing also to SME had to be found. Thirdly the accession of new countries in Central and Eastern Europe reinforced the imbalance of implementation of the concept.

While there had been a high degree of inhomogeneity also in the “old” European Countries, the task of institution building and adaptation of the economies of the new countries seemed to be an outstanding challenge. A challenge however, that could prove to be an opportunity as well, since the dynamic structuring of the markets, companies and institutions could also be an opportunity to integrate the idea of social responsibility into these institutions right from the beginning.

The approach of the SOCIALSME responds to this threefold challenge in a specific way. The project aims to provide more practical guidelines for SME, using appropriate and innovative products from innovation projects in the field, adapting them further to the needs of SME. Simplified language as well as the focus on the learning needs of SME and their employees will also be aims of adaptation. The character of the partnership represents the idea of a fruitful exchange of experience among old and new EU countries.

The requirement analysis in this context has the aim to make more transparent the general situation of socially responsible business management in all of the partner countries and more specifically the needs and interests of the target groups as well as potential partners in the project (advisory committee, SME, facilitators).

The detailed reports from all of the partners are included in the annex of this report.

Comparative tables on each subject covered by the reports from p. 36 of this report give an overview of central keywords and assessments on the different topics by each of the partners.

The following paragraphs present an interpretation of this material from the perspective of the author with a strong focus on what might be learned from the material for the transfer and further development of the SOCIALSME material.

2.2 Politics and Policy

2.2.1 General Situation of CSR in the Partner Countries

In general the concept of CSR is present in all of the partner countries to a quite high degree.

The partner countries can be grouped into two main categories.

One group consist of the formerly socialist countries of Lithuania, Latvia, Poland, Romania and Bulgaria. They are characterised by the challenges of a economy and society still in transformation. In the cases of Lithuania and Latvia the economy has to cope with the challenge of its separation from the former Soviet Union with all of the opportunities and challenges that are connected with establishing new production and distribution channels, establishing political institutions, currency etc. Bulgaria, Poland and Romania also had to cope with the transformation in general, but maintained the national framework of state and society.

For all of these countries joining the European Union has been a milestone in this transformation process that on the one hand marked the success of the transformation, but also posed new challenges of adaptation and re-regulation for economy, society and politics.

Spain and Portugal represent the states that joined the EU in the early 80ies and wrote a success story of economic growth and progress ever since, albeit from a quite low level of development as a starting point in some indicators like education, health etc.

Cyprus has a somewhat special role as a traditional market economy, former British colony and small entity with a successful economy that provides high per capita income and is characterised by small companies and a concentration on some sectors like tourism.

All of the partner countries insofar are characterised by profound processes of transformation that are boosted by the current financial and economic crisis, that in some of the countries like Latvia, Bulgaria and Romania seems to threaten the basics of the financial system and economy.

What is the situation of CSR given this bleakening background?

A common characteristic reported by the colleagues from the transition countries in Eastern Europe is a relative weakness of the civil society in these countries. The pressure on companies by the public and NGO seems to be relatively weak, since individual citizens are reportedly fully occupied by struggling for their own economic survival given the challenges but also great opportunities of finding a role in the economic and society under ever changing circumstances.

The Lithuanian report therefore characterises the state of the implementation of CSR concepts as

“society uninterested, state unsure, associations see CSR as zero-sum, companies do random activities”
(2)

There are cases of CSR implementation and government in principle promotes CSR, but not to a level of a systematic implementation.

A force for the dissemination of the concept and promotion of activities are the branches of international companies in Lithuania. As a consequence issues like ethics, transparency, environment, social security and employee welfare and training are discussed publicly as an obligation of companies to a certain degree. (5)

This assessment is affirmed by the report from Romania. Also here the general impression is that the concept still is “more fashion than awareness” (4), driven by international companies. A strong point is the strong community relations by some companies, that seem to exist but are hard to assess because they are underreported in the media.

Also the Latvian report concludes that the general situation of transformation and crisis is not conducive to social responsibility and also the general value system in this situation is not adjuvant to CSR.

Nevertheless there are socially responsible activities in the business community, mostly driven by the ethical orientation of business owners. These activities are to be appreciated, but suffer from a “lack of knowledge and proper guidance” (1, 2).

The Bulgarian analysis underlines the general character of the economy as “wild capitalism” in the transformation society. Nevertheless the Bulgarian correspondent reports a growing level of CSR activity, claiming that “CSR is a highly important issue and a permanent priority in the government policy of the Republic of Bulgaria. In accordance with the European CSR policies, government policy is oriented towards promoting CSR at national level”.³ Drivers are social partners, specifically business associations. The report emphasizes the strong dependence of the development of real activities from the development of the civil society. On the whole, activities evolve slowly from activities of limited scope and unclear focus mostly by larger companies. Also in Bulgaria a lack of concepts and long-term business strategies is reported.

On the basis of a generally similar analysis the Polish report sees the tendency of rising expectations of the public to companies as a driver for progress in the field of SME.

In the southern countries the correspondents emphasize different aspects. Also here the degree of implementation of the concepts in all of the companies leaves still room for improvement. The Portuguese report concludes that there was growing awareness of the concept already since the adoption of the Lisbon strategy. Since Portugal lags behind other European countries in some key social economic indicators, the correspondent emphasises specifically the need to further develop the internal dimensions of CSR, as life-long-learning opportunities.

The Spanish report underlines that in general Spain has a quite comprehensive framework of legal regulations in the fields usually covered by the concept of CSR. Since companies are already struggling

³ Cf. Bulgarian National Report for a full discussion of the intense efforts of government and business associations to promote CSR in Bulgaria.

to implement these regulations and already complain about over-regulation, there is only limited room for additional voluntary activities. Nevertheless an improved choice of tools and guidelines, proving the business case for CSR activities, might help to improve implementation, since also in Spain companies try to profit from enhanced reputation and trust, specifically on the side of increasingly critical customers.

In Cyprus the SME focused economy, characterised by micro and family businesses, seems to show a quite high level of incremental, low key activities, partly motivated also by tax deductions that promote such activities. CSR activities as such are found mainly in the banking sector. Banks fund mainly culture, welfare and charity activities.

A specificity of Cyprus as a former part of the British Empire is the ongoing cultural influence of the discussion in the UK. This seems to be true also for the discussion on CSR.

On the whole the situation in all of the partner countries shows a high degree of similarities.

CSR as a concept is more or less known in the relevant public and there is a certain level of activities, but the concept still has not taken roots in the economy as a whole. This general problem of scepticism is reinforced by the acute crisis that occupies all of the attention of citizens as well as businesses and politicians.

It is still an open question in which direction the public discussion will turn in this crisis. On the one hand the immediate problems are a strong obstacle to additional activities. On the other hand, in the discussion of the causes of the crisis the short term orientation of business strategies like shareholder value as the dominating paradigm of economic policy is discussed more sceptically even by former proponents of the concept. This potentially could turn out to be an opportunity to rethink concepts of business conduct that emphasize sustainability and building strong community and stakeholder relationships in addition to mere market relations.

2.2.2 Government Policy in Partner Countries

Since all partner countries are members of the European Union, also the concept of CSR has to be supported and implemented by the national governments. Nevertheless some differences in the energy level of implementation, approach and institutional backing of the implementation can be identified.⁴

In Lithuania government programmes from 2006-2009 and 2009-2013 endorsed the concept of CSR and foresaw measures to solve the lack of systematic implementation of CSR. The vision of government policy to promote CSR is a stimulation of better understanding of the concept, a further dissemination of methodologies, sharing of good practices, promotion of events and educational programmes, research to evaluate CSR performance and increased transparency of activities. As a practical step in this direction an award for responsible businesses exists.

⁴ Government policy is not explicitly discussed in the reports from Romania and Latvia

Policies are made and implemented by the Ministry of Labour and Social Affairs.

In Romania a CSR Direction within the Ministry of Labor, Family and Social Protection exists, which is responsible to promote and encourage CSR activities at national level”

In Bulgaria “CSR was long not on the agenda”, but now CSR is a highly important issue and a permanent priority in the government policy of the Republic of Bulgaria. In accordance with the European CSR policies, government policy is oriented towards promoting CSR at national level.⁵ In 2007 a national agreement between government and social partners⁶ was achieved to foster a sustainable development strategy.⁷ The Bulgarian Government endorsed different international declarations relevant for the dimensions of Social Responsibility, among them the Green Book on CSR, the UN Global Compact and different conventions of the International Labour Organisation (ILO).

In Poland the Ministry of Labour and Social Policy is in charge of CSR policy. The ministry includes CSR principles into relevant national strategies and government programmes (2) and promotes the concept by seminars and conferences, stimulating the general discussion among target groups and experts.

⁵ According to the Bulgarian partner to implement this generally CSR friendly policy “The targets set are focused on promoting sustainable development, including the aspects of socio-economic development and preserving the environment, as well as creating economic and financial tools for CSR promotion. In Bulgaria there is said to be a profusion of administrative units and directorates where CSR issues receive attention and some limited policy treatment. Promotion, encouragement and adoption of these practices are at the core of the efforts of the: Directorate “Labour conditions, crisis management and alternative conscription“ at the Ministry of Labour and Social Policy. Other departments are involved however their activities are focused on legal requirements in these areas. Directorate “Preventive Activities”, Ministry of Environment and Water; Ministry of Agriculture and Forestry; Ministry of State Administration.”

⁶ According to the Bulgarian national report “In October 2004 the first session of the National Round Table for Labor Standards Introduction took place. The participants in this round table represented state institutions, social partners and businesses. The main objectives of the round table were as follows: improving dialogue and the exchange of information raising the awareness of social standards amongst the participants, the community and political institutions supporting the auditing process in the enterprises building national continuity. This round table meeting led to articles published in specialized magazines and newspapers, the preparation and distribution of a booklet, arrangements to present an award to the socially responsible enterprise of the year, and the first National CSR Conference.”

⁷ The main goal of the national strategy is to define objectives, priorities and measures that will enhance the quality of life in Bulgaria for present and future generations, as well as to give a vision for the medium-term and long-term development of the country. The strategy is based on the European Union's renewed Sustainable Development Strategy and the renewed Lisbon Strategy.

• The framework of the national strategy comprises three fundamental groups of problems: environmental issues concerned with maintaining a state of natural equilibrium, economic and social problems. Among the principles to be followed in achieving the main objectives of the strategy are equality (avoiding discrimination, and reducing poverty and social isolation), social inclusion (increasing citizens' participation in the decision-making process, and the inclusion of business and social partners), the improvement of social dialogue, coherence of policies and governance (including the improvement of the interrelationship between EU policies and activities at local, regional and national level, and the integration of policies), best use of tools for better regulation, and knowledge-based sustainable development. The key challenges of the strategy are as follows:

1. Climate changes and clean energy.
2. Sustainable transport.
3. Sustainable consumption and production.
4. Preserving and management of natural resources.
5. Public health.
6. Social inclusion and demography.
7. Good governance.

The Council of Ministers established a government advisory committee with the main responsibility of coordinating activities aimed at achieving the objectives of the National Sustainable Development Strategy.

For Portugal the report concludes a high level of integration of CSR principles into the regular regulations and legislation on training, health and safety. The revision of the labour code in 2009 reinforces flexible work times, parental leave and comparable measures. It also sets standards for in-company training. In Spain the integration of CSR into formal regulations is reported as well. There is no explicit law on CSR (except in the region of Aragon) but the respective international declarations are endorsed. The national standard setting organisation developed a standard for corporate social and ethical management. In Cyprus the planning bureau in the Ministry of Finance is in charge. Due to the smaller size of government no extra Ministry exists but the activities and policies of the British Ministry for CSR are watched closely. Government policy stresses the encouragement of small firms and the promotion of entrepreneurship by women, young as well as disabled people, including the skill building of these groups.

On the whole it can be concluded, that in all of the partner countries some form of support of SR policies exists, although nowhere CSR is a very high priority of government policy. This, however, is to be expected, since CSR is a concept that explicitly focuses on the voluntary activity of the private sector and tries to motivate companies to include in their own operations the care for stakeholders, so that some regulations are not needed in the first place. In the Iberian countries correspondents report that government took a more active role and regulates the fields of activity which are also covered by CSR to a high quite degree. This leaves the private sector with implementation problems.

For SOCIALSME therefore government policies are a positive influence, since activities to implement CSR are at least morally supported and governments are looking for activities to promote the concept in an ever more practical way. This is a strong support for the business case to be made for socially responsible business conduct, either as a way to avoid formal regulations by anticipation or by helping businesses to implement the widespread regulations. The case can be made, that a professional way of managing the impact and stakeholder relations of businesses can avoid problems and frictions. Such friction might stem from conflicts with regulations or from situations that get problematic for the society as a whole and therefore call for a tightening of regulations, which is generally not welcomed by businesses. Government policies therefore are a context factor that should not be ignored also by small companies. Businesses who build up a management framework for these problems will gain a competitive advantage in the medium and long run.

2.2.3 The SME Road to Fairness and Responsibility: Searching for a Sustainable Strategy in the Economic Crisis

It is the unanimous judgement of all national reports⁸ that participation of SME in systematic and planned implementation of socially responsible business strategies is still insufficient.

On the positive side however correspondents say that in fact SME *are* acting socially responsive in a lot of ways and are involved in their communities, caring for customers and employees and minimizing their

⁸ The polish report does not explicitly discuss this topic

environmental impact. Often these activities are underreported and not conceived in the framework of CSR concepts by the owners themselves. Dependency of activities on the attitude and values of the owner of SME is also a common characteristic noted in the reports. This is a potential weakness, but also an opportunity, since SME owners really have the capacity to act and mostly don't have to deal with internal bureaucracies and influence groups. On the other hand this fact also limits the coordination of efforts and the systematisation of activities.

As a consequence, a general strategy deficit can be diagnosed, that limits the impact of activities. A reason for that deficient contextualisation of activities into a strategy and vision is also, that the model of CSR as perceived by the public, is sometimes more an inhibition than a driver for SME activities, since activities observed in "corporate" actors often seem to be costly and connected with additional burdens like reporting. Therefore the positive effects of big company best practices on SME might be limited.

In Lithuania there are "less formal, more intuitive" activities, like employee welfare, opportunities for learning, cooperation with universities, participation in social programmes and the like.

The report guesses that 50% of Lithuanian SME are aware of the concept and 30% implement some sort of activities with an increasing tendency. The report underlines, that many companies are willing to invest in employee development. 60% and say that they want more training and consulting of employees. (7)

Compared to Lithuania the Latvian report is more pessimistic. Taking into account the potential underreporting of activities, the report guesses that only 2-5% of SME show conscious SR activities (II, 1). It suggests that activities are "mostly forced" and not strategic. There was also a lack of comprehension of the concept itself. To increase the level of activities, the report suggests disseminating good practices, educating owners and awarding more funding. On a societal level more pressure from the public could lead to improved efforts by SME. The current comprehensive financial and economic crisis however is the most formative fact also for SME.

In Romania CSR is still an unknown or misperceived concept for SME, mostly associated with high costs, suitable only for big companies. Therefore SME focus on "rescue operations" and are not paying much attention to new ideas, although also here enhanced SR business planning could build on already existing though not very systematic activities that in fact would fit into the SR framework.

These statements are affirmed in the Bulgarian report. It underlines the challenges of crisis and transformation, specifically for small businesses. Although "charity is a positive social norm" among business people, conscious SR activities are "fragmented, chaotic, mainly motivated by the personal characteristics of their managers" (3), who are motivated by gains in reputation, personal ethical motives and the feeling that businesses have a certain compensatory role towards destitute parts of the population. Limiting factors also in Bulgaria are the lack of public pressure and absence of accepted knowledge: "nobody knew how to be socially responsible" (4).

The lack of strategy is reported also from Portugal, although a report from 2004 estimates that 2/3 of Portuguese SME practice some form of (external) SR as ad hoc donations, support for cultural and sports

events and the like. In this fields Portugal records the highest incidence of donations among EU 15. But also here a lack of strategy is concluded, since “the adoption of CSR measures reflect the need for increasing management efficiency” (9).

Also in Spain SME manage SR informally and intuitively. It is perceived mainly as a life-long commitment to people that is accepted and practiced, but “C” SR among SME is associated with large companies. SR as a strategic opportunity is not widely recognized and as a consequence only 4% of SME can be regarded as “leaders” in the field, while an additional 11% implement SR as the consequence of a more passive “me too” approach.

The relevance of role models is underlined also in the Cyprian report. SME in Cyprus obviously tend to see the situation in Greece as a reference, which is a limitation in this case, since only 10% of Greek companies are active in SR. As a consequence also Cyprian SME need additional stimuli to adopt the concept more readily.

As a consequence for SOCIALSME this short discussion shows that the project can follow a relatively homogeneous concept for all of the partner countries.

It will be important to focus on the needs and experiences of SME, in contrast to larger companies and corporations. Good practice cases should be selected from SME examples.

Efforts to make the business case for SME should be directed directly to the owner of the business. Since owner managers are mostly highly committed people with a very limited budget of time, material disseminated should be as concise as possible and written in a comprehensible language. This will have to be considered also in the localisation of material.

Interaction with SME should not be limited to written material. It is typical for SME that they act mostly on the level of personal interaction. Therefore consultants and facilitators from the partner organisations should look for direct face to face contact to build credibility and trust.

The discussion of a more strategic approach towards SR can sometimes build on a quite high level of existing activities and ethical commitment. This fits well with the approach of appreciative inquiry that is a characteristic of the transfer products that are input to the SOCIALSME project.

Also in the case of SME the current crisis is a positive and negative context factor at the same time. Although the crisis is a important constraint concerning resources, it also provides opportunities that can be exploited by the project. The crisis proves the fragility of the current model of business operations. Therefore new answers are needed. Socially responsible sustainable management can be such an answer. It might be that there is more openness to new ideas in this situation and the willingness of many businessmen and women to participate in the inquiry in the partner countries (cf. below) seems to affirm this hope.

2.2.4 Spreading the Message: Institutions, Associations and Conferences

As already mentioned, the development of the civil society is an important factor in the acceptance of the concept of socially responsible business conduct. A brief look should therefore had to be taken at the main non-governmental institutions and associations which try to disseminate the concept as well as on remarkable events and certification schemes, as far as partners reported on this point in their contributions.

The “new” EU countries specifically underline the high profile that the United Nations Development Programme takes in promoting the concept, together with the Global Compact Network.

In Lithuania as a result of these efforts there is an annual conference on CSR and a “National Network of Responsible Businesses” helps to promote the issue. Also in Romania since 2006 there has been a series of conferences.

In Bulgaria, also while businesses themselves remained observant, business and employers associations, specifically those of small businesses, took the lead in informing and educating their members.

In Poland the National Chamber of Commerce launched a campaign to promote CSR specifically in SME and a “Responsible Business Forum” helps to build competence and stimulates discussion. An “Academy or Philanthropy Development” aims to reconstitute the Polish Philanthropy tradition with a “donor of the year” award.

The Portuguese report cites a number of institutions as RSE Portugal, affiliated to CSR Europe, BCSD Portugal and the “Entrepreneurs Council for Sustainable Development”.

An organisation named GRACE focuses on socially responsible business activities. Furthermore the report describes 6 different consulting institutions in the field plus the partners own activities. The training centre offers a course on CSR and organises study visits to relevant businesses.

Also in Cyprus employers associations (CEIF – Cyprus Employers and Industrialists Federation) take the lead in disseminating EC guidelines as well as by publishing the first “Cypriot employers guide on CSR”.

For SOCIALSME it will be important to closely monitor the activities and publications of these institutions. On the one hand the activities that are already in place should be disseminated also by the project, e.g. by linking them to the SOCIALSME webpage and recommending them to dialogue partners. On the other hand the national project partners should make sure that the results of SOCIALSME are disseminated to the already existing networks and institutions among other by asking to be linked via their websites but also through building of networks, speeches at conferences and asking for feedback to SOCIALSMEs own material.

2.2.5 National Research used and Recommendations from Research

SOCIALSME will, within its limited resources, study and exploit the existing literature on CSR. Due to the familiarity with language, the utilisation of the national literature and studies is mainly the task of the national partners. Although the aim of this research is limited to the practical needs of the project, partners used some of these studies in their national reports. The detailed references are given in the national reports, therefore it might suffice to mention some of the main titles at this point.

Partners were asked to report the main recommendations for further development given in this literature.

In Lithuania the UNDP report “Accelerating CSR practices in the new member states and candidate countries as a vehicle for harmonisation, competitiveness and social cohesion in the EU” was used. The report includes a baseline study on the situation in Lithuania. Other studies used were EKT Groups “Mainstreaming CSR among SME in the Baltic States” and World Banks “What does Business think about CSR?”

In Romania “CRS Guide Romania” and a National Report on CSR in SME has been studied.

In Bulgaria also the UNDP report has been analysed, together with UN Global Compact/BUL Charity Aids Foundation report “CSR within the Bulgarian context, the ENDP study “Practices and Attitudes towards giving” and UNDP/BBLF/BCAF “Responsive Business Directory”.

In Portugal a quite wide range of literature has been utilised. CECOAs own 2004 state of the art report “Corporate Social Responsibility, state of the Art in Portugal 2004, has to be highlighted.

The Spanish partner mentions a couple of reports on CSR, but says that these focus mainly on larger companies and that no relevant research on CSR in SME could be identified.

Cyprus cites three publications, one by Price Waterhouse Coopers consultancy on the size of CSR in Cyprus as well as studies by CEIF and individual authors.

Regarding recommendations that should be taken into consideration in the context of SOCIALSME the partners highlight the following points.

In Lithuania studies underline that there is still a lack of appropriate institutions. Sharing of information and good practices among companies and a discussion process with stakeholders could improve the general situation. Among the potential activities the studies see employee training, health and education as crucial. (5)

The Bulgarian report concludes quite specific points to be included in an appropriate strategy for SR in SME. SME should recognize the impact of their activities and describe relevant targets and integrate these targets with their core business strategy. They should look for stronger engagement with stakeholders by building a system of dialogue with those who have the ability to influence companies operations. The conclusions also stress that governance will be important. Companies should look for clear accountability for CSR in senior management and introduce CSR aspects into their performance

management. Building of assurance and credibility is also important. This can be enhanced by an improved disclosure and reporting of CSR activities.(5)

The Portuguese report reinforces suggestions made also in the Lithuanian and the Bulgarian report. It affirms the need to monitor and evaluate practices, to build networks and to promote educational programmes. Like in Lithuania increased satisfaction and knowledge of workers as well as employment and training improvement are recommended as fields of practice. (14)

The Spanish report concludes from, the literature studied that SOCIALSME has to make sure that the specific organisational culture of SME and even the subculture in different sectors is taken into account. Correspondents from Cyprus affirm the need to help SME in strategy building. Such strategies should include a widening of the scope of activities, which should also include the care for people with special needs and a more caring approach towards the community.

3 Inquiry by Partners: Focus Groups/Interviews

3.1 Participation in Focus Groups/Interviews

As recommended by the guidelines, the desktop research on the situation of CSR in the partner countries has been complemented by direct contacts with experts and target group representatives. This exercise was intended to verify the findings from research by direct dialogue. This was important especially because the research on CSR in some of the partner countries focuses mainly on bigger companies. The direct dialogue was also an opportunity to disseminate the approach of SOCIALSME and to test the interest in a cooperation in the development of the SOCIALSME products among potential target groups.

The results from this research can build on a quite big sample of dialogue partners.

On the whole 122 SME representatives, consultants, experts and potential facilitators worked with the partners in the interviews and focus groups. This turnout shows a high level of interest in the topic in spite of the imminent crisis.

In Lithuania 10 SME representatives were interviewed, in Romania 250 SME were contacted, which resulted in a selection of 8 individual interview partners. In Latvia 20 participants discussed the topic in two Focus Groups. In Bulgaria 34 experts and SME representatives shared their views, while in Poland a Focus Group of 8 SME representatives was complemented by 7 individual interviews. Portugal contributed the high quality feedback from 3 high level experts on CSR. In Spain a Focus Group of 8 participants was organised. In Cyprus two Focus Groups of 9 and 5 participants provided valuable insights.

3.2 Emphasis in Understanding of CSR

Although the focus group and individual interviewing firmed the general understanding of CSR as given in the Green Book of the EC cited before, some differences in emphasis are notable.

In Romania the definitions offered by the interviewees focus on the benefit for the community, the care for the environment and health and safety at work.

In Lithuania the primary target group of responsibility are the employees and the care for them in all situations, including reorganisation and downsizing.

In Poland the general “standard” understanding is affirmed with an emphasis on community development and respect for stakeholders.

The understanding in the Cyprian group underlines the idea that businesses are responsible only if they go beyond the mere profit motive, but they also emphasize training and employee development as important activities in this context.

3.3 Immediate Problems of SME

The impact of the acute financial crisis on businesses in general has been discussed already in the previous paragraphs. Since the strategy of SOCIALSME will be to build its activities on the problems as they are perceived by the target group, as well as to build on already existing activities of SME, the partners were asked to discuss their perception of the most important current problems of SME. This approach, as already known from the evaluation of COSORE, FILIP and Work and Learn projects, proved to be quite fruitful and it is the intention of the project to include this exercise also into the concept to be developed.

All of the partners describe the current economic crisis in quite drastic terms. “Declining market, declining income and profit, decline in the number of employees” (Lithuania) “Latvians are desperate” “surviving” (Latvia) “survival mode”, “lack of financial resources”, “declining export markets” (Bulgaria), “struggle to secure financial commitments” (Portugal and Spain) and “bad cash flow”, “high energy costs” (Cyprus).

In addition to that, some complaints are reported regarding regulations and government policy. “Sudden change of legislation”, “new rules raise costs” (Lithuania), “disregard of government for SME”, “new regulations by EU” (Bulgaria) and “government bureaucracy” (Cyprus) are mentioned.

Another point relevant for SOCIALSME mentioned is an in some cases questionable level of management skills on the side of the SME. Typical statements include: Non qualified or low qualified management (Latvia); lack of long term strategy of management (Bulgaria) and lack of strategic management plans and family problems transferred to companies (Cyprus).

Also noted are problems of SME to secure adequate financial resources (Latvia, Bulgaria, Spain, Cyprus).

Nearly all of the partners' focus groups and interview samples quite broadly report problems in the field of personnel recruitment and management.

A lack of well trained staff and specifically of qualified part time workers is mentioned by the Latvian partners as a SME problem. The Bulgarian group notes a lack of qualified staff with experience and competences, knowledge and skills, as well as a lack of interest and motivation. This statement is affirmed by 80% of the group.

Portuguese interviewees specifically mention three different HRD problems. The first point made is the need for further improvement in health and safety, i.e. the general work conditions.

As in the other countries more training is also needed. A specific point is made regarding the anticipated wave of retirement of experienced workers. The transfer of their experiential knowledge seems to be still an unsolved problem and initiatives have to be taken in this regard.

The Cyprian group emphasizes the challenge for SME to hire qualified and trustworthy staff, since many SME are not as well known as bigger companies. High potential candidates on all levels look for the seemingly more secure and attractive employment opportunities in larger companies or in the public sector.

For the developments of the SOCIALSME project these statements are very enlightening. While it is quite understandable that the economic crisis in general is emphasized by the interviewees as the most visible and important problem for SME now, involving them in an immediate, short term struggle for survival, it is notable that also in this situation more structural problems are mentioned.

While a project like SOCIALSME of course can neither change the general economic situation nor the governance of the economy, two of the structural deficiencies of SME mentioned by the interviewees clearly are in the scope of the SOCIALSME approach.

These topics are the management of human resources and the management quality in SME in general. While the transfer projects FILIP and Learn and Work focus on a systematisation of the learning policy of small companies, the concept of COSORE is centred on a more strategic planning of CSR activities, using the Balanced Scorecard method. Although the evaluation of COSORE revealed that a detailed implementation of this methodology is too demanding for some of the companies, the general tone of reports from the field was, that the preparatory steps suggested by the COSORE guidelines generally helped to improve the strategic thinking of the company owners and therefore contributed to the improvement of management quality.

The Romanian report emphasizes the lack of knowledge and information in the field of CSR as an immediate problem for SME.

It can be concluded therefore, that already this first discussion of SME needs affirms the validity and relevance of the general approach of SOCIALSME and the concepts that are to be transferred.

3.4 Resources of SME

It will be the approach of the SOCIALSME project to not only harp on real or alleged deficiencies of SME but to emphasize at least as much the resources of SME. The existence of the individual SME shows that there are viable resources that it can build on and any consultancy for SME must build on these resources. On the one hand because, as already has been noted, SME will be only interested in concepts that are really adapted to their needs and their organisational culture. On the other hand SR in SME will only be sustainable, if the companies themselves identify with the concept and activities. This is much more probable if these activities are at least in some part a extension and systematisation of things that are already done.

The interviewees from Lithuania note the competence of SME employees as the main resource of companies. 8 of 10 respondents say that the qualified, loyal and flexible employee is a main resource of SME. Other strengths listed are reputation, competent management, technology and market experience. Also the organisational culture and strong relations in the respective region is mentioned, as well as the readiness of employees to raise their competencies.

This list is affirmed by the Latvian Focus Groups. They also strongly emphasize the value of well trained employees. In a normative take on the resources a SME should build up the FG says that employees, financial resources, technology, reputation and strategic orientation are the most important competences of SME.

All of these points are mentioned also in the statements by the group in Bulgaria. The group in addition to that emphasizes the strong will to change, learn and improve as a typical resource of SME. This also applies to the personnel that usually is quite flexible. A number of points concerning community relations are mentioned in Bulgaria, as investments in building good relations with authorities, cultivate the companies reputation, specifically on the local and regional market as well as fostering relations and networks with other companies.

This analysis proves to be true also for the situation in Portugal. Experts surveyed identify "social networks as marketing" and "proximity to clients and markets" as notable strengths of SME. In addition to that, the internal organisation has benefits. Less bureaucracy and wider job definitions lead to flexibility, innovativeness and adaptability. In this sense the challenges of the current crisis can be an opportunity for productive further developments of the management system and processes in the SME.

Interviewees in Spain specifically emphasize the role of the human resources. Reportedly all of the interviewees name their human resources as the main resource for the success of their companies.

The answers collected in the interviews show that in fact concepts of socially responsible business conduct are in fact very suitable for SME, maybe even more so than for bigger corporations. While bigger

companies obviously have a need to build good relations with stakeholders ex post, for many SME doing that is exactly their main resource. Deficiencies identified in the paragraphs above must not be forgotten, but one main reason for the seemingly underdeveloped adoption of the concept of CSR by SME may be that for SME many of the things recommended by the concept come quite naturally and promotion of CSR is (seemingly) old and therefore uninteresting news for them.

For a project that is concerned more with changing the real practices of SME rather than trying to make them pay lip service to a fashionable concept, this is a potentially promising starting point.

This is even more true, since the hypothesis of the project, that care for the learning needs of the company and the Life Long Learning opportunities of its employees was the most important dimension of CSR for SME, is validated also by the answers to the question of important resources given by the more than 100 experts and SME representatives participating in the survey.

3.5 Stakeholders of SME and Policies of SME towards Stakeholders

Identification the stakeholders of the company is an important step in the consultancy process of the COSORE project. To test the feasibility of the approach of SOCIALSME to mainly focus on the internal dimensions of CSR the requirement analysis had to test which of the stakeholders of the company SMEs are most aware of.

The discussion of this question affirmed the impressions from the paragraphs above. Employees are the most important stakeholder of companies, followed by the immediate community and the market (customers).

In Lithuania interviewees say that employees and customers are more important for the company than the society in general, the environment or social concerns, because employees and customers are directly impacted by the company and the company is dependent on both groups whereas the other influences are more indirect. (14)

Also Romanian SME focus on employees and only then on the environment and the community.

This is affirmed by the Latvian and Bulgarian partners: employees are first in the list of stakeholders, followed by customers and communities. The same is true for the Cyprian discussion: employees are seen as the most important stakeholders since they meet the criteria of power, legitimacy and urgency.

In Poland there is a more prominent role of environmental concerns and the "marketplace".

The Spanish report notes that SME have a bit more fatalistic view of stakeholder relations. SME here tend to perceive themselves as more or less passive victims of the current crisis and market forces. There was not much that SME can do to influence this situation and therefore stakeholder relations are less important in general.

These statements in general affirm and validate the hypothesis of SOCIALSME that employees and their learning needs are an important aspect of internal SR and a concept that intends to improve the management and monitoring of this issue will meet the needs of SME.

What are the actual policies SME follow regarding their main stakeholders?

The Lithuanian report again at this point underlines the importance of active policies for employees, since the reputation of the company determines its ability to attract much needed qualified employees.

The Romanian report describes that SME rarely have a written stakeholder policy also with regard to employees, but that there is a degree of support for employees in need. There are bonuses and employee appreciation, e.g. at birthdays. (10) Also employee development and training, collective labour contracts and care for health and safety of employees play an important role. Among the non employee centred activities charity, ethical purchasing and environmentally friendly practices are noted.

In Latvia experts estimate that up to 6% of companies are pretty aggressively launching a stakeholder policy while another 35% are active to some degree.

Also in Bulgaria the report is sceptical regarding the state of explicating and monitoring stakeholder policies of SME but emphasizes that in fact companies care quite intensely for their employees, since they want to retain valuable know-how.

The focus group in Cyprus discussed SME policies for employees quite extensively. Obviously employee relations here are shaped by strong unions to quite some degree, which is also controversial, since employers feel that this limits the flexibility of their companies. Good management of employees includes in the perspective of the Cypriot group creation of jobs, fair evaluation of performance, opportunities for promotion, equality, job satisfaction and care for the health of employees. In the perspective of the responding SME this policy leads to higher self esteem and identification with the company. (4)

The respondents of the Polish survey also say that companies are active versus their employees by providing training opportunities, but more than the other groups also emphasize environmental protection charity and community relations as stakeholder policies of SME.

3.6 Learning Policies of SME

The research guidelines asked partners to explicitly discuss training policy of SME with the research partners. As the discussion of the other questions already affirmed the relevance of the relationship with employees, some of the points made in this context have been already mentioned. Nevertheless points where respondents described the training policy as a part of the employee management policy should be reported here.

All of the partners affirm the importance not only of management of employee relations in general, but also of learning policies in particular.

In Lithuania the necessity of continuous employee training is nearly consensus among interviewees. SME generally implement internal and external training. They are also confident that they can attract qualified staff. An exception is when there are no appropriate candidates available at all, as in the more peripheral parts of the country. One company surveyed has a special budget for training and takes part in EU programme "Human resource development at enterprises". In the present crisis however funds are restricted.

Some SME have explicit training policy as part of their quality management system. On the whole the sample guesses that 80% of companies do some form of training, only 20% are without any training for employees.

The estimate for Romania for the degree to which companies train their staff is a bit lower at 50% but respondents say that nevertheless training is the most important employee policy.

The group in Latvia, while affirming the importance of training ("bigger companies have understood the need...") interprets training exclusively as external training in courses and seminars. The report says that SME mostly do not have funds for that and therefore there are no training offers, since training companies focus consequently on bigger companies. The report acknowledges that "some companies train their employees by themselves" but it remains a bit unclear if this is perceived as a strength or a deficiency.

This focus on internal, situational training is affirmed by the Bulgarian report. It admits that 80% of companies do not have long term strategic plans for training, but nevertheless are very convinced of the value of training. All of the participants of the group opt for training when asked if they would train employees with learning needs or if they would look for qualified replacements on the labour market.

40% of the Polish sample, in spite of the comparatively higher priority put on environmental concerns, reports that SME support skill development and long-term career planning.

Also in Spain the correspondent describes the situation of learning opportunities in SME as good. He reports that training of employees is publicly funded and therefore many companies use this opportunity. This might change if the funding is cut back, but SME owners now see the benefit of training they also might go on with increased efforts even in this case. This is probable since demographical challenges can be anticipated. Many workers will retire soon and this is a problem for the knowledge base of companies. On the other hand many owners of SME are still sceptical if they can retain well qualified workers.

Experts from Portugal and Cyprus are more sceptical. In Portugal the assessment is that only few companies really encourage their workers to develop their competencies and consequently only few have a systematic training policy. A particular feature of the Portuguese experts is that they strongly reflect the kind of training used by companies. They criticise that even if there is training at all mostly innovative forms of learning like exchange of experiences among colleagues that are potentially even the most appropriate ones for SME are still underused.

In Cyprus there seem to be split opinions about the real learning opportunities in SME. While there are voices that regard the deficiencies in this field as “the second largest problem of the Cyprian economy” and note a lack of clear job descriptions and adequate initial training, others point to government subsidies for training that adopts the approach of the UK “Investors in People” standard. The CEIF is a licensed partner of this programme and consults SME on how to implement it.

On the whole the learning situation in SME, as far as covered by the feedback from the interviews, shows valid starting points for the activities of SOCIALSME. While the issue is accepted as important, the real practices of companies obviously leave room for improvement. This seems to be true for the quantity as well as quality of activities. While in some countries existing activities mostly have to be made more systematic and targeted in other countries the awareness for innovative in-company forms of skills development can be of interest for the companies. Although the approach of SOCIALSME is focussed on the planning and monitoring of activities in contrast to implement the training itself, the rich resources and experiences of the partners of SOCIALSME regarding modern learning methodologies and material on how to implement them, will make state of the art learning accessible for interested SME.

3.7 Important and Urgent Activities

Up to this point the inquiry has validated the basic approach of SOCIALSME to a quite high degree. This now has to be reflected in the degree to which the interviewees put learning and employee relations on the agenda, when asked what the most important and urgent activities for SME in the field of CSR were. This has been, according to the guidelines, the final stage of the interviewing. Although, as has been noted, the actual form of dealing with this question has been different, the results nevertheless can be compared. Detailed tables are given in some of the reports. Here we will focus on the three most important topics in each of the countries, as identified by the partners, where feasible. In some cases this is based on a secondary analysis provided by the partners. Remarks on the methodology of this analysis can be found in the comparative tables below.

In Lithuania employee training is the most important issue, closely followed by “punctual payments”, and safety and health at the workplace. Two of three priorities therefore are problems of employee relations. Philanthropy and community relations are very close fourth and should be also mentioned therefore.

The Romanian report does not prioritize activities but gives a more extensive list that covers different topics, among them environmental protection, but also measures to improve the work environment and promotion of CSR in general.

In Latvia getting innovative, creative employees is the highest priority for the focus group interviewees. Close behind comes “loyal employees” and securing investment. Notable is that, as is reported, the averages are obtained from quite split opinions in the group. While consultants in the group rated training as the highest priority, SMEs themselves rated it the lowest. The same is reportedly true for the issue of

“strategic orientation”. Here a quite big gap in the perception of how to deal with the acute crisis becomes apparent.

In Bulgaria top priorities are the building of a good company image, socially responsible conduct in general and the good relationships with local authorities and communities.

The priorities rated by the Portuguese experts focus on the strategic capacities of companies, namely change management, partnerships and networks but also employee related topics as flexible work-times and transfer of knowledge from old to young plus securing employment for older workers.

In Spain no specifics have been prioritized. Respondents regard CSR activities in general as important but are sceptical with regard to the impact of the crisis on the actual readiness to put them on the agenda.

Strategies to improve chances for action include explaining benefits, support for developmental activities and implementation of tools that do not impose additional costs on SME.

In Cyprus the group pleads for taking a more long term approach, educating society in general and SME owners in particular on the benefits of a less self-centred approach. CSR benefits should be explained in connection with the business case for improved SR.

This rating of priorities demonstrates that not everywhere the learning activities, which are regarded as important in principle, make it to the top three of CSR priorities. Moreover, in some cases experts who observe SME from an external perspective are even more aware of this necessity than the SME themselves.

As a lesson to be learned from this exercise it can be concluded that the improvement of Life Long Learning opportunities is in fact a important issue that is affirmed by SME and experts in principle, but that the actual implementation of concrete measures at this time and in the situation of acute crisis cannot be regarded as a closed deal. The approach of SOCIALSME focuses on the strategy building and awareness-raising of SME and only as a consequence of this will guide SME to a concrete learning programme. It can be expected that the improved strategic perspective of companies and their owners in particular plus a consequent building on already existing activities of SME will improve the chances of implementing also more learning opportunities in companies. It seems to be justified therefore if the examples and references used in the methodology package that has to be developed focus on learning as a SR activity. Partners on the other hand should not be dogmatic in this regard and be open to the priorities of their SME partners. Since strategy building and monitoring of SME is the main topic the learning effect of the common exercises can be yielded working and reflecting also on other topics.

As experiences from a lot of projects demonstrate, building the general attitude is often more important than the concrete starting point. If companies start with systematic CSR activities in one field the chances increase that they will apply the approach also to other topics. This even more so, since topics like e.g. flexible work-times, family friendliness and learning are closely related and often cannot be solved in isolation from one another. Consequently the discussion of priorities of SME reinforces the approach of the appreciative inquiry methodology, which emphasizes that the interaction with clients has to follow their

needs and pace. Facilitators therefore should be prepared to work with companies in a quite flexible ways and materials from the reference projects should be adapted in a way that makes them even more flexible and appropriate for a quite wide range of subjects. The topic of learning can be covered by including references to other accessible material, among it instruments and guidelines from other European Innovation projects.

3.8 Availability for further Cooperation

The ambiguity in the discussion on implementing concrete measures is also reflected in the availability of interview partners for further cooperation. The general attitude towards the direction and activities of the project seems to be quite positive. In face of the economic crisis however also sceptical voices have to be noted, doubting the interest of companies in additional activities while they are working in “survival mode”.

In Lithuania 50% of respondents say they are available for further cooperation. In Latvia in spite of the crisis the quite big group of interviewees reacted very positive and affirmed its interest in further cooperation. This can be also said of Bulgaria where 75% of the 36 participants say they are interested in cooperating and 50% even say that they cannot cope with CSR challenges alone.

Unanimous availability for cooperation is also reported from Poland and Spain, while in Portugal the experts consulted are interested in principle, depending on nature and concept of activities.

In Cyprus management representatives are available for participating in the project as members of the advisory committee. Consultants however reportedly are still sceptical concerning the market chances of consultancy services for SME under conditions of economic crisis.

On the whole the sample of interviewees shows a level of openness to the innovative idea of working on socially responsibility issues that can even be regarded as positively surprising, given the circumstances. This is a positive prerequisite for the success of the project and certainly is also a reflection of the quality of interaction with the research partners demonstrated by the partners who conducted the research.

4 Conclusion and Lessons Learned

What can be concluded from the inquiry done by the partners, what are the lessons learned?

CSR is a concept that is discussed in all of the partner countries but has not taken deep roots, specifically not in SME.

The general economic and financial crisis in all of the partner countries at this moment shapes the perception of companies and the general mood is rather pessimistic.

Nevertheless the crisis has also opened a new public discussion about more sustainable way of doing business and corporate governance. This could potentially foster the interest for new paradigmata of business conduct also on the micro level of single companies and renew the debate about creating win-

win situations by intensifying relations with customers, employees and the community in contrast to relying exclusively on abstract market relations. The general situation therefore features positive as well as negative conditions for the SOCIALSME project at the same time.

The partnership should utilize this opportunity in a positive way and present the concept of CSR as a promising way to cope with the crisis and not as a desirable but presently unrealistic idealism.

Government policies are supportive to CSR to a certain degree in all of the partner countries. This can be a positive factor for the project even if this commitment seems not to be intense enough to make CSR an unavoidable necessity for all companies. On the other hand especially in times of crisis with the risks of social disintegration governments must be highly interested in the voluntary commitment of companies.

Therefore it is not to be expected that the crisis will "kill" the endorsement of CSR by the governments. Project partners can and should therefore call for the moral and material support of the public administrations in disseminating the project and its results.

Regarding typical problems of SME research in the partner countries shows a quite comparable situation although some additional challenges exist for the SME in the transformation countries in Eastern Europe.

Among the characteristics of SME is the central role of the owner, the orientation on peer company examples and a reluctance to use concepts that take long study with a lot of paperwork involved.

Materials to be developed should therefore be as concise as possible and contact with SME should build on face to face consultancy using the approach of appreciative inquiry.

Existing research notes a lack of appropriate institutions, guidelines and methodologies to support SME specifically in planning, monitoring and evaluation their SR activities. These findings of research affirm and validate the basic approach of SOCIALSME to a very high degree.

Although the activities should be directed to the needs of SME existing institutions active in promoting CSR can be partners in promoting SOCIALSME activities and supporting its work.

The wide participation in the focus groups and interview series in the context of this requirement analysis (122 participants) demonstrates a high interest in the concept and mostly also a availability for further cooperation efforts.

The direct feedback from target groups and experts reveals that although the economic crisis is a dominating concern, there also is an interest to take the crisis as an opportunity and to tackle the more structural deficiencies and potentials of SME.

Among topics most commonly mentioned in this regard is an improved management of SME in general and a more long-term strategic planning in particular.

The management of human resources is among the topics most often mentioned as a important and urgent issue in this context.

This affirms the validity and potential value of the concepts to be transferred in the context of SOCIALSME since all of them have proved their capacity to improve reflexivity of management and of fostering the development of a mission, vision and strategic road map for developing SR activities, particularly in the field of providing opportunities for Life Long Learning.

The adaptation and implementation of these concepts can build on a certain level of activities of SME that fall into the frame of internal Social Responsibility but are not conceived as such by the companies themselves. The existence of these activities however is the prerequisite for the utilisation of the appreciative inquiry approach.

This approach includes the openness to the concrete needs of the single SME. Positive activities must not necessarily start with the topic of learning, other fields of demonstrating the process and value of strategic planning are also possible and there should be flexibility in this regard on the side of the facilitators.

On the whole the results of the requirement analysis validate the hypotheses that were the backbone of the SOCIALSME projects approach and planned activities and products. The current crisis can prove to be a decisive factor in the implementation, but it is unclear at this point if the crisis is just an obstacle or also an opportunity. SOCIALSME partners and SME representatives and experts in the fields obviously are willing to answer the challenge of the crisis in a positive and constructive way.

5 National and International Web Resources according to National Reports

Lithuania

www.atsakingasverslas.lt
www.undp.lt
www.globalcompact.lt
www.socmin.lt
www.investorsforum.lt
www.spg.lt
ec.europa.eu/enterprise/csr/campaign/index_en.htm
www.acceleratingcsr.eu

Romania

www.responsabilitatesociala.ro
www.csr08.ro

Bulgaria

www.acceleratingCSR.eu,
www.unglobalcompact.bg,
http://ec.europa.eu/enterprise/index_en.htm,
<http://ec.europa.eu/enterprise/sme/index.htm>,
http://ec.europa.eu/enterprise/csr/campaign/index_en.htm,
http://ec.europa.eu/enterprise/csr/index_en.htm,

<http://ec.europa.eu/social/main.jsp?catId=331&langId=en>,
<http://www.undp.bg>,
<http://www.eurochambres.be/Content/Default.asp?PageID=69>
http://www.europa.eu.int/comm/enterprise/entrepreneurship/support_measures/responsible_entrepreneurship/index.htm,
<http://www.iso.de/english/projects/rare.htm>,
<http://www.ueapme.com/spip.php?rubrique62>,
<http://www.csr-for-smes.eu/>,
<http://www.europe-innova.org/index.jsp?type=page&cid=9138&lg=en>,
<http://www.kirchhoff.de>,
http://www.csrgermany.de/www/CSRcms.nsf/ID/home_de,
[http://www.ey.com/Global/assets.nsf/Germany/Studie_Verantwortung_2008/\\$file/Verantwortung_2008.pdf](http://www.ey.com/Global/assets.nsf/Germany/Studie_Verantwortung_2008/$file/Verantwortung_2008.pdf),

Portugal

International websites

<http://conventions.coe.int/Default.asp>
www.corporateregister.com
www.csreurope.org
www.bpdweb.org
www.iisd.ca
www.wbcsd.ch
www.transparency.de/English.1222.0.html
www.corporateregister.com
www.eti.org.uk
www.eftafairtrade.org
www.globalreporting.org/Home
www.accountability.org.uk
www.uksif.org
www.sustainability-index.com
www.eco-label.com/portuguese
www.ftse4good.com
www.sirigroup.org
www.eurofound.eu.int
www.eco-label.com
www.eogs.dk/sw21252.asp
www.ethos.org.br
www.europa.eu.int/comm/eurostat
www.sdchronos.org
www.transparency.org
www.wbcsd.org
www.unglobalcompact.org
www.unep.org

National websites

www.act.gov.pt
www.bcsdportugal.org
www.cecoa.pt/projectos/transncio/respons_social.htm
www.cite.gov.pt
www.grace.pt
www.iambiente.pt
www.apenergia.pt
www.dgge.pt
www.inag.pt

Spain:

AENOR. Asociación Española de Normalización y Certificación. www.aenor.es
 Amnistía Internacional. www.amnesty.org
 APIE. Asociación de Periodistas de Información Económica. www.apie.es
 ASGECO. Asociación General de Consumidores. www.asgeco.org
 Asociación Española de Fundaciones. www.fundaciones.org
 Ayuda en Acción. www.ayudaenaccion.org
 Cáritas Española. www.caritas.es
 CECA. Confederación española de Cajas de Ahorro. www.ceca.es
 CECU. Confederación de Consumidores y Usuarios. www.ceu.es
 CEPES. Confederación Empresarial Española de la Economía Social. www.cepes.es
 CERMI. Comité Español de Representantes de Personas con Discapacidad. www.cermi.es
 Club de la Excelencia en Sostenibilidad. www.clubexcelencia.org
 Cruz Roja Española. www.cruzroja.es
 Escuela de negocios EOI. www.eoi.es
 Foro de Reputación Corporativa. www.reputacioncorporativa.org
 Fundación Carolina. www.fundacioncarolina.es
 Fundación CIES. Centro de Investigación de Economía y Sociedad. www.grupcies.com
 Fundación CONAMA. www.conama.org
 Fundación Economía y Desarrollo. www.ecodes.org
 Fundación Empresa y Sociedad. www.empresaysociedad.org
 Fundación Entorno. www.fundacionentorno.org
 Fundación ETNOR. www.etnor.org
 Fundación Eroski. www.eroski.es
 Fundación Forética. www.foretica.es
 Fundación + familia. www.masfamilia.org
 Fundación ONCE. www.fundaciononce.es
 Instituto de la Empresa Familiar. www.iefamiliar.com
 Instituto de la Responsabilidad Social Empresarial. www.responsabilidadsocialempresarial.es
 ESADE. Instituto Persona Empresa y Sociedad. www.esade.es
 Intermon Oxfam. www.intermonoxfam.org
 Observatorio de la Responsabilidad Social. www.observatoriorsc.org
 Pacto Mundial ASEPAM. www.pactomundial.org
 Portal de la Responsabilidad Social Corporativa. <http://accionesostenible.org>
 Premios MSD. www.msd.es
 Reputacion, marca y RSC. www.telefonica.es
 Universidad Nacional de Educación a Distancia. www.uned.es
 Universidad Rey Juan Carlos. www.urjc.es
 Universitat de Valencia. www.uv.es

Cyprus

http://www.cyta.com.cy/about_us_en.htm
www.bankofcyprus.com
www.laiki.com
<http://www.pwc.com>
http://www.deloitte.com/dtt/section_node/0,1042,sid%253D15029,00.html
http://www.hellenicbank.com/HB/content/en/content_list2.jsp?topic=EKE&lang=en
<http://www.premier.com.cy/>
<http://www.labes.cyresearch.org>
http://ec.europa.eu/employment_social/emplweb/csr-matrix/csr_countryfiche_en.cfm?id=40
http://www.csrhellas.org/csr_last2/portal/en.php
www.ineti.pt
www.p3e-portugal.com

www.iapmei.pt/iapmei-art-02.php?id=209&temaid=26
www.ine.pt
www.rseportugal.eu

6 Comparative tables

General Inquiry

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- Emphasis of Definition of CSR**
- Involvement of SME**
- Role of Government**
- Institutions/Conferences/Certification Systems**
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General role of CSR in country							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>Cases of CSR activities and CSR promotion by government and business, but no systematic implementation</p> <p>Among reasons: weak civil society, no public pressure</p> <p>Influence of economic crisis</p> <p>Transformation society</p> <p>Economy still unstable</p> <p>"society uninterested, state unsure, associations see CSR as zero-sum, companies random activities" (2)</p> <p>Activities promoted by international companies and organisations</p> <p>Issues discussed</p> <ul style="list-style-type: none"> • Ethics • Transparency • Environment • Social security • Employee welfare and training (5) 	<p>Concept increasingly present, driven by international companies</p> <p>"more fashion than awareness" (4)</p> <p>"not a grounded idea"</p> <p>"community projects...but not well covered in media"</p>	<p>Positive examples, but no systematic implementation</p> <p>Transformation society</p> <p>Rapid development rapid decline in crisis</p> <p>Unstable development encourages short term orientation and short term struggle for survival</p> <p>CSR good examples dependent on initiatives of SME owners</p> <p>General value system not CSR friendly</p> <p>Lack of knowledge and proper guidance (1, 2)</p>	<p>Transformation society</p> <p>"Wild capitalism"</p> <p>Growing CSR activity, but regarded as "imported concept"</p> <p>Development driven by social partners and NGO, dependent on development of civil society incl. customer information and involvement in international activities</p> <p>Universities and media sceptical</p> <p>Activities "evolving slowly from activities of limited scope, unclear focus and fragmented" focus on big companies.</p> <p>Lack of concepts, lack of long-term business strategies</p>	<p>Transformation society</p> <p>Profit and short term orientation</p> <p>Rising expectations of public to companies</p>	<p>Increased awareness for CSR since Lisbon agenda, but low-level starting point, ranked 14th in EU 15 in 2003</p> <p>Development in some socio-economic indicators like education and LLL opportunities behind new EU countries.</p> <p>Therefore strong development needs in internal dimensions (4)</p>	<p>CSR growing movement but moderate implementation focused on large companies</p> <p>Agreement on CSR by social partners and government in 2007</p> <p>Comprehensive legal regulations leave only limited space for additional activities</p> <p>CSR sometimes discussed as additional burden</p> <p>Company motives:</p> <ul style="list-style-type: none"> • Reputation • Competitive advantages • Trust <p>Topics discussed/areas to develop:</p> <ul style="list-style-type: none"> • Finding tools • Tailoring for needs and culture of small companies • Customer pressure • CSR perceived as additional burden • Make case for advantages • Tools to assess baseline situation • Avoid legalistic language 	<p>SME focused economy with focus on micro and family businesses</p> <p>High per capita income</p> <p>CSR activities focused on banking sector.</p> <p>Most common: culture, welfare, charity</p> <p>UK influence on concept and institutional arrangements</p> <p>High level of low key incremental activities</p> <p>Tax deductions as immediate gain strong motive for such activities</p>

Definition of CSR *							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>Government definition (Sy 13)</p> <ul style="list-style-type: none"> • Voluntary • Systematic integration of social, economic, environmental concerns • Production cycle <p>CSR is an ethical commitment on a voluntary basis in</p> <ul style="list-style-type: none"> • workplace • society • environment • market <p>Stages of development</p> <ul style="list-style-type: none"> • Legal/normal • "do no harm" • do good 	<p>"not just philanthropy Emphasis on daily work Treatment of employees Production of products Market</p> <p>"CSR is not so much about what enterprises do with their profit, but how they make that profit" stakeholder dialogue</p> <p>voluntary</p> <p>Problem of measuring CSR performance in</p> <ul style="list-style-type: none"> • Workplace • Marketplace • Environment • community 		<p>Emphasis on voluntary engagement</p> <p>Stakeholder approach (61)</p> <p>Philanthropy</p> <p>Partnership (69)</p>	<p>Voluntary</p> <p>Corporations engage in societal priorities not only to employees but also to other stakeholders (2)</p>	<p>// European SME monitor</p> <p>"voluntary integration of social and environmental concerns in businesses daily operations and interaction with business stakeholders"</p> <p>In practice understanding of term focused on environmental concerns</p>	<p>"An economic, social and environmental group of commitments"..." (Agreement Social Partners/Government SY 8)</p> <p>"integrate social and environmental concerns into their business operations and interaction with stakeholders</p> <p>"It's about opportunities, not about new obligations or new rules" (3)</p>	<p>Obligation of managers to act in ways that benefit the interests of the organisation and the society as a whole (2)</p> <p>Ethical = according to societal norms not embodied in law Can be Performance driven and/or Motivation driven</p>

*Remark: In principle all partners agree to the basic definition of CSR as given in the Green book of the EC. This overview therefore focuses on specific nuances and emphasis expressed by the partners in their reports

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Involvement of SME in CSR							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>Less formal, more intuitive activities</p> <ul style="list-style-type: none"> • Environment • Employee welfare • Opportunities for Life Long Learning (Training, courses, business trips, seminars) • Focus on clients • Cooperation with universities • Participation in social programmes <p>50% know concept 30% implement <i>some</i> activities</p> <p>50% admit: more accidental than planned Level increasing</p> <p>Lack of information about benefits Fear of costs</p> <p>Willingness to invest in employee development</p> <p>60% want more training and consultation of employees (7)</p>	<p>"For many SME it is still a unknown subject"</p> <p>Image: costly, associated with environmental matters and donations, suitable for big companies (5)</p> <p>SME struggling in crisis.</p> <p>Think they can't afford SR but are not aware that they are doing SR things already (5)</p> <p>Activities less systematic more intuitive, tied to person and ethical values of owner</p> <p>No rational analysis of cost and benefit Challenge: enhance understanding esp. that SR is not image building, but essential element of long term success SME problems impeding implementation:</p> <ul style="list-style-type: none"> • Lack of time and money • Limited vision of long term benefits • Internal bureaucracy • Limited concern for environment • Occupied with "rescue operations" (7) 	<p>Situation of economic crisis</p> <p>Activities of SME mostly forced</p> <p>Not a strategic activity</p> <p>Guess: 2-5% of SME show activities</p> <p>Probably activities underreported, since SME activities are not reported beyond their communities (II 1)</p> <p>Lack of comprehension of concept of CSR</p> <p>More pressure from society needed</p> <p>Good practices promote CSR</p> <p>Other :</p> <ul style="list-style-type: none"> • Educating owners • Awarding • Co-Funding 	<p>Socially responsible activities of SME "fragmented, chaotic, mainly motivated by the personal characteristics of their managers" (3)</p> <p>Motivation</p> <ul style="list-style-type: none"> • Positive reputation • Ethical motive • Compensational role of business towards destitute groups • Positive condition for own business <p>Charity is a "positive social norm"</p> <p>Survival in crisis and ongoing challenge from economy in transition</p> <p>No public pressure and lack of knowledge</p> <p>"Nobody knew how to be socially responsible" (4)</p>		<p>Growing awareness of SME for CSR necessary</p> <p>Correct management can provide extra edge while mismanagement can undermine a companies standing</p> <p>In 2004 2/3 of PT SME practice <i>some</i> form of external CSR</p> <p>Culture & Sports Ad-hoc donations</p> <p>Highest incidence of donations among EU 15</p> <p>But: underdevelopment of systematic business case</p> <p>"the adoption of CSR measures reflect the need for increasing management efficiency" (Sy26)</p>	<p>New concept for SME</p> <p>Perception/understanding:</p> <ul style="list-style-type: none"> • Ethical and moral leadership • Accountability • Relationship with employees, customers and partners <p>"life-long commitment to people"</p> <p>SME manage their social impact in a more informal and intuitive way"</p> <p>Strategic opportunity not conceived</p> <p>"C" SR associated with large companies</p> <p>Characteristics of SME:</p> <ul style="list-style-type: none"> • Personal relations • Close interrelations with immediate environment • Subject to market dynamics. <p>"Leader" SME 4% "Me to" SME: 11%</p>	<p>Small companies need additional help</p> <p>Cyprian companies follow lead of Greek companies</p> <p>Greek companies have low level of CSR development</p> <p>Only 10% Greek companies are active</p>

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Government Policy							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>Gov. Order in 2005: "Endorsement of means that encourage CSR in 2006-2009 National programme on CSR development 2009-2013 to solve lack of systematic CSR implementation (9-12) Committee for CSR in Ministry of Social Affairs and Labour Yearly award for responsible business in the categories</p> <ul style="list-style-type: none"> • Workplace • Partner • Eco friendliness <p>For big/SME/foreign companies Vision of gov. policy towards CSR</p> <ul style="list-style-type: none"> • Stimulate better understanding • Spread methodologies • Share good practices • Events • Educational Programmes • Research to evaluate CSR • Increased transparency 			<p>CSR highly important issue and a permanent priority in gov.pol.in accordance with the European CSR policies, government policy is oriented towards promoting CSR at national level., but CSR "was long not on agenda" From 2007 national Sustainable Development Strategy - Agreement between Social Partners and Government on CSR 2007 Government endorsed different international declarations, among them European Green Book on CSR, UN Global Compact and different ILO conventions Awards for businesses e.g. regarding prevention of accidents at work Concentrated on sustainable development Directorate "Labour conditions, crisis management and alternative conscription" at the Ministry of Labour and Social Policy.</p>	<p>In charge: Ministry of Labour & Social Policy Promotion of the concept by seminars, conferences etc., initiating discussion about CSR among various groups of stakeholders, or introducing CSR rules into national strategies or other relevant governmental programmes (2)</p>	<p>Labour code includes a lot of CSR topics (training, health, safety) Implementation of European legislation Revision of labour code 2009 adds measures that reinforce flexible production, individualisation of work times, parental leave, sets standards for training</p>	<p>Existing law covers a lot of CSR topics e.g. Law for corporate equality plans (voluntary for small companies) (8) No explicit law to promote CSR concept, except regional government of Aragon that offers incentives for SME National standard setting body AENOR developed standard for corporate ethical and social management Adoption of OECD guidelines for multinational corporations</p>	<p>In charge: Planning bureau in Ministry of Finances Gov. role especially in environmental protection Observation of UK government policy, specifically British ministry of CSR Government tries to encourage specifically small firms Cy SOCIALSME partner says government should focus on</p> <ul style="list-style-type: none"> • Information on ISO26000 • Promote environmental and recycling activities • Foster implementation of EU legislation • Promote three way dialogue <p>Gov. promotes schemes to encourage entrepreneurship by women and young as well as disabled people and other groups incl. skill building of these groups</p>

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Institutions/Associations/Conferences/Certification systems							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>United Nations Development Programme (UNDP) major promoter of CSR ideas, together with</p> <p>UN Global Compact Network</p> <p>Annual conference on CSR</p> <p>Investors Forum on CSR</p> <p>Conference "Public policy on CSR in Eastern and Central Europe"</p> <p>Since 2005: National Network of Responsible Businesses in Lithuania (publications)</p>	<p>Starting with 2006 a series of CSR conferences</p>		<p>Topic promoted by employers and small and medium business associations</p> <p>National Round Table for Labor Standards socially responsible enterprise of the year,</p> <p>National CSR Conference.</p> <p>CSR and Awards: National award for a socially responsible enterprise is competed for annually in partnership with state institutions</p>	<p>National Chamber of Commerce: campaign to promote CSR in SME</p> <p>"Responsible Business Forum" helps to</p> <ul style="list-style-type: none"> • build CSR competence • form business coalition • to solve social problems • Exchange forum <p>Academy for Philanthropy Development tries to recreate the Polish Philanthropy tradition.</p> <p>"Donor of the year" award</p>	<p>RSE Portugal, linked to CSR Europe</p> <p>BCSD Portugal</p> <p>Entrepreneurs Council for Sustainable Development</p> <p>Linked to WCSD World Council for Sustainable Development</p> <p>GRACE focused on socially responsible business practices</p> <p>CECOA as training centre: course on CSR, organisation of study visits</p> <p>6 different training and consulting institutions in the field of CSR mentioned</p>		<p>Employers association disseminates CSR initiatives and guidelines (from DG Enterprise)</p> <p>CEIF (Cyprus Employers and Industrialists Federation) to publish first "Cypriot employers guide on CSR"</p>

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National Research used in national report							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>UNDP (United Nations development Programme) report „Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness, and social cohesion in the EU“</p> <p>Baseline study in LIT done by Public Policy and Management Institute (PPMI) (2)</p> <p>EKT Group “Baseline Study on CSR in LIT</p> <p>EKT Group: “Mainstreaming CSR among SME in the Baltic States”</p> <p>World Bank: What does Business think about CSR?” 2005</p>	<p>National Report regarding CSR in SMEs</p> <p>CRS Guide Romania</p>		<p>UNDP (United Nations development Programme) report „Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness, and social cohesion in the EU“</p> <p>UN Global Compact/BUL Charities Aids Foundation(BCAF) “CSR within the BG context” 2007</p> <p>ENDP study “Practices and attitudes towards giving”</p> <p>UNDP/BBLF (Bulgarian Business Leaders Foundation)/BCAF: “Responsiveness Business Directory”</p>		<p>“Corporate Social Responsibility, State of Art in Portugal 2004” Report, in Report 2002/No 4 of the Observatory of European SME’s</p> <p>Maria João Nicolau Santos, Ana Margarida Santos, Elisabete Nobre Pereira, José Luís de Almeida Silva: Social Responsibility in SME’s – Case Studies in Portugal</p> <p>Corporate Social Responsibility, State of Art in Portugal 2004 CECOA 2004</p>	<p>Report by Fundación Ecología y Desarrollo, Published annually, RSC: “General Situation in Spain”. Mainly about the situation in large companies.</p> <p>Report by Forética. “Evolution of the CSR in the Spanish Companies 2008” . The report shows the situation in large companies in Spain and their activities during the last year, but I could not find relevant comments about SMEs.</p> <p>Report by Observatorio de la Reponsabilidad Social Corporativa. “CSR: Companies in the IBEX 35 index in 2008”</p> <p>No relevant research on CSR in SME found</p>	<p>EC publication “Oportunity and responsibility”</p> <p>Price Watwerhouse Coopers (WC) study to identify size of CSR in Cyprus 2006</p> <p>Sudy by CEIF (Cyprus Employers and Industrialists Federation) study in 2007</p> <p>Study by Papasolomou-Doukakis, Katsioloudes and Krambia-Kapardis 2005</p>

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Recommendations from research							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>World Bank Study:</p> <p>Says that there is a lack of appropriate institutions but analyses that a majority of LIT companies think that sharing of information, discussions, collaboration and negotiations with different stakeholders would make their practices more relevant.</p> <p>They see employee training, health and education as crucial (5)</p>		<p>FG experts: Learning needs of SME:</p> <ul style="list-style-type: none"> • SME specific learning style • Motivate owners • Create learning friendly environment • Develop skills by sharing best practices 	<p>Bulgarian Industry Association top management survey 2005</p> <p>Ingridients of strategy should be:</p> <ul style="list-style-type: none"> • Strategy: recognize impact and describe relevant targets and integrate with • Core business strategy • Stakeholder engagement: look for system of dialogue with those who have the ability to influence companies operations • Governance: look for clear accountability for CSR in senior management • Introduce CSR performance management • Public disclosure and reporting of CSR activities • Build assurances and credibility (5) 		<p>Creation of CSR networks</p> <p>Systematize information</p> <p>Awareness and educational programmes</p> <p>Tools to monitor and evaluate practices</p> <p>Fields of practice should be:</p> <ul style="list-style-type: none"> • Increase knowledge and satisfaction of workers • Employment and training improvement (14) 	<p>Variety of SME</p> <p>Promotion of CSR therefore must start from an understanding of the organisational subcultures</p> <p>Exposing SME to the practices and principles of organisations with different cultures would be a mistake (Sy 22)</p>	<p>Field of application of CSR in Cy companies should be widened:</p> <p>To be developed:</p> <ul style="list-style-type: none"> • Employing people with special needs • Caring for the community • Development of strategic plans for CSR

Remarks: Recommendations reflect analysis of literature. Where no literature was used the recommendation from focus group/expert interviews are used. Page numbers refer to the page number of the national report in its stand alone version Page no. "Sy" refers to page number in reference document "Synthesis material"

FG: Participation in Inquiry							
LIT	ROM	LV	BG	POL	PT	ESP	CY
Individual interviews 10 SME representatives from various sectors duration approx. 40 min	250 SME contacted High interest but limited availability for Focus Group 8 individual interviews with SME representatives	2 Focus Groups 20 participants consultants, SME managers, workers representatives, potential facilitators, university SME specialists	Focus Group 34 experts and SME representatives from 6 cities	Focus Group of 8 SME representatives 7 individual interviews in companies	Individual interviews with 3 profiled SME CSR experts	Focus Group 8 SME representatives from small SME (1-18 employees)	2 Focus Groups of 9 and 5 participants 4 SME owners/managers 2 academics/researchers 4 consultants 2 employees' representatives 2 managers of large firms/MNE subsidiaries

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FG: Understanding of CSR							
LIT	ROM	LV	BG	POL	PT	ESP	CY
	<p>SME are involved, but motives are different from large companies</p> <p>Definitions offered by participants (cf. 7) focus on benefit for community</p> <p>Implementation of environmental impact and safety at work standards</p>	<p>General understanding of group same as general definition</p> <p>FG: "a specific behaviour a company regarding how they treat their employees, value them and take care of them in all situations, including company reorganisation and downsizing. The same is valid towards their customers and business partners" (Sy 57)</p>	<p>Managers in FG: activities existed before name CSR was found, but not in an organised manner</p>	<p>Generally proper understanding in FG</p> <p>Two participants focus on community development, others on respect for stakeholders</p>		<p>"The concept is new and not many companies have tools to develop CSR activities in their enterprises"</p>	<p>Understanding in FG: responsibility beyond profit, including training and developing employees (18)</p> <p>"There is no CSR culture in Cyprus, we have not instilled the idea of helping for the societies welfare. We only do something when it is for our personal welfare" (21)</p> <p>Short term thinking</p>

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FG: Immediate problems of SME							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>Acute economic crisis</p> <ul style="list-style-type: none"> Declining market Declining income and profit Decline in no of employees Cut of payments by 20% Suspension of investments <p>Sudden change of legislation</p> <p>Implementation of new rules raises SME costs</p>	<p>Report understands this dimension as "Problems with implementation of CSR"</p> <p>56% of respondents admit lack of knowledge.</p> <p>Other dimensions: see stakeholder policy (10)</p>	<p>Acute crisis</p> <p>Rising unemployment</p> <p>"Latvians are desperate"</p> <p>"surviving"</p> <p>SME try to keep cash flow and widen customer base</p> <p>Among context factors:</p> <ul style="list-style-type: none"> Non qualified or low qualified management Lack of well trained staff Services provided need improved methodology Lack of qualified part time workers 	<ul style="list-style-type: none"> Lack of financial resources Declining export markets Unstable economy Bad infrastructure Corruption and lack of good business climate Struggle for survival Lack of qualified staff with experience, competences, knowledge and skills Lack of interest and motivation Lack of long term strategy of management New regulations by EU (Sy 56) <p>"survival mode does not stimulate normal work relations"</p> <p>Disregard of government for SME</p> <p>"training with discontinuing of work is out of question, training on the job needed"</p> <p>Policies in SME completely dependent on owners judgement</p> <p>80% agree: difficult to find qualified staff training needed</p>		<ul style="list-style-type: none"> Lack of knowledge about customer needs Advertisement disadvantages of SME Staff about to retire: danger of loss of know how Maintain employment Training Health and safety Competitiveness Cost reduction Struggle to secure financial commitments Keep employment 	<ul style="list-style-type: none"> General economic situation Problems to fulfil financial obligations To find financial resources 	<ul style="list-style-type: none"> Economic crisis Bad cash flow High energy costs iring qualified and trustworthy staff It is hard for little known companies to hire qualified staff Inability of SME managements to make wise decisions in a range of areas Government bureaucracy Inelastic labour markets Strong unions Lack of strategic management plans Family problems transferred to companies

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FG: Resources of SME							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>"8 of 10 ... think that the main strength of their company is the qualified, loyal and flexible employees"</p> <ul style="list-style-type: none"> • competent management • reputation • technology • market experience • strong relations in region • organisational culture • readiness of employees to raise competences (Sy 65) 		<p>Craetion of competitive advantage</p> <p>Value of well trained employees</p> <p>Normative:</p> <ul style="list-style-type: none"> • Employees • Financial resources • Technology • Reputation • Stategic orientation 	<ul style="list-style-type: none"> • Ambitions and struggling • Will to change and improve • Will to learn • Understand importance of inter-company relations • Understand importance of building good image and stakeholder relations • Reputation • Flexibility of personnel • Production of good quality • Good connections with local authorities • Investments in building such relations 		<ul style="list-style-type: none"> • Social networks as marketing • More flexible, more adaptable • Broader job definitions lead to innovativeness • Less bureaucracy • Flexibility and proximity to clients and markets • Crisis has chances: innovation • Opportunity to improve • Organisational management • Behaviour change • Improved relations with stakeholders • Close personal links to markets (25) 	<p>"For all of them the main resource in their business is their human resources"</p>	

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FG: Stakeholders of SME							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>Big influence of SME reputation on ability to attract qualified employees</p> <p>Family businesses: internal relations dependent on family solidarity and conflict</p> <p>Among stakeholders:</p> <p>Employees and customers more important than community, because of more direct influence and impact</p>	<p>Focus on Employees (9)</p> <p>Other:</p> <p>Environment</p> <p>Community</p>	<p>Employees and "General reputation in the market"</p> <p>Government policies to protect older employees, single mothers, pregnant women only partly implemented due to crisis</p> <p>"</p>	<p>Employees</p> <p>Customers</p> <p>Communities</p> <p>all trust companies with good reputation more</p> <p>In small cities communities very important stakeholder</p> <p>Communities take pride in their SME</p> <p>CEOs public figures</p> <p>Big companies have strong relationship with their employees "members of a closed society"</p>	<p>SME environmental policy, regard for impact</p> <p>Marketplace policy</p> <p>"honesty and quality"</p>			<p>Consensus: Employees as most important stakeholders of SME</p> <p>Unions as shapers of stakeholder relations. Strength of unions and regulatory role of government discussion topic in FG (16)</p>

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FG: Stakeholder Policy of SME (“Policies to deal with staff groups like...”)							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>Majority of companies: no</p> <p>Some: there are no special needs staff groups</p> <p>Most: SME pragmatic “simple humanity”</p> <p>“performed intuitively without declaring”</p> <p>Most SME have flexible time arrangements to meet needs of older, mothers etc.</p> <p>Support for big families</p> <p>Non discriminatory hiring</p> <p>Focus on employees and customers less on society, environment and social concerns (14)</p>	<ul style="list-style-type: none"> • “no written policies, some form of support to employees in need” • “No - but the organisation has real action in this direction” • “No - but the company offers certain bonuses/presents at employee’s birthdays” (10) <p>Activities identified:</p> <ul style="list-style-type: none"> • the employee policies (company values), • collective labour contracts, • health and safety, • training and development for employees • appraisal systems • environmental policy and practices (but the main reason is imposed by the • compliance with the national legislation and regulations not necessarily because • maintaining ethical purchasing procedures • charity programs 	<p>A lot of SME are passive and accept stakeholder relations as they are</p> <p>35+ % of SME follow active strategy</p> <p>3-6% aggressive adaptation incl. making alliances, lobbying etc.</p>	<p>SME in regional areas strongly involved in communities</p> <p>No SME policy to deal with staff groups with special needs</p> <p>Bigger companies strong relationship with employees to retain know how “closed society” (Sy 74)</p> <p>Smaller SME no explicit policy to deal with stakeholder groups</p> <p>Bigger comp: training of employees to improve customer relations</p>	<p>10-40% respondents positive on activities for the environmental sustainability (8), but no connection to getting competitive advantages seen</p> <p>Big majority affirms positive behaviour on the marketplace, but only 60% have organised customer dialogue</p> <p>20% of respondents say they work together with other SME to work on CSR issues</p> <p>Community policy, 70% possibility of training opportunities to people from the local community</p> <p>Financial support to local community activities and projects (e.g. charitable donations or sponsorship) (50%).</p> <p>50% clearly defined enterprise’s values and rules of conduct and communicate enterprise’s values to customers, business partners, suppliers and other interested parties</p>	<p>No explicit policies</p> <p>Ad hoc policy by owner</p> <p>Some legal requirements as national plan for equality, citizenship and gender</p> <p>Plan for integration of citizens with disabilities</p> <p>New opportunities initiative</p> <p>In some cases SME themselves promoters of integration of specific groups</p> <p>Experts assessment:</p> <p>Strong networks stabilize business also in crisis</p> <p>Improved employee-customer relations lead to increased quality of work and better econ. Results</p> <p>Crisis impacts workers (higher unempl. Unpaid wages, worsening work conditions, less training) communities (dislocation, deteriorating public health) Communities(support to communities reduced)</p>	<p>Stakeholder relations of SME shaped by feeling of immediate crisis “SME say they cannot do much”</p> <p>SME feel that there is comprehensive legislation for special needs groups and it is hard for SME to find ways to add to that</p> <p>Legislation sometimes counterproductive, since inflexible contracts impede employment</p> <p>Less regulation would benefit SME and special needs groups</p> <p>“The SME are not prepared to develop strategies or plans, they have not qualified employees because they have financial problems, their priority now is survival”</p>	<p>“SME do not have CSR activities as part of their strategy and their donations to groups are made without a programme (21) or marketing and ethical reasons (e.g. blood donations)</p> <p>Philanthropy contributes to image vs. employees and customers</p> <p>“Employees are most important stakeholders since they meet the criteria of power, legitimacy and urgency”</p> <p>Employees as most important sh expect:</p> <ul style="list-style-type: none"> • Creation of jobs • Fair evaluation of performance • Opportunities for promotion • Equality • Job satisfaction • Health <p>Positive CSR policy towards employees leads to higher self esteem and identification with the company (4)</p>

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FG: Learning Policies of SME							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>All respondents (with 1 ex.) say that that training of employees is necessary and should be organised continuously or when need arises SME do internal and external training</p> <p>All resp. think they can attract qualified staff Except where the labour market is too tight (province)</p> <p>One company of FG has spcial budget for training and takes part in EU programme "Human resource development at enterprises" In crisis funds are restricted</p> <p>Some SME have explicit training policy as part of QM</p> <p>Guess: Some training in 80% of companies, only 20% without any training for employees</p>	<p>Education and training most important CSR activity</p> <p>Education 50% Environment 30% Social 20%</p>	<p>Learning perceived by focus group as external training</p> <p>FG sees big provider market, but SME don't have funds for external training</p> <p>Bigger companies have understood need for training and fund it ,therefore training providers focus on needs of big companies</p> <p>"Some companies train their employees by themselves"</p> <p>Difficulty to find external trainers for "niche needs"</p>	<p>SME in FG unanimously opt for training in case of shortage of skills instead of firing-hiring</p> <p>Focus on in-company situative learning</p> <p>80% of FG have no long term strategy for learning</p>	<p>SME support apprenticeship and offer training/internship opportunities (9)</p> <p>40% of FG say they support skill development and long term careers, 50% say they ensure non-discrimination, 40% say they care for health and safety as well as good work-life balance through flexible time arrangements (+40% "in part")</p>	<p>Some SME have systematic training policy, but not many</p> <p>Training plans and training needs analysis with low impact</p> <p>Few companies who really encourage workers to develop competences</p> <p>Training mostly focused on traditional forms, innovative alternatives like exchange of experiences among colleagues etc. under-used</p>	<p>"Current situation is good"</p> <p>"It is really easy to get special funds to organize courses in their company or to give opportunities to workers to attend free courses to develop their abilities"</p> <p>Unclear situation if funding is cut back, but since SME owners begin to see the benefit mentality is changing in a positive way</p> <p>Central problem in stimulating learning: retention of experienced workers. Massive wave of retirement to be expected</p> <p>Owners also doubt if they can retain experienced/qualified workers</p>	<p>CEIF (Cyprian Employers and Industrialists Federation) is licensed partner of UK "Investors in People" (IIP) programme</p> <p>This is a framework that helps employees to improve performance Government subsidized consulting service on IIP standard</p> <p>Nevertheless often no adequate training offered</p> <p>New employees not given clear role description and responsibilities clarification (18)</p> <p>Split opinion in FG if there are good training opportunities in SME</p> <p>"This I the second largest problem in the Cyprian economy"</p> <p>Mostly on site instruction by more experienced workers but no written development programme</p>

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FG Important and urgent activities							
LIT	ROM	LV	BG	POL	PT	ESP	CY
<p>Priorities as calculated by multiplying number of responses with value (1-5) of importance and urgency analysis of tables by ak:*</p> <ul style="list-style-type: none"> Employee training (51 points) Punctual payment (49 pt.) Safety and health of workplace (37 pt.) Philanthropy and relations with community (36 pt) <p>* different analysis given in LIT report p. 17:</p>	<p>Development of CSR methodology for SME (16) FG companies plans for 2009:</p> <ul style="list-style-type: none"> haven't made any plans continue our sponsorship program maintain environment protection assure the financial resources needed to improve our work environment." Internal information campaigns towards CSR Cutting down our costs by reducing the consumption of energy, recycling of waste" Promoting our values to our employees, training for young students Information campaign for young people referring to CSR, including recycling, keeping a clean environment, reducing the consumption of energy" To capitalize on possible recycling waste" 	<p>"Representatives from consultancies rated need for training as priority 5" (highest) (5) SME representatives as lowest (1) Same for strategic orientation</p> <p>Average points 7 in combination of importance and need for urgent action:</p> <ul style="list-style-type: none"> Know-how building Well trained people/training Recognition in the market <p>Average 8</p> <ul style="list-style-type: none"> Investments Loyal employees <p>Average 9</p> <ul style="list-style-type: none"> Innovative, creative employees 	<p>Priorities as calculated by multiplying number of responses with value (1-5) of importance and urgency:</p> <ul style="list-style-type: none"> Building of image (165) Socially responsible conduct (155) Relation with authorities and local authorities and communities (141) 		<p>Rating of importance and urgency of CSR n general: 3,66 (scale 1-5)</p> <p>Central areas to develop:</p> <ul style="list-style-type: none"> Capacity to manage organisational change Transfer of know how from old to young Employment of older employees Flexible work times Partnerships and networks Social cohesion through voluntarism 	<p>No specifics All respondents think that CSR measures are important and urgent but think that SME will be preoccupied by crisis</p> <p>Suggestions for cooperation:</p> <ul style="list-style-type: none"> Further info on CSR Tools that do not impose additional cost to SME Explain benefits Support developmental activities Make CSR easy for companies 	<ul style="list-style-type: none"> Priority must be to understand what CSR is all about and its importance through training courses for SME owners Use simple language Focused on survival and growth Mentality in Cyprus is self-centred Necessary are continuing efforts, starting in school

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FG Availability							
LIT	ROM	LV	BG	POL	PT	ESP	CY
50% not available for further cooperation <ul style="list-style-type: none"> • no problem • can deal with it ourselves 3 companies interested if project brings substantial benefits to company and employees		Positive reaction Interest in active participation	75% of 36 participants interested to become involved >50% say they cannot cope alone	"every ompany that participated in the research confirmed that it would be interested in getting involved n cooperative efforts" (7)	Yes, depending on nature of concept and activities	All respondents interested in cooperation	Management participants willing to participate in advisory committee Consultants: market for consulting services only among big companies and public organisations, not SME Only during good times they may be interested in CSR Cf. Maslow pyramid of needs

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Annex: National Reports