



## CORPORATE SOCIAL RESPONSIBILITY FOR ALL

Report Name : **MACEDONIA NATIONAL REVIEW REPORT ON CSR**

DATE : 30.08.2013



"This Project is funded by the  
European Union"

## CONTENTS

INTRODUCTION .....	3
I. COUNTRY PROFILE .....	5
II. RESEARCH AND SAMPLING PROCEDURES OF THE COMPANY SURVEY .....	16
III. COMPANY SURVEY FINDINGS .....	18
IV. CONCLUSIONS.....	32



## INTRODUCTION

This research report is part of the EU funded project (Ref: EuropeAid/132438/C/ACT/Multi) implemented by the Turkish Confederation of Employer Associations (TISK) in partnership with:

- The International Organisation of Employers (IOE)
- Business Confederation Macedonia (BCM)
- Croatian Employers Association (CEA)
- Montenegrin Employers Federation (MEF) and
- National Council of Small and Medium Sized Private Enterprises in Romania (CNIPMMR).

The project has two specific objectives: firstly, to build awareness and capacity in partnership/with a network of employer organizations in South East Europe regarding CSR in order to improve their participation in multi-stakeholder dialogue (as well as their influence on public sector reform process) at national and international levels; secondly, to create awareness and build capacity in the network of employer organizations in the region in order to guide enterprises to have positive impacts on society and to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy.

In order to reach the specific objectives of the project and to base the project activities on solid ground, the project entails the preparation of a National Review Report in each partner country. This National Review Report on CSR is one of the basic activities in this project. All other activities will be shaped based on the findings of the national reviews conducted in five partner countries. The International Organisation of Employers (IOE) provided technical assistance regarding the conducting of the National Review Studies. The draft framework (including methodology, tools, data collection process and reporting outline) is prepared by IOE.

The National Review Report entails two main surveys; the country profile survey and company survey. The former is based on compiling available information, data and literature whilst the latter is based on applying a survey questionnaire to companies. This Macedonia National review report has been prepared by independent research consultant in association with the Project Office experts at the Business Confederation Macedonia (BCM). The research team together with project





office experts reviewed the draft framework including methodology, tools, data collection process and reporting outline that IOE supplied and made necessary adjustments and revisions. In all these efforts however, we kept the comparability of tools, data collection procedure and reporting format with that of participating countries intact.

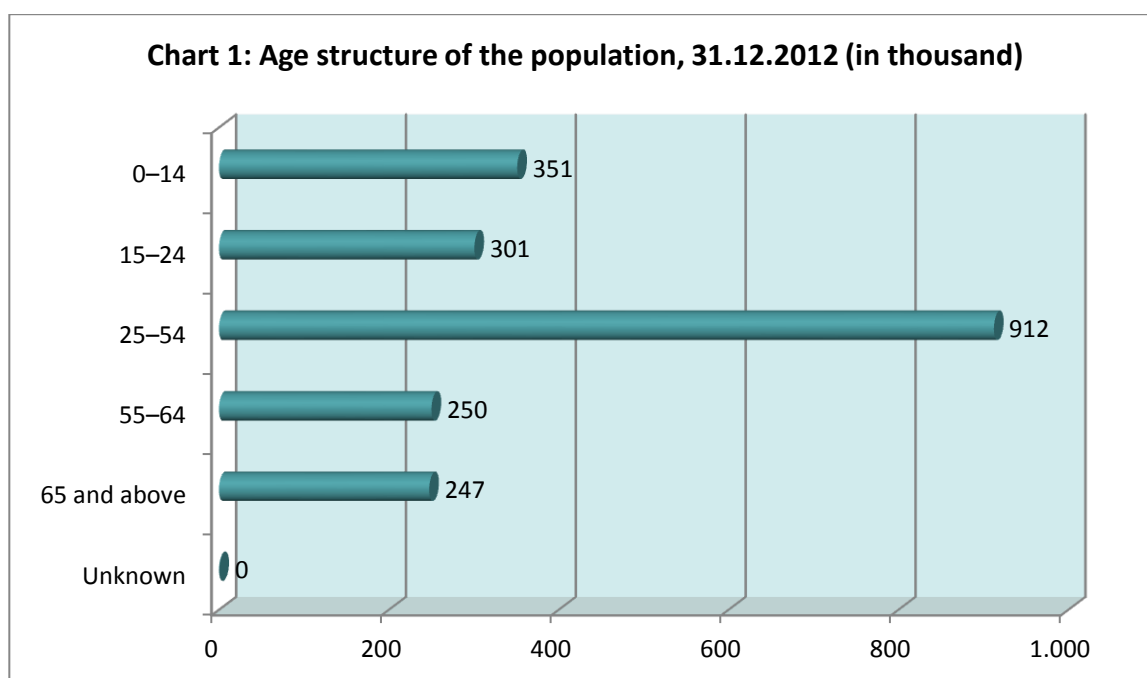
In what follows, we will succinctly summarize the country profile that includes among others the demographic, economic, and labour market situation of the country as well as CSR activities in Macedonia. In the following chapter, Chapter II, we outline the research and sampling procedures of the company survey. This chapter will shed light on findings of the company survey. In Chapter III, we present the findings of the company survey in line with the IOE developed analysis methodology. Finally, Chapter IV presents the key findings and recommendations emerging from the review report.



## I. COUNTRY PROFILE

### Population

The total population in 2012 is estimated at 2,062 thousand<sup>1</sup>. People with 65 or more years make up 12% of the population, while the young population of up to 15 years of age is represented with 17%. The chart 1 depicts in more details the age structure of the population.



Source: *Ibid.*

The population growth rate was 0.08% in 2012<sup>2</sup>. Life expectancy at birth was 74.7 in 2011, with 76.5 for females, and 72.2 for males<sup>3</sup>.

59.3% of the total population lived in urban areas in 2011<sup>4</sup>. The annual rate of urbanization<sup>5</sup> is 0.21%<sup>6</sup>.

<sup>1</sup> Population estimate on 30.06.2012 and 31.12.2012 according to gender and age, broken-down in municipalities and statistical regions, State Statistical Office of Macedonia, July 2013, <http://www.stat.gov.mk/Publikacii/2.4.13.13.pdf>, accessed on August 5, 2013.

<sup>2</sup> World Development Indicators 2013, World Bank.

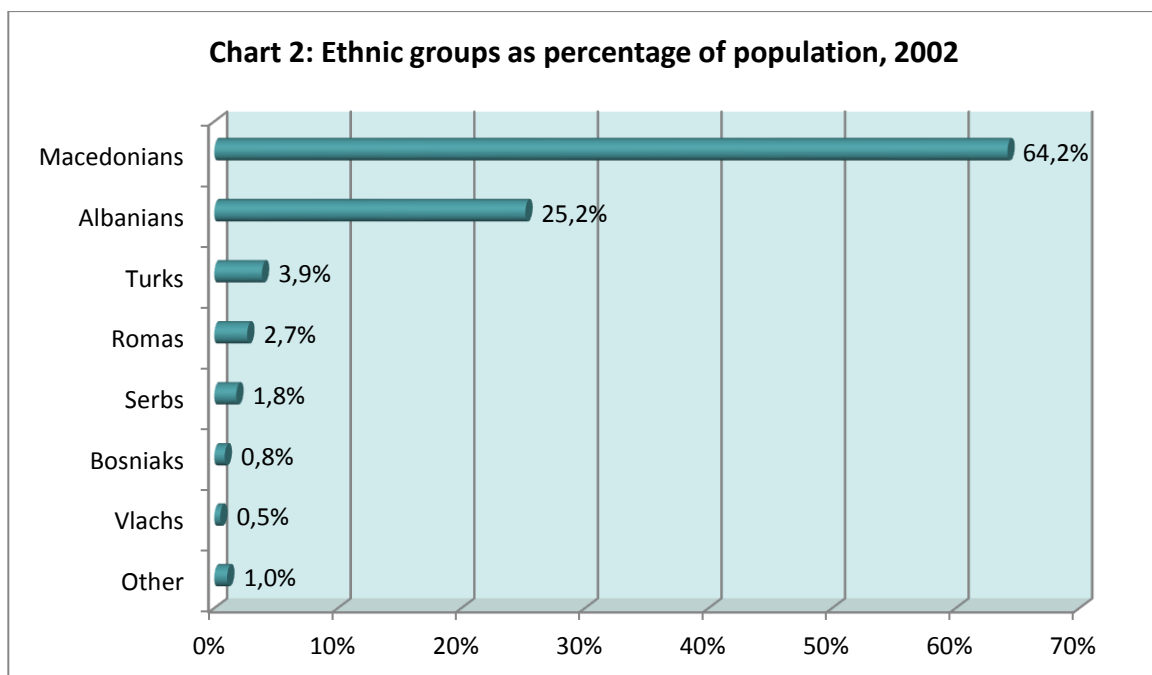
<sup>3</sup> Eurostat, <http://ec.europa.eu/eurostat>.



The inequality of income distribution, measured through the Gini index, was 40.8% in 2010<sup>7</sup>. Though moderate, this indicates higher inequality compared to other countries in South East Europe.

In 2011, 30.4% of the population<sup>8</sup> faced relative poverty and lived below the poverty line<sup>9</sup>.

Macedonians and Albanians are the largest ethnic groups with two thirds and a quarter of the population respectively.



*Source:* Census of population, households and dwellings in the Republic of Macedonia, 2002 - book XIII, State Statistical Office of Macedonia, 2005.

Macedonian is the official language, which is the first language for 66.5% of the population according to the 2002 census. Albanian is the mother tongue for 25.1%, Turkish for 3.5%, Roma for

<sup>4</sup> Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2010 Revision and World Urbanization Prospects: The 2011 Revision.

<sup>5</sup> Annual rate of change of percentage urban.

<sup>6</sup> Ibid. 2010–2015 estimate.

<sup>7</sup> Laeken Poverty Indicators in 2010 (News Release No. 4.1.12.83), p. 2, State Statistical Office of Macedonia, 2012.

<sup>8</sup> Relative Poverty in 2011 (News Release No. 4.1.12.50), p. 2, State Statistical Office of Macedonia, 2012.

<sup>9</sup> Percentage of persons whose expenditures are below 70% of median equivalent expenditure.





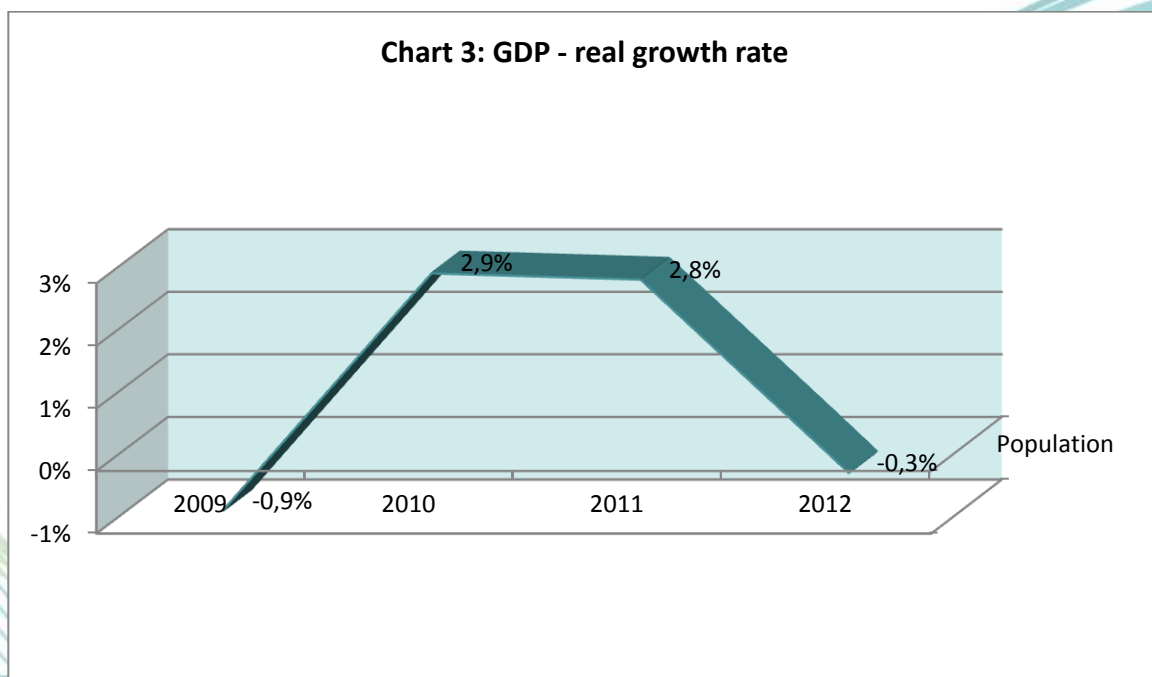
1.9% and Serbian for 1.2% of the population, while 1.8% speak other languages. In municipalities where at least 20% of the population speaks a language other than Macedonian, that language is also in official use. The Albanian language may be used in official personal documents in addition to Macedonian, as well as in communication in Parliament and other state institutions.

64.8% of the population is Orthodox Christian, 33.3% is Muslim, and 0.4% belongs to other Christian groups.<sup>10</sup>

## Economy

In 2012, Macedonia's GDP per capita in current US\$ was 4,589, and in purchasing power parity it was 11,710\$.

2011 was the second year during the world economic crisis in which Macedonia experienced a negative real growth rate of GDP.



Source: National Bank of the Republic of Macedonia, 2013; previous data for 2011; estimate for 2012.

<sup>10</sup> 2002 census, State Statistical Office of Macedonia.

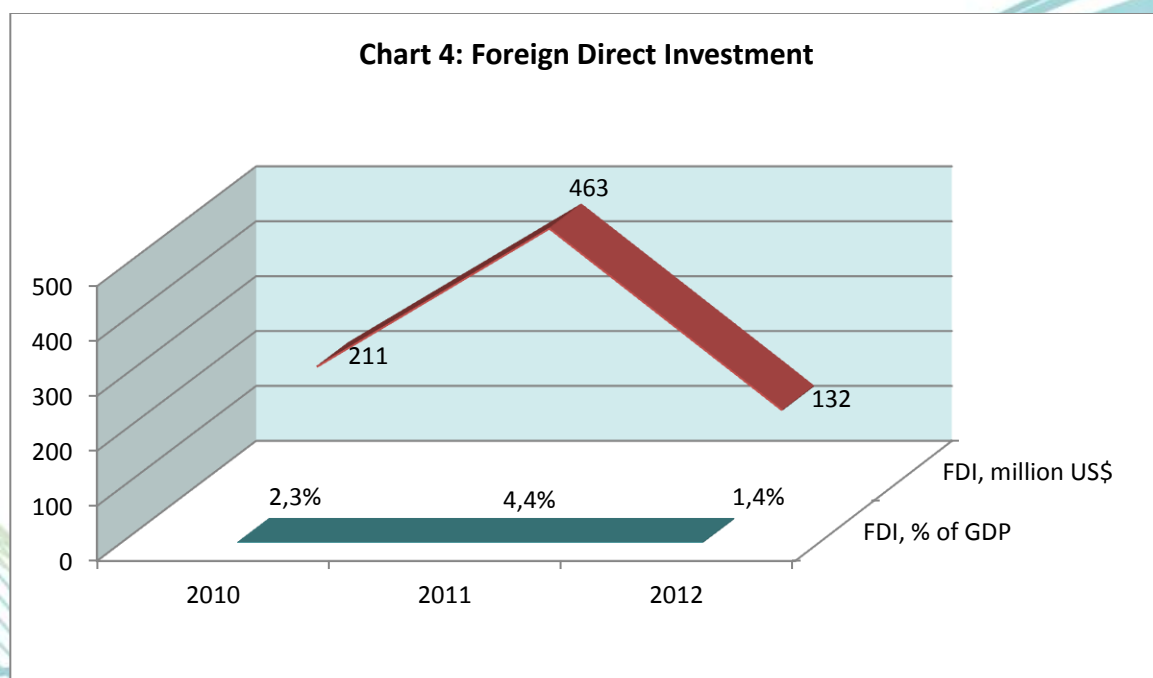


The table below shows the five biggest sectors of the economy and their share in GDP and total employment.

**Table 1: Five biggest economic sectors**

Sector	Description	GDP, 2011 <sup>11</sup>	Employment, 2012 <sup>12</sup>
C	Manufacturing	13.5%	19.5%
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	13.5%	14.3%
A	Agriculture, forestry and fishing	9.5%	17.3%
O	Public administration and defence; compulsory social security	7.9%	6.8%
F	Construction	6.5%	6.3%

The Government is pursuing a number of measures to stimulate foreign direct investment (FDI) in Macedonia. After a notable increase in 2011, last year FDI fell by 71%.



<sup>11</sup> Statistical Yearbook of the Republic of Macedonia 2013, pp. 332–333, State Statistical Office of Macedonia.

<sup>12</sup> Macedonia in figures 2013, p. 35, State Statistical Office of Macedonia.





Source: National Bank of the Republic of Macedonia,  
<http://www.nbrm.mk/?ItemID=750FC531FC3D1B49B16440313562D400>, accessed on 30.08.2013; previous data for 2011; estimate for 2012.

Foreign controlled non-financial corporations make up 15% of GDP.<sup>13</sup> In 2011, the private and the civil sector contributed with 64.7% to GDP, while the public sector contributed 16.5%.<sup>14</sup>

At the end of 2012, small and medium-sized enterprises constituted 99.5% of the total number of enterprises.<sup>15</sup> Small enterprises provided 42.4% of the value added in the 2011 gross domestic product, medium 12.7% and large 26%.<sup>16</sup>

### Labour market

Macedonia's labour force in 2012 was 943 thousand. The employment rate was 39%, while the unemployment rate was at astounding 31%.<sup>17</sup> Even more worrying, the youth unemployment rate (age 15–24) is at staggering 53.9%.<sup>18</sup>

In 2011, Macedonia's public sector employed 22.4% of the total number of employed and self-employed, while the private and the civil sector employed 77.6%. Foreign controlled non-financial corporations made up for 11.3% of total employment.<sup>19</sup>

<sup>13</sup> Statistical Yearbook of the Republic of Macedonia 2013, pp. 336–339, State Statistical Office of Macedonia.

<sup>14</sup> Ibid. Corrective items made up 18.8% of GDP, and they included imputed rents, value added tax, import duties and subsidies on products.

<sup>15</sup> Statistical Yearbook of the Republic of Macedonia 2013, p. 490, State Statistical Office of Macedonia.

<sup>16</sup> Statistical Yearbook of the Republic of Macedonia 2013, State Statistical Office of Macedonia. Corrective items, consisting of imputed rents, value added tax, import duties and subsidies on products, amount to 18.9%

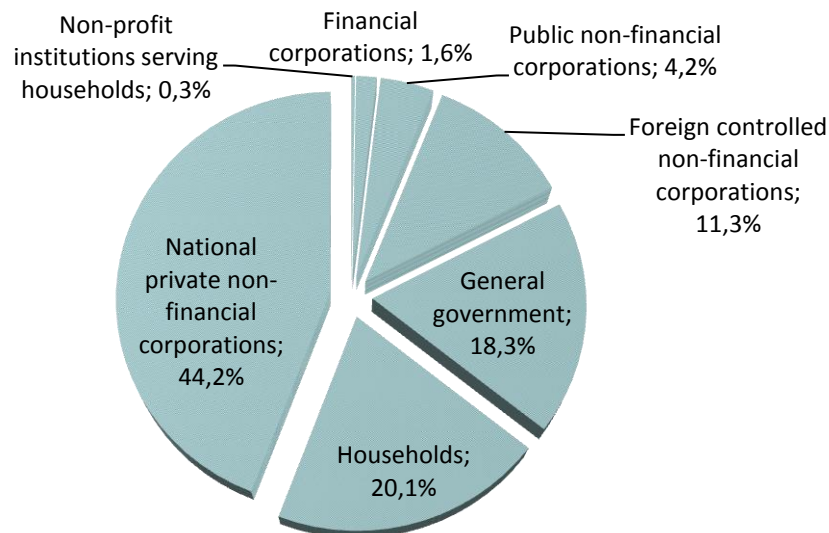
<sup>17</sup> Statistical Yearbook of the Republic of Macedonia 2013, p. 255, State Statistical Office of Macedonia.

<sup>18</sup> Statistical Yearbook of the Republic of Macedonia 2013, pp. 255–258, State Statistical Office of Macedonia.

<sup>19</sup> Statistical Yearbook of the Republic of Macedonia 2013, pp. 338–339, State Statistical Office of Macedonia.



**Chart 5: Employed and self-employed by insitutional sectors, 2011**



In 2012, 77.5% of the working population was in formal employment, versus 22.5% in informal employment.<sup>20</sup>

### CSR promotion activities in Macedonia

The Ministry of Economy of the Republic of Macedonia acts as a coordinator of CSR promotion activities on behalf of state institutions. It has a dedicated unit for CSR promotion and provides a Secretariat to the National Coordinating Body on CSR – which is consisted of 16 institutions, organizations and one independent expert.

<sup>20</sup> Labor Force Survey 2012, p. 98, State Statistical Office of Macedonia, 2013.





---

*Composition of the national Coordinating Body on CSR:*

<p><b>Business associations</b></p> <p>Economic Chamber of Macedonia Macedonian Chambers of Commerce Economic Chamber of North-western Macedonia</p>	<p><b>Academia and experts</b></p> <p>SS. Cyril and Methodius University, Faculty of Economics in Skopje Independent expert</p>
<p><b>Organizations of employers</b></p> <p>Organization of employers of Macedonia Business Confederation Macedonia Association of employers in the area of transport and communications</p>	<p><b>Other organizations</b></p> <p>Consumers' association of Macedonia Macedonian network of the UN Global Compact</p>
<p><b>Labour unions</b></p> <p>Federation of Trade Unions of Macedonia Union of Independent Autonomous Trade Unions Confederation of Free Unions</p>	<p><b>Media</b></p> <p>Media representative</p> <p><b>Government</b></p> <p>Ministry of Labour and Social Policy Ministry of Economy Ministry of Environment and Physical Planning</p>

---

The Coordinating Body:

- serves as a multi-stakeholder forum for policy dialogues and consultations between various CSR stakeholders;
- drafts a national CSR policy and through the Ministry of Economy submits it the Government for adoption;
- coordinates activities on promoting CSR among the members and other organizations working in Macedonia;
- disseminates knowledge and best practice cases among members and other organizations working in Macedonia through initiating and preparing informational materials on CSR as well as learning, dialogue and advocacy events;
- advocates for a better environment for CSR;
- promotes and raises support and resources for CSR promotion activities.

In 2007 and 2008, the Body undertook major consultations to draft Macedonia's first public policy document for stimulating CSR – the National CSR Agenda, 2008–2012. The Ministry of Economy submitted the document for Government consideration, and after lengthy consultations, inter-departmental coordination and fine-tuning it was adopted in October 2008. The policy outlines the roles and responsibilities for each sector of society – the public sector, the business sector and the





civil society – thus offering a truly multi-stakeholder approach in policy formulation and implementation. It stipulates 11 measures and 43 activities for reaching three objectives:

- Raising awareness on CSR;
- Developing the capacities and competences to help mainstream CSR;
- Ensuring an enabling environment for CSR.

As the market incentives for socially responsible behaviour of companies are still rather rudimentary in Macedonia's context, the public sector institutions have a key role to play in promoting CSR and in creating an enabling environment. Thus, the most complex measures and activities relate to the work of public sector institutions requiring joint activities and a coordinated approach between a number of institutions. Thirteen state institutions and other public sector regulators have the obligation to conduct activities aimed at stimulating CSR, and the Ministry of Economy is coordinating their work and gathering information from them for an annual progress briefing to the Government.

The government activities also involve undertaking legislative measures, though infrequently. For instance, the Investment Funds Law and the Law on Compulsory Capitally Funded Pension Insurance are being amended to include a provision demanding that pension/investment fund managers disclose their ethical, social and environmental considerations when deciding on investments, and that they report on this annually. There is willingness to enforce such measures, though judging by comments expressed on CSR-related events it can be noted that businesses and the general public are insufficiently informed of these efforts.

The Ministry of Economy has been involved in efforts to raise awareness with regard to CSR among regulators included in the National CSR Agenda and the agency in charge for attracting foreign investment.<sup>21</sup> The Ministry was also a lead implementer in a 2010–2012 EU co-funded project "Mainstreaming the National Agenda on CSR – Support to National CSR Platforms (CSR MK)", which: published 6 short brochures on various aspects of CSR, two publications<sup>22</sup>, five CSR e-bulletins; organized ten events throughout the country focused on raising awareness primarily in the business

---

<sup>21</sup> Invest Macedonia.

<sup>22</sup> "CSR-Analysis of policies and practices in EU and region" and "CSR Practices – Experience from Macedonia and Slovenia".



community, as well as five multi-stakeholder forums on topical CSR issues; developed dedicated web site and a Facebook page; organized a study visit to Slovenia for media representatives.

The Ministry of Economy and the National Coordinating Body on CSR are organizing the annual Award for best socially responsible practices in Macedonia. The Award, established in 2008, aims to provide public recognition to best practices in the fields of employee relations, market relations, ethical governance, environment and community involvement, and to provide inspiration to other companies, managers and entrepreneurs who are keen to get engaged in CSR or to keep up with competitors. In 2013 the Award received an international dimension as it was presented within the European CSR Award Scheme.

The National Agenda on CSR does not state any specific expectations regarding businesses behaviour abroad, but it does state that Macedonian companies must comply with CSR principles and develop CSR approaches if they want to maintain and expand access to sophisticated foreign markets. The Macedonian Bank for Development Promotion, which provides export financing and insurance, does not take into account CSR considerations when providing finance to projects or companies.

The Ministry of Economy tries to keep track of the implementation of the National Agenda on CSR, through the annual progress updates to the Government, however this looks more like a list of conducted activities, than a full-blown evaluation of implementation effectiveness and policy impact. This results in a situation where the National Coordinating Body on CSR and the Government are supposed to develop a new mid-term CSR policy, but they lack input on the successfulness or lack thereof of previous policy measures, and insight on the underlying reasons. Furthermore, some of the state institutions included in the Agenda have backtracked on their earlier commitments and indefinitely postponed or flatly declined to implement some of the envisaged activities. For example, despite the fact that the National Agenda on CSR had a specific activity aimed at making CSR reporting compulsory – first and foremost for State owned enterprises – the Ministry of Economy who was in charge for including such a provision in the Company Law decided that it would be too burdensome for companies and quietly avoided its implementation. Some of the state-owned enterprises do publish updates on their socially responsible policies and activities, even though they are not legally required to.<sup>23</sup> However, the decision to simply ignore

---

<sup>23</sup> For example AD ELEM, the Government-owned electricity producer.





such an important activity stipulated in a legitimate Governmental document that was developed through a broad consensus, without any wider consultation or analysis, is telling of the policy implementation challenges.

In addition to the Ministry of Economy and the National Coordinating Body on CSR, business and civil society drives a number of CSR promotion activities in the country. The UN Global Compact was launched in 2004 in Macedonia and provided the initial platform that lead to popularisation of social responsibility in the business community. The Global Compact web-site currently lists 14 company participants from Macedonia, of which two are listed as non-communicating, and five civil society participants.

Representatives of employers and business associations are most active in pushing forward CSR initiatives. Below is a restricted list of some of the initiatives:

- The Business Confederation Macedonia in 2012 developed and promoted with the State Commission on Corruption Prevention a business code of ethics which aims to guide companies in establishing ethical principles in relation to: protection of corporate reputation; health and safety at work; non-discrimination; environmental protection; avoiding sexual harassment; good corporate governance; employee relations, relations with the government, competitors and business partners; avoiding conflict of interest, bribery and kickbacks; responsible lobbying and whistle-blower protection. It also launched a Public call to authorities and politicians outlining key expectations of the business community on countering corruption, as well as an Anti-corruption charter of business.
- The Economic Chamber of Macedonia partnered with UNDP in the initiative “The social responsibility of the private sector towards vulnerable groups”. It organized three workshops in 2011 and a closing forum in 2012 where the state support for companies that employ persons from vulnerable groups was presented, the experiences of involved companies were discussed and a debate was opened on the forms of further support the companies would need to better tackle this issue.
- The Macedonian Chambers of Commerce (MCC) are also active in providing CSR awareness raising and capacities building activities. In 2011 and 2012 MCC organized eight CSR learning groups for SMEs which generated 10 practical CSR project ideas.<sup>24</sup> It also conducted two

---

<sup>24</sup> Within the EU co-funded project “Mainstreaming the National Agenda on CSR – Support to National CSR Platforms (CSR MK)”.





trainings for civil society organizations on general CSR issues, five workshops on thematic CSR issues, five dialogue sessions between the business organizations and the private sector and two trainings for journalists on CSR issues.

There are a number of civil-society lead initiatives to promote CSR, such as the annual award on philanthropy and social responsibility presented by the Centre on Institutional Development, or the international summer school on CSR organized by the Faculty of Economics in Skopje and AIESEC.

In the period 2005 –2007 several important CSR studies and surveys were conducted. The first survey on CSR in Macedonia was organised in 2005 for the purposes of UNDP's planning of the development of the UN Global Compact Network. In 2006 the UNDP undertook a study on CSR experiences and needs in the country. It involved a company level poll, two focus groups consisting of representatives of media and NGOs, and a poll conducted among representatives of economic chambers. The results focused on the extent of dedication, knowledge and participation in CSR initiatives, further interests of corporate and non-corporate actors, including barriers and motivations that could stimulate or prevent them from engaging in further action in the sphere of CSR.

In 2007, the UNDP and the European Commission sponsored a Baseline Study on CSR in Macedonia. The report was based on a comprehensive survey involving top-level management of companies throughout Macedonia, interviews of state actors and other stakeholders, and desk research. It provided insight into the relevant organizations and initiatives dealing with CSR countrywide; an analytical snapshot of the CSR situation among businesses operating in the country; as well as useful recommendations for businesses, government and civil society organizations in the CSR sphere. This served as a basis for developing the institutional setup of Macedonia's CSR public policy, and as key analytical source for the policy measures that were later developed.



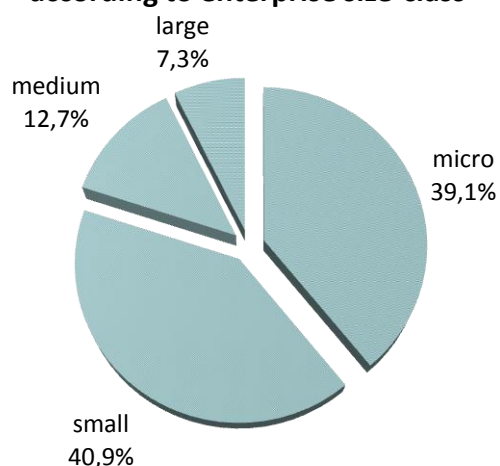
## II. RESEARCH AND SAMPLING PROCEDURES OF THE COMPANY SURVEY

Primary data was obtained through a company questionnaire, which contained questions on CSR awareness, CSR governance in companies, types of CSR involvement, rationale for engagement, knowledge and usage of CSR instruments and initiatives, challenges faced, knowledge and opinions on public policies related to CSR, estimations on CSR trends, as well as perceived training needs within companies.

The questionnaire was sent to over five hundred companies as a word document by e-mail, soliciting response through e-mail, mail or fax. One hundred and seventeen responses were received, seven of which were not considered due to severely lacking company information. The sample addressed the criteria of size-class,<sup>25</sup> sector, and geographical location, while utilizing the membership network of the Business Confederation Macedonia.

The approach allowed for an in-depth assessment of perceptions regarding CSR, actual CSR practices and knowledge levels, and provided a good basis for analysis of causal links. One limitation of the methodology is that an extensive quantitative analysis representative of all business sectors in the country would require a larger and more complex sample.

**Chart 6a: Composition of the sample according to enterprise size-class**



**Table 2: Composition of the sample according to sectors of activity<sup>26</sup>**

Sector	N	%
Accommodation and food service activities	1	0.9%

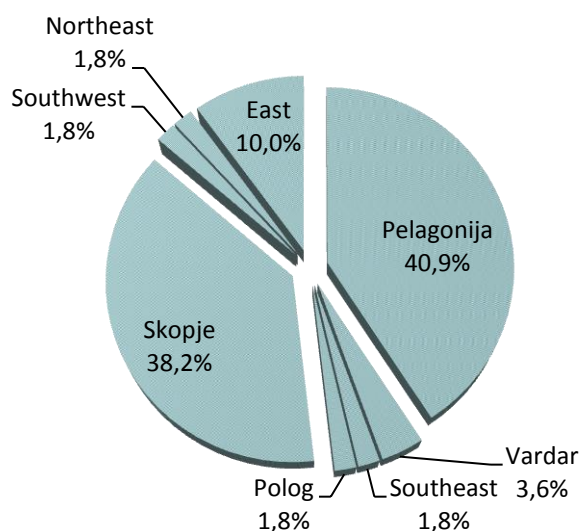
<sup>25</sup> The size-class categorisation was based on staff headcount, in accordance with the EC's and the national definition of enterprise size-class. Micro-enterprises employ fewer than 10 people, small enterprises employ fewer than 50 people, medium enterprises employ fewer than 250 people, and large enterprises employ 250 people or more. According to national regulations financial institutions are considered large by default.

<sup>26</sup> Respondents were allowed to indicate more than one sector of activity.

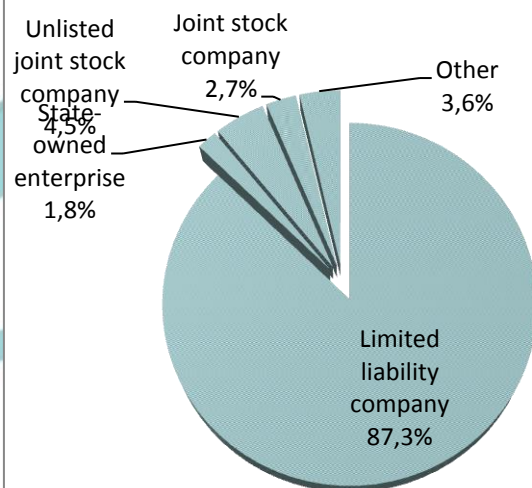


Sector	N	%
Administrative and support service activities	3	2.7%
Agriculture, forestry, fishery	1	0.9%
Construction	4	3.6%
Education	4	3.6%
Electricity, gas, steam and air conditioning supply	1	0.9%
Financial and insurance activities	4	3.6%
Human health and social work activities	1	0.9%
Information and communication	6	5.5%
Manufacturing	23	20.9%
Other service activities	6	5.5%
Professional, scientific and technical activities	6	5.5%
Public administration and defense; compulsory social security	1	0.9%
Real estate activities	2	1.8%
Transportation and storage	5	4.5%
Water supply; sewerage, waste management and remediation activities	1	0.9%
Wholesale and retail trade; repair of motor vehicles and motorcycles	49	44.5%

**Chart 6b: Composition of the sample according to regional distribution**



**Chart 6c: Composition of the sample according to legal form**

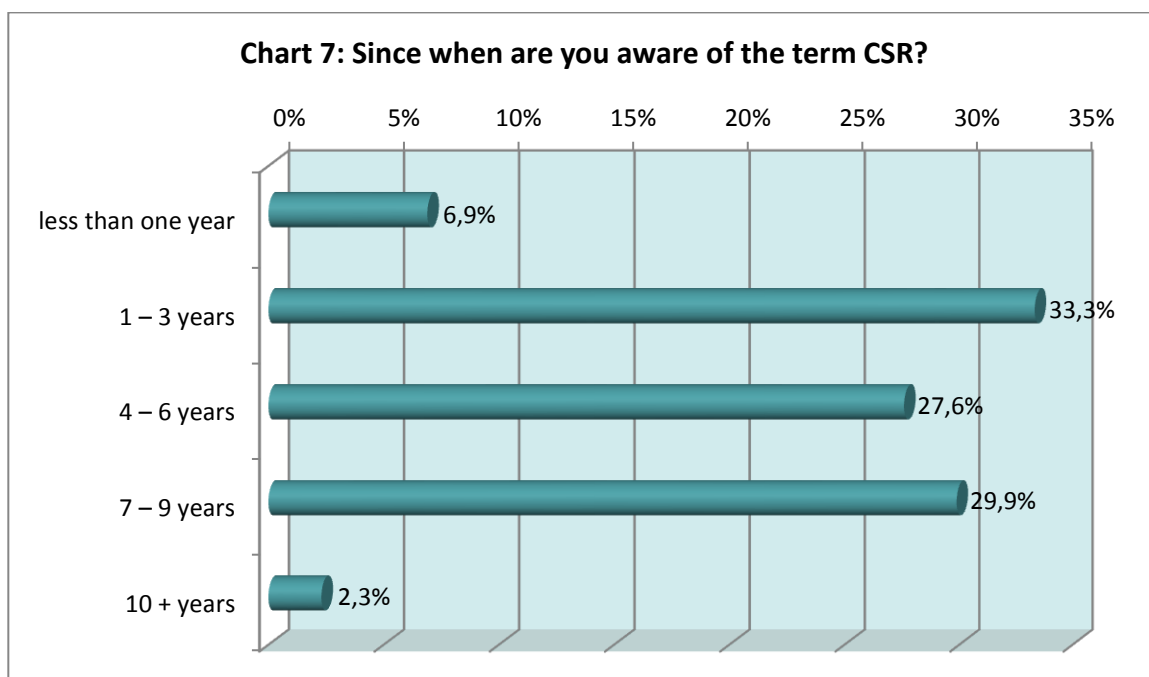




### III. COMPANY SURVEY FINDINGS

#### General awareness of CSR

Almost 84% of the respondents claimed they are aware of the term CSR, which indicates that the term has become a familiar one in Macedonia's business community. As the chart below shows, the awareness has been steadily built up in the past ten years.



#### CSR governance

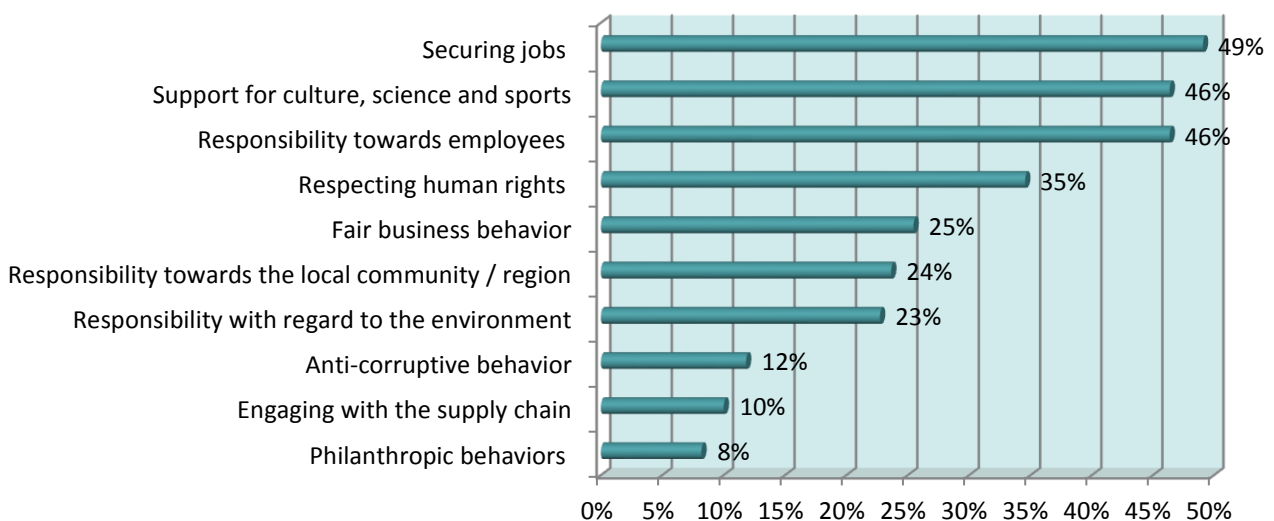
The vast majority of respondents (94%) could not name a department which takes the lead on addressing the company's social responsibilities and impacts. Of those that could, none had a specialized CSR department, while companies pointed to the CEO office, departments in charge of marketing, communication and public relations, and human resources as main departments related to the CSR activities.



## CSR priorities and activities

Companies named securing jobs, support for culture, science and sports and responsibility towards employees as top three CSR areas of highest importance.

**Chart 8: Select and rank up to three CSR areas which are of high priority for your company?**



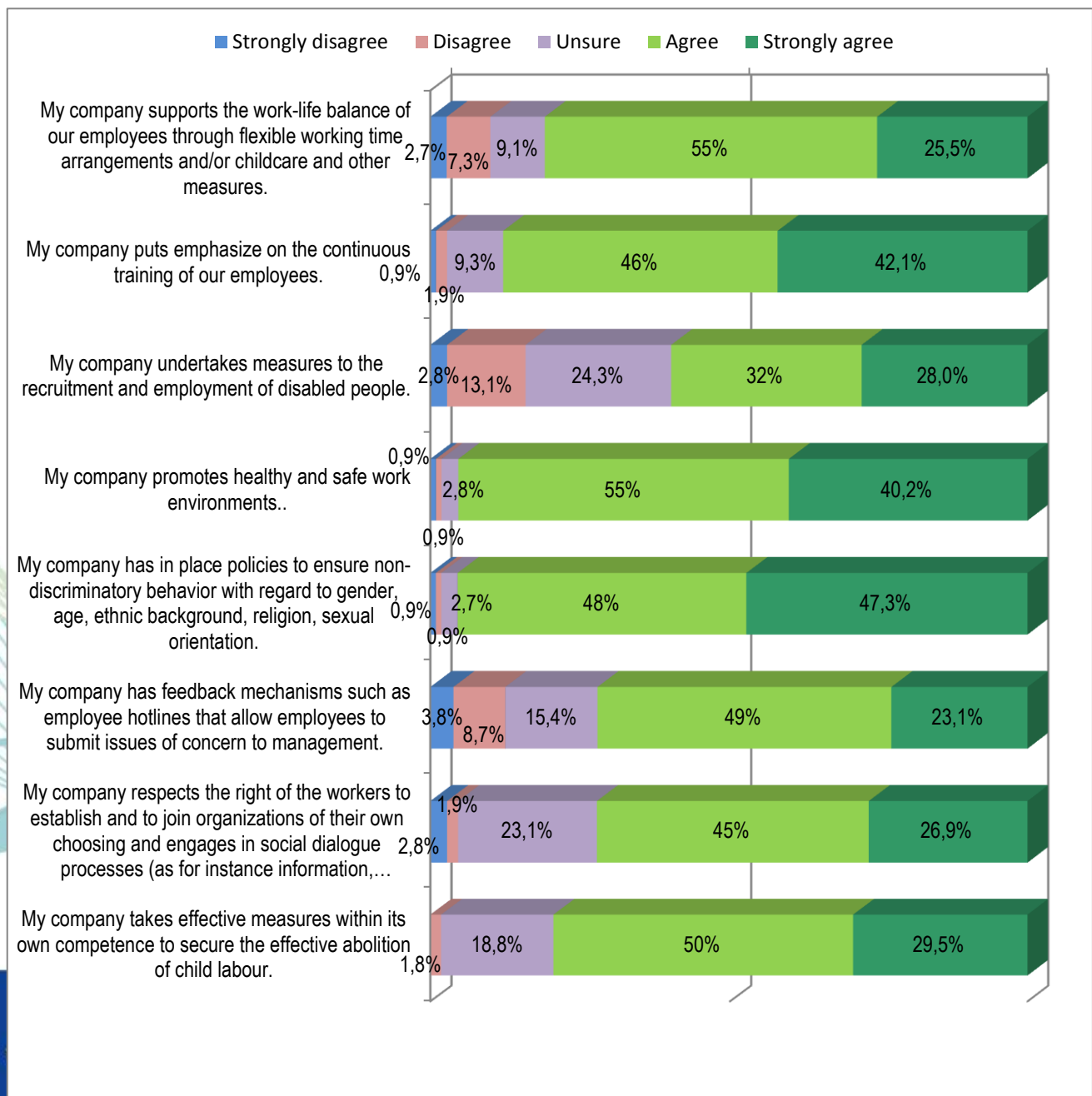
The following text appraises specific CSR practices of companies. Respondents were asked to fill in a five-level Likert scale with a set of statements regarding seven most common CSR types of activities: 1) commitment towards employees, 2) respecting human rights, 3) community engagement, 4) environmental activities, 5) engaging with the supply chain, 6) fair business behaviour and 7) providing remedy.

On the issue of treatment of employees (see chart 9), companies demonstrated a fairly strong level of engagement with majority of companies indicating agreement or strong agreement with the stipulated CSR activities. The two statements which garnered sturdiest agreement among companies were that the company has in place non-discriminatory policies (95.5%), and that it promotes healthy and safe work environment (95.3%). A relatively high level of disagreement was noted on the statement that the company undertakes measures to recruit and employ disabled people (15.9%), which is also characterized with the highest level of undecided respondents



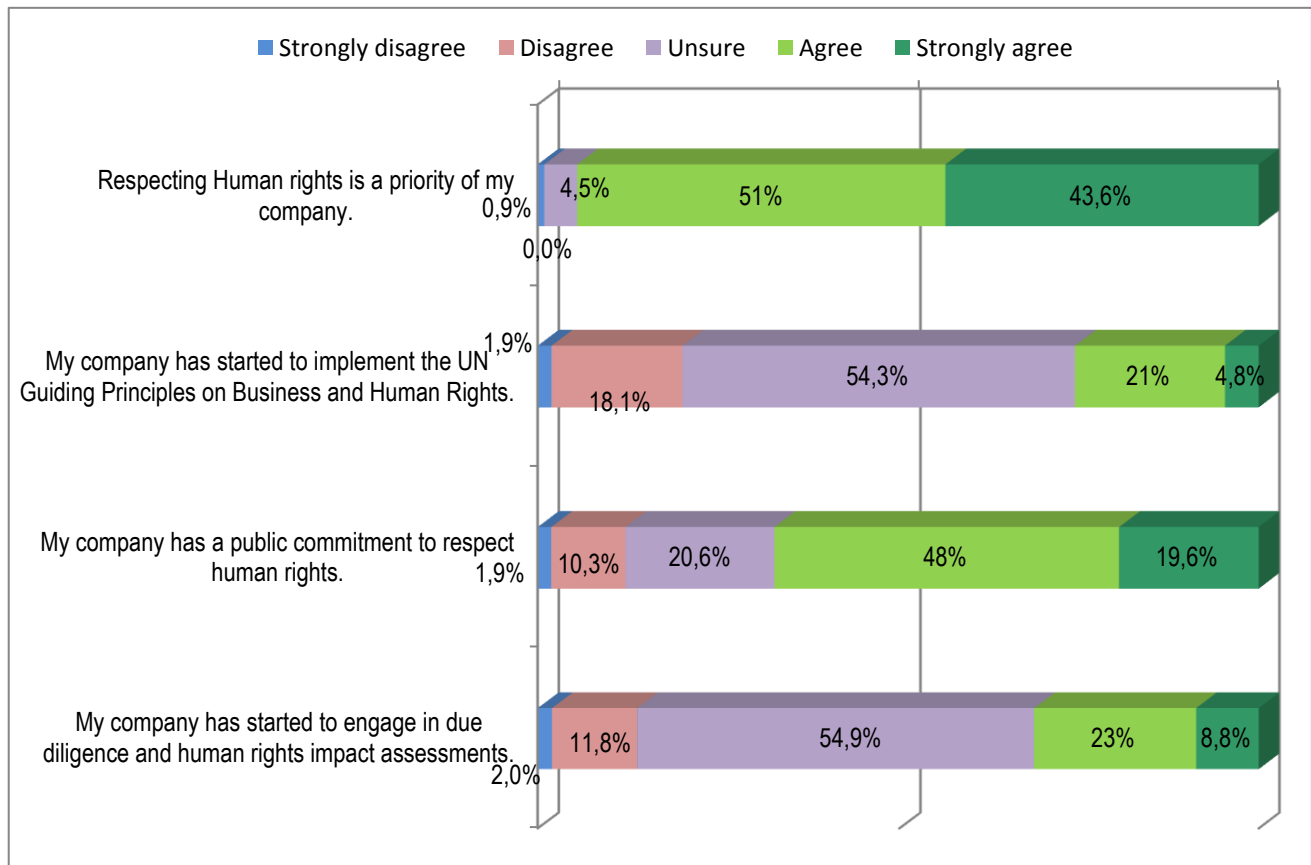
(24.3%). The latter can be reconciled with the high acceptance of non-discriminatory policies either by the prevalence of a very narrow understanding of non-discrimination, or by contextual difficulties for companies to engage in labour market inclusion of persons with disability. Another area where considerable room for improvement exists are company feedback mechanisms that allow employees to raise issues of concern, with 12.5% not being aware of good practice in their companies.

**Chart 9: Commitment to employees**





**Chart 10: Respecting human rights**

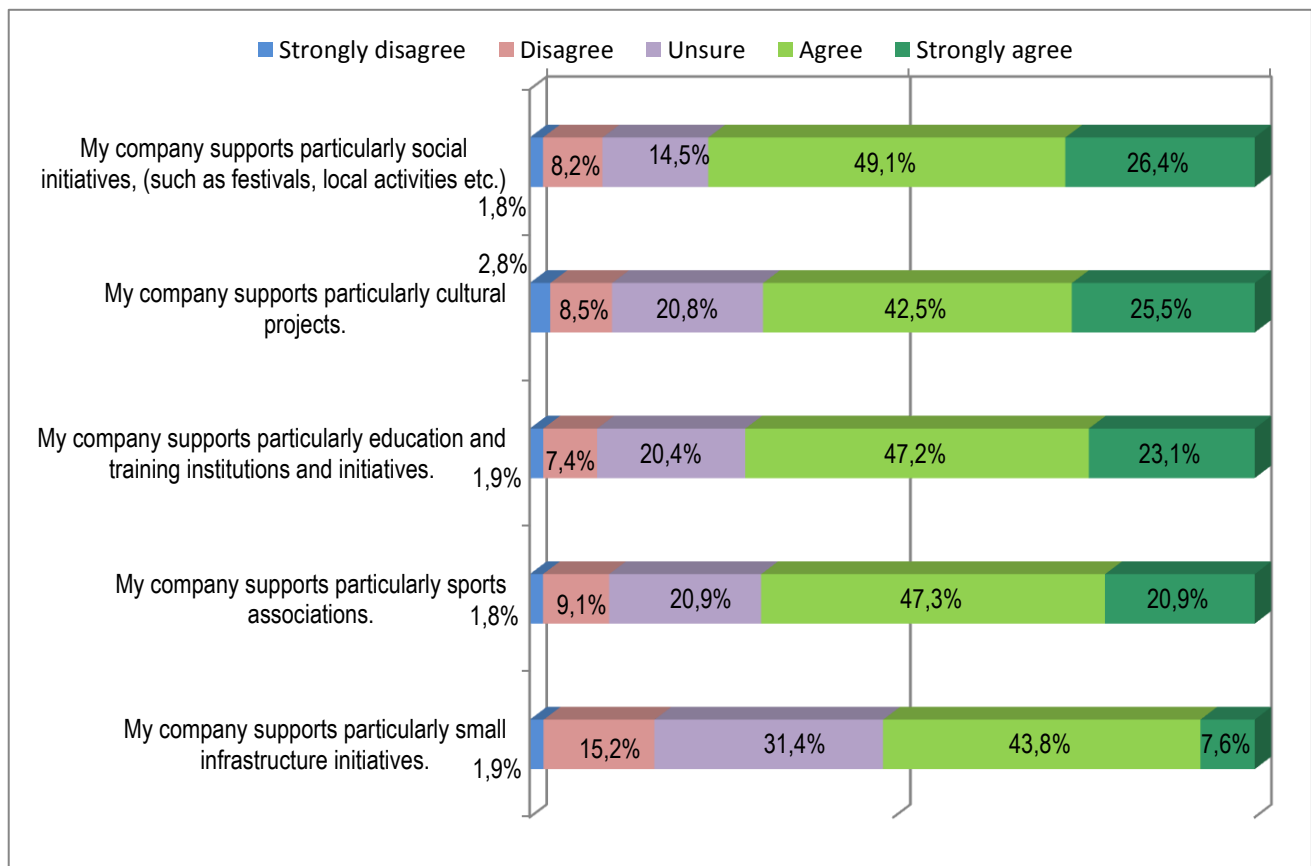


Impressive 94.5% of respondents claimed their companies prioritize respect for human rights (see chart 10 above), which is somewhat in contrast to the previously stated result where human rights were the fourth top ranking CSR priority area for companies. With regard to practical activities in this sphere, 67.3% claimed their companies have a public commitment to respect human rights, while between 26 and 31% specified other engagements. Thus, a certain discrepancy between commitment and practice can be spotted in this category of CSR engagement. Relatively high level of disagreement (18.1%) and indecisiveness (20%) was noted regarding the implementation of the United Nations Guiding Principles on Business and Human Rights, which may indicate the 2011 instrument is not yet known to Macedonia's business community.



Regarding companies' community engagement, the chart below demonstrates that support to social initiatives (75.5%) and education (70.4%) are top ranking activities in this sphere.

**Chart 11: Community engagement**

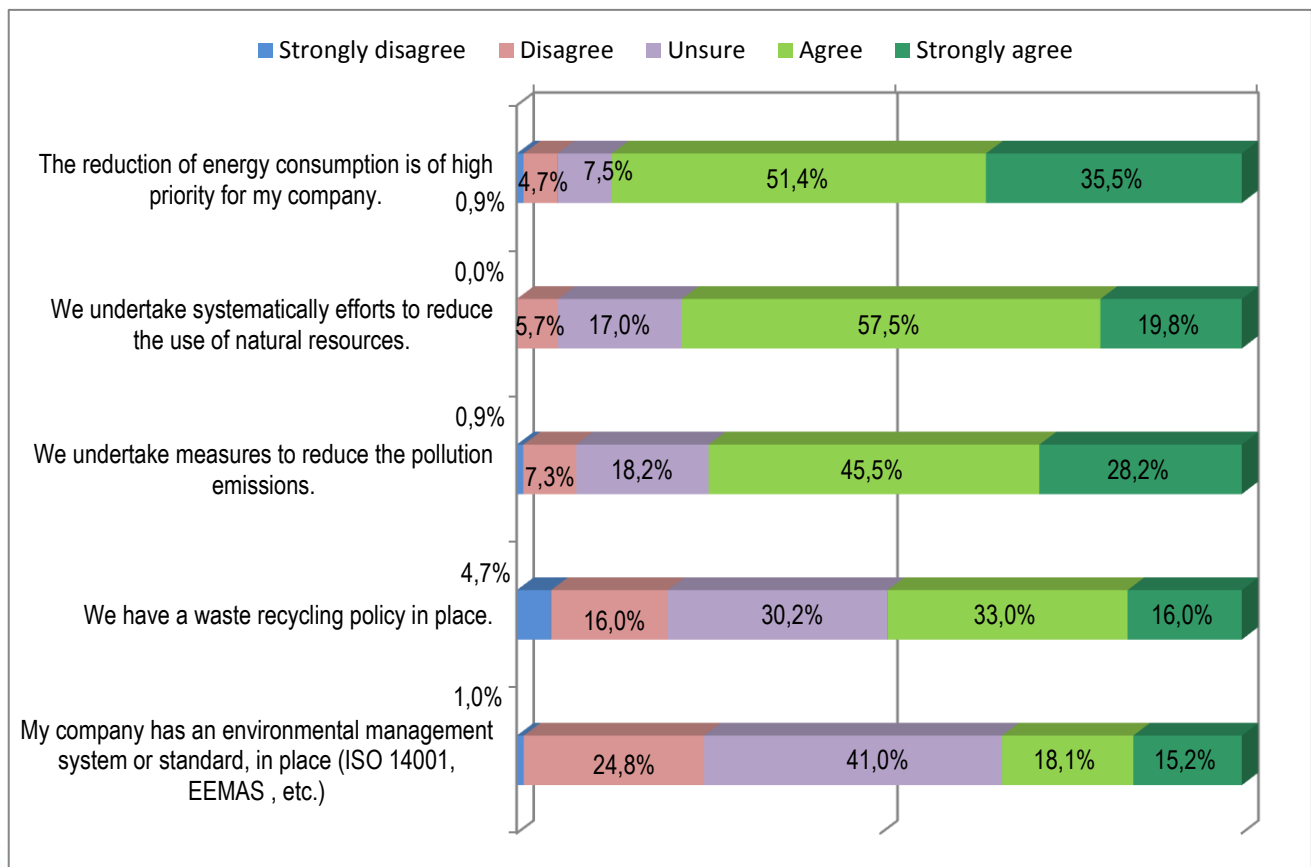


86.9% of the companies claimed they prioritize activities for reducing energy consumption, which is different from the results in chart 8 where environmental responsibility did not feature high on the list of priority CSR areas. Presumably, increasing energy efficiency may be firstly associated with cost reduction and only subsequently with CSR and environmental protection. Majority of companies also stated they systematically reduce natural resources use and pollution emissions. However, waste recycling policies and environmental management systems were weaker aspects of companies' engagement with their environmental responsibility, with a quarter and a third of



companies indicating their absence respectively. These two aspects also feature a high percentage of undecided respondents (30-41%).

**Chart 12: Environmental activities**

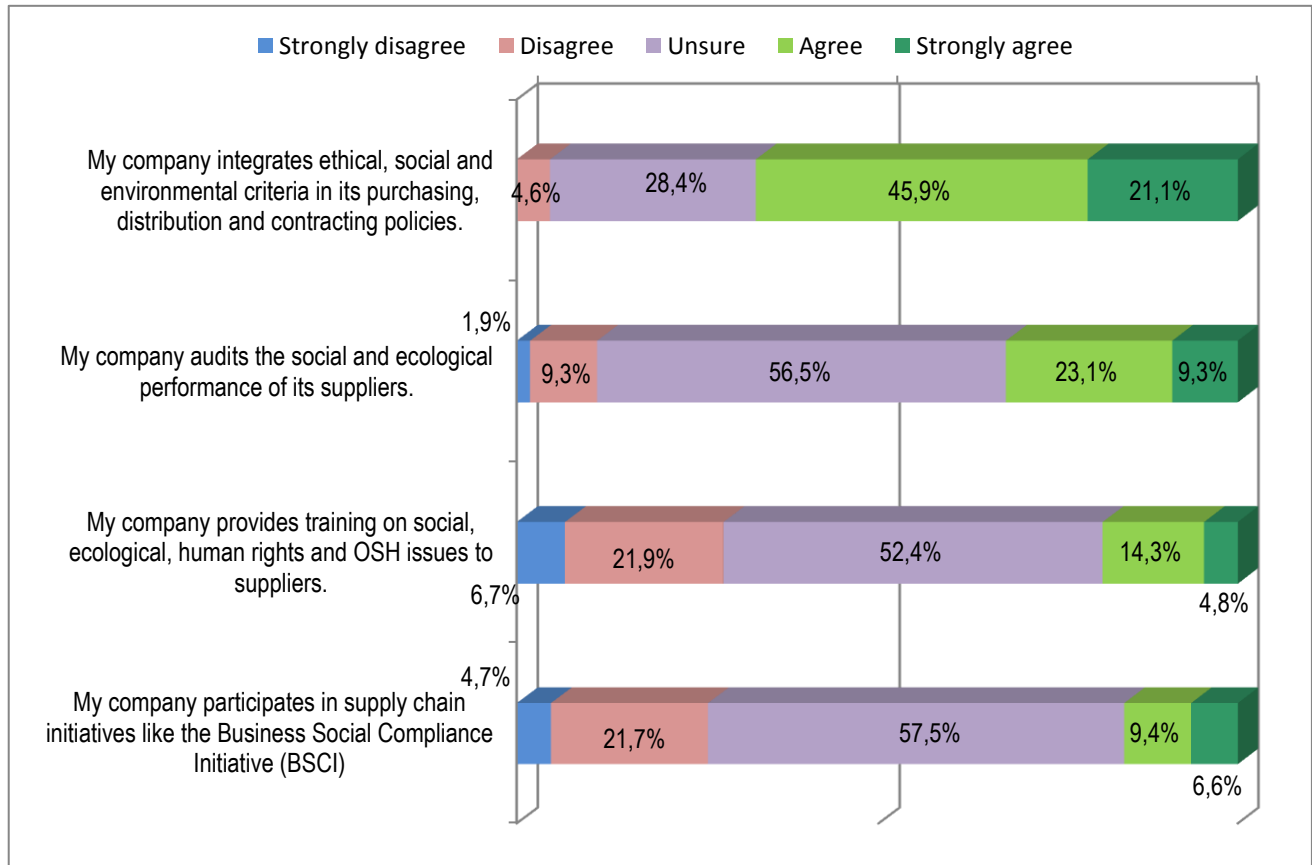


Two thirds of companies claimed they integrate ethical, social and environmental criteria in purchasing, distribution and contracting policies. However only between 16 and 32% engage in supplier CSR auditing, CSR training or in responsible supply chain initiatives (see chart on the next page).





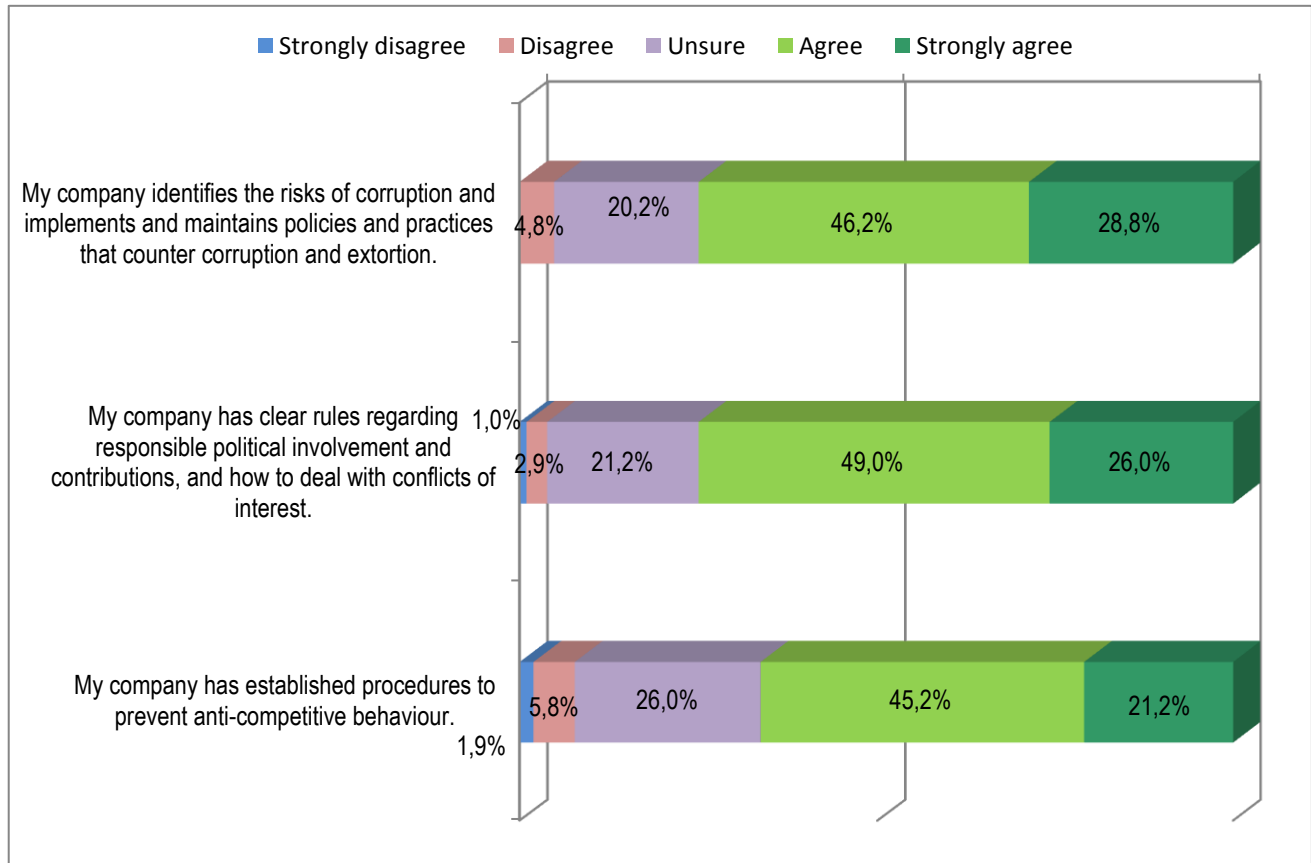
**Chart 13: Engaging with the supply chain**



The sphere of fair business behaviour and anti-corruption (see chart on the next page) is one with remarkable results on practical activities that more than two thirds of interviewed companies claim to engage with. However, all three mentioned aspects demonstrate a high share of undecided respondents (20–26%). This may point to a need of targeted capacity building.



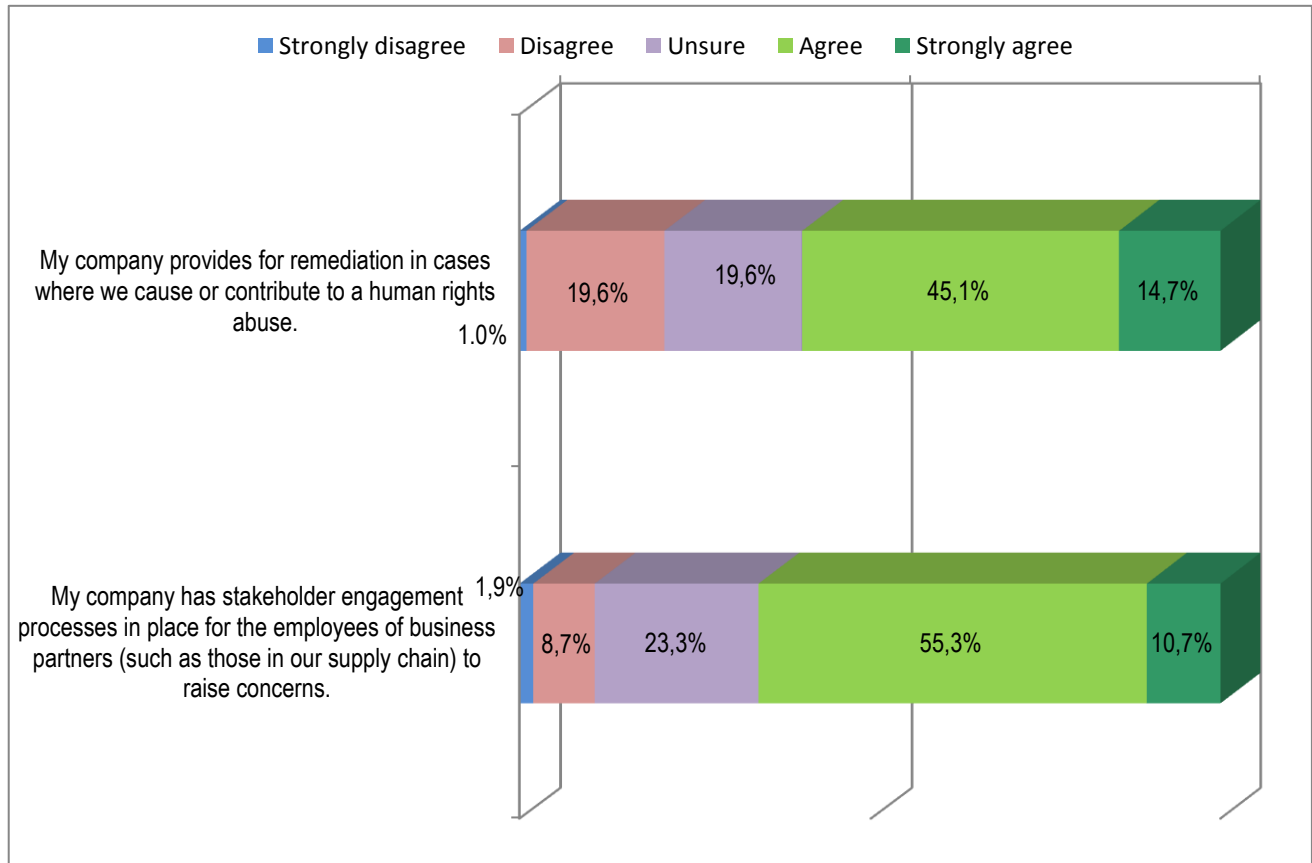
**Chart 14: Fair business behaviour**



Majority of respondent companies (see chart on the next page) stated they provide some sort of remedy in instances where human rights are infringed through company operations (59.8%), and that they have stakeholder engagement processes that can be used to raise human rights concerns (66%). 20.6% disagree with the former and 10.7% with the latter statement. One must also keep in mind the fact that the UN Guiding Principles on Business and Human Rights seemed to be largely unknown to the respondent companies, so it would be safe to assume that even companies that claimed to have remedy mechanisms in place may not meet the definition of a what a satisfactory access to remedy should look like in accordance with this instrument.



**Chart 15: Providing remedy**



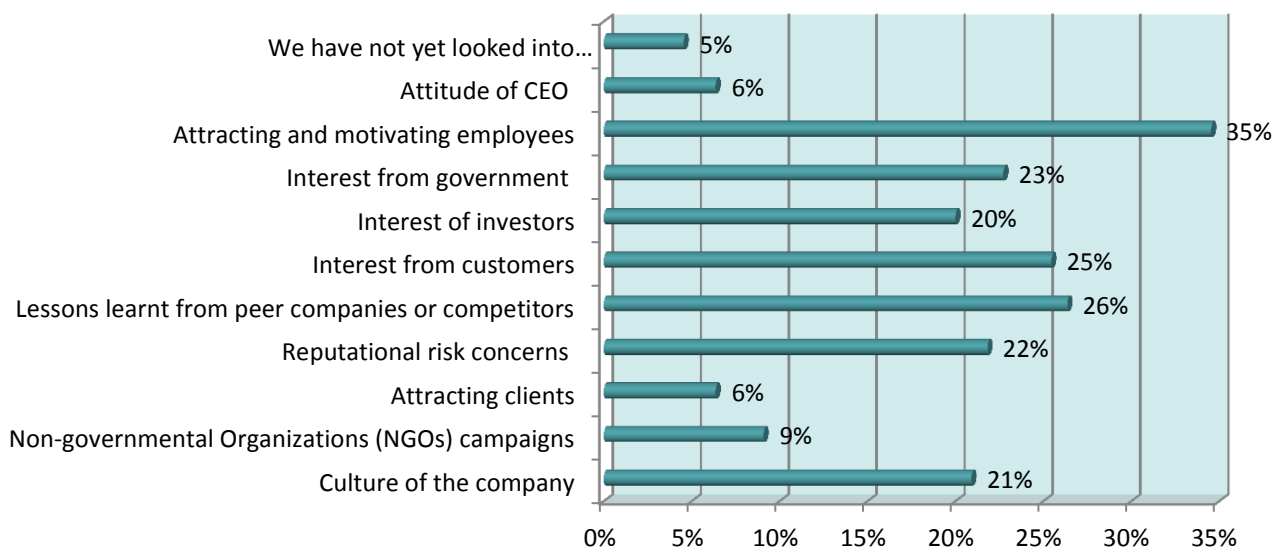
### Reasons for engaging in CSR

Attracting and motivating employees was most compelling reason for engaging in CSR activities. Companies also cited that peer companies or competitors actions have motivated them to get more active in the field of CSR. Interest from customers and the Government also seems to play an important role in pushing companies to upgrade their social responsibility considerations and efforts.





**Chart 16: What are the reasons for the engagement of your company in CSR?**



### CSR instruments, tools and initiatives

The results of the company survey show a somewhat limited awareness and utilization of global CSR instruments.

The Guidance on social responsibility, ISO 26000, was the most widely known instrument among the respondent companies, as the chart below illustrates. The Guidance was recently translated in Macedonian language, making it more readily accessible to the country's business community.

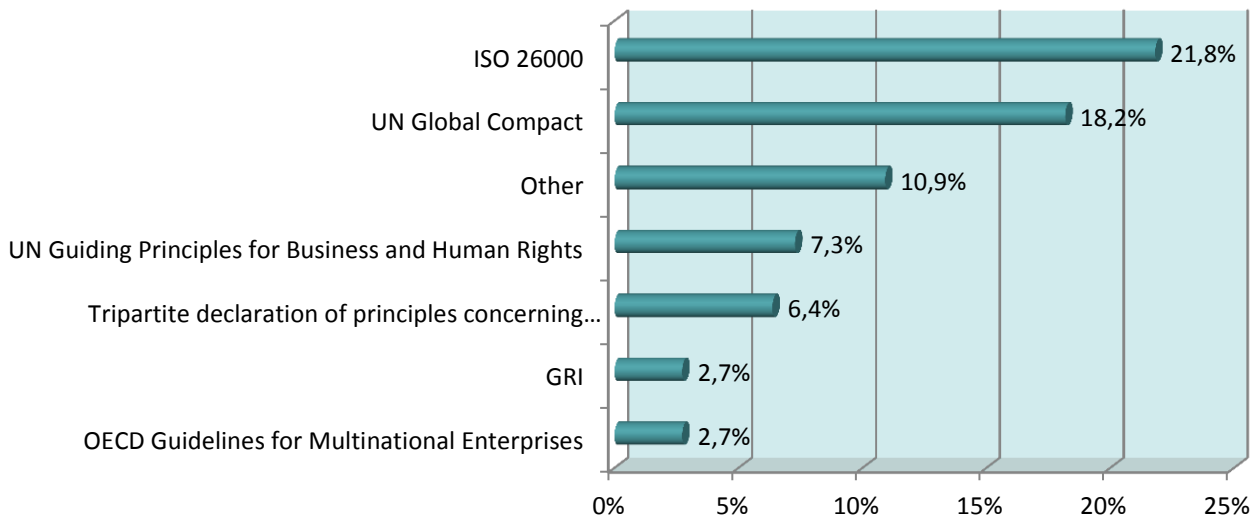
18% of the respondents claimed awareness of the UN Global Compact – arguably the oldest CSR platform present in the country.

Apart from ISO 26000, and the UN Global Compact it is evident that other CSR instruments are still not recognized in Macedonia's business community.

It is noteworthy that almost 11% of the respondents mentioned various management systems and standards. These included ISO 14000, ISO 9000, HACCP and OHSAS 18001.



**Chart 17: Are you aware of one or more of the following instruments and tools?**



6% of companies claimed they used one of these instruments and tools when addressing social responsibilities. Almost a third of respondents said they have a public commitment to CSR, while half stated they have a code of conduct. In the latter case 61% said it is not made known to suppliers.

28% cited they publicly report on CSR activities, and the most frequent mode of reporting is through the internet. 51% claimed they consult external stakeholders to understand responsibilities.

### **Challenges in implementing CSR approaches**

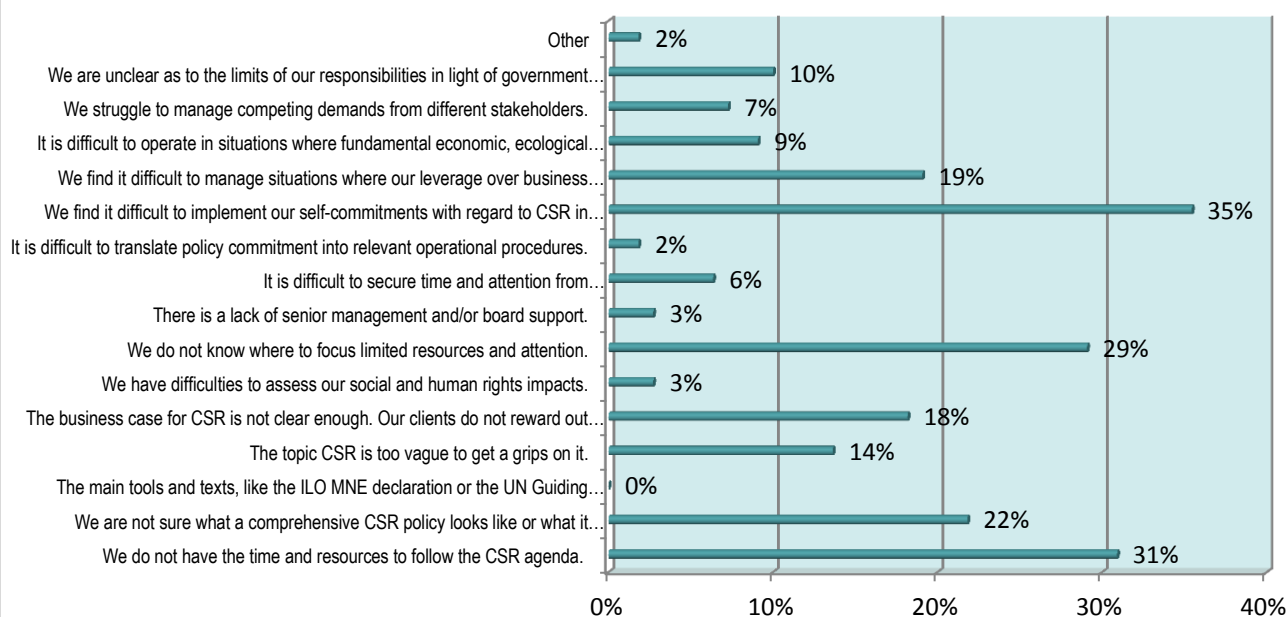
The critical challenges in the involvement of business entities in CSR activities seem to be the unfavourable business environment in which legislation is not enforced (35%), the lack of time and other resources to follow CSR developments (31%) and the lack of strategic direction on where to focus limited resources and attention (29%). Weaknesses in rule of law can undermine the competitive framework to a point where companies with significant investment in CSR may find themselves in a disadvantageous position compared to companies that spare resources and utilize opportunities by circumventing rules and regulations. Also, current public policy in the sphere of CSR has been issue-neutral, so one may argue that it has not given companies an indication of



priority social and environmental challenges so that they can direct and pool limited resources in their tackling.

A significant number of respondents (22%) admitted they do not know what a comprehensive CSR policy should contain, indicating a gap in their capacity to implement CSR.

**Chart 18: What are the three key challenges in implementing CSR?**



### Public policies related to CSR

Almost three quarters of respondents claimed they are aware of government initiatives, policies or measures to support or promote CSR in Macedonia. 81% of those think they have been useful. The government efforts to publicly promote CSR, the annual CSR awards and tax deductions for donations and sponsorships in public interest activities were frequently cited examples. There is a strong consensus among the business community that CSR supportive measures are needed.

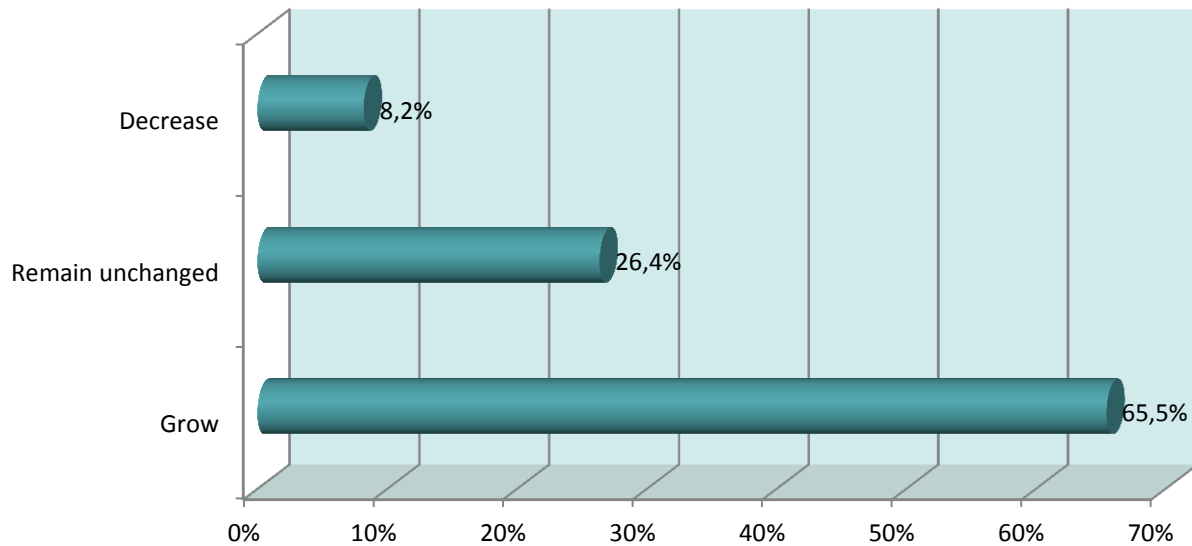
### CSR trends

The business community predominantly believes that CSR will become an even more important topic in the future.

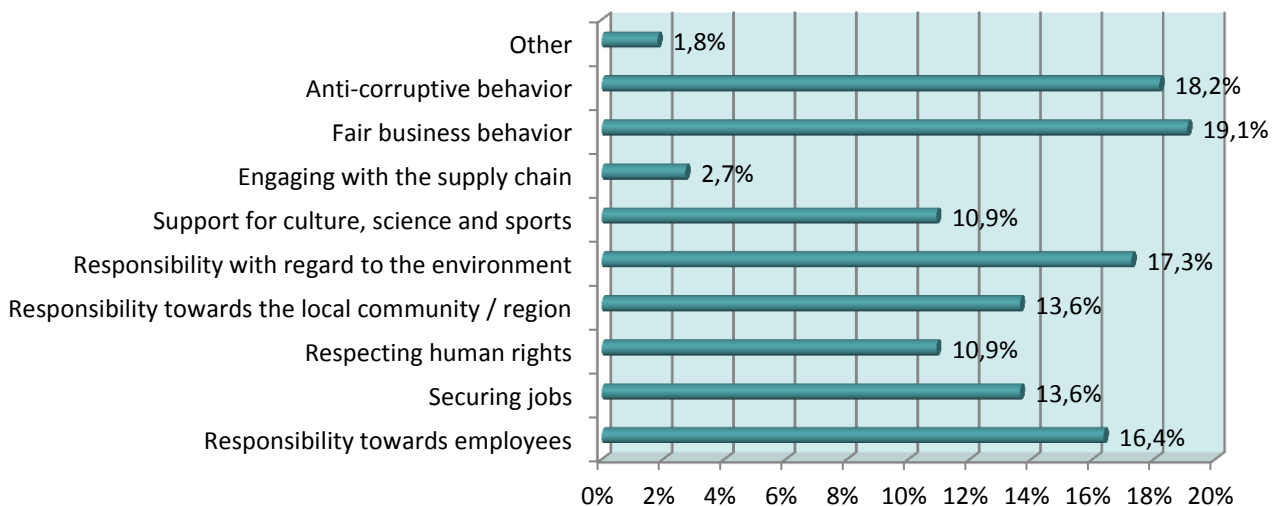




**Chart 18: the significance of CSR for your company will:**



**Chart 19: If you believe the significance of CSR will grow, which of the following fields will gain importance?**



## Training needs

47% of respondents expressed interest to participate in the trainings later on in the project. However sometimes the suggested topics of such trainings did not seem directly linked to CSR (for example, trainings in handling negotiations, or on project cycle management). When related to CSR, companies cited they would be interest to take part in trainings on:

- ISO 26000;
- Human and labor rights guidance;
- Managing CSR issues;
- Reporting on CSR results;
- Setting up ethical and anti-corruption mechanisms;
- Developing and implementing a CSR policy.



## IV. CONCLUSIONS

The key survey findings could be summarized as follows:

- The market incentives for socially responsible behaviour of companies are still considered to be rather weak in Macedonia's context, so the public sector institutions have a key role to play in promoting CSR and in creating an enabling environment.
- The Ministry of Economy of the Republic of Macedonia acts as a coordinator of CSR promotion activities on behalf of state institutions and works closely with the multi-stakeholder National Coordinating Body on CSR in drafting CSR public policy.
- The first public policy document for stimulating CSR, the National CSR Agenda 2008–2012, was successfully implemented, contributing to: considerable increase in CSR awareness among managers and the general public, equipping companies with knowledge and tools to assist in implementation, and creating further incentives for socially responsible behaviour.
- A new policy document to stimulate CSR from 2013 onwards is yet to be developed.
- The term CSR has become a familiar one in Macedonia's business community in the past ten years. Representatives of employers and business associations, as well as civil society organizations are very active in pushing forward CSR initiatives, and hold periodic events which raise awareness of certain segments of CSR, or publish implementation tools.
- Still, a vast majority of companies lack a department that is explicitly in charge of CSR efforts, pointing to the lack of strategic approach towards CSR. The predominance of micro and small enterprises in Macedonia's economy is also unfavourable to developing a proper organizational structure in companies which adequately takes into account CSR.
- Securing jobs, support for culture, science and sports and responsibility towards employees are top three CSR areas of highest importance for Macedonia's companies. Supply chain initiatives are among the last on this priority list.
- Companies seem to be perceived as being largely committed to the employees, although policies for recruiting and employing disabled people, and providing company feedback mechanisms that allow stakeholders to raise issues of concern may offer room for improvement.
- Responsibility to protect human rights is something that most companies subscribe to through public commitments, but the processes and principles described in the UN Guiding





Principles on Business and Human Rights seem to be unknown to a considerable number of respondents.

- Support to social initiatives and education are top ranking community engagement activities.
- Waste recycling policies and environmental management systems were weaker aspects of companies' engagement with their environmental responsibility.
- Supplier CSR auditing, CSR training or participation in responsible supply chain initiatives are also CSR areas where Macedonia's companies have yet to show wide-spread good practice.
- While fair business behaviour and anti-corruption is an area with remarkable results on practical activities there are still companies whose responses indicate they do not have the awareness, capacity or incentives to devise and implement such policies.
- Attracting and motivating employees was most compelling reason for engaging in CSR activities. Companies also cited that peer companies or competitors actions have motivated them to get more active in the field of CSR. Interest from customers and the Government also seems to play an important role in pushing companies to upgrade their social responsibility considerations and efforts.
- Only 6% of companies claimed they used one of the globally acclaimed instruments and tools when addressing social responsibilities. Apart from ISO 26000, and the UN Global Compact it is evident that other CSR instruments are still not recognized in Macedonia's business community.
- Almost a third of respondents said they have a public commitment to CSR, while half stated they have a code of conduct. Only 28% cited they publicly report on CSR activities and half consulted external stakeholders to understand responsibilities.
- The critical challenges in the involvement of business entities in CSR activities seem to be the unfavourable business environment in which legislation is not enforced, the lack of time and other resources to follow CSR developments and the lack of strategic direction on where to focus limited resources and attention.
- A significant number of respondents (22%) admitted they do not know what a comprehensive CSR policy should contain
- Almost three quarters of respondents claimed they are aware of government initiatives, policies or measures to support or promote CSR in Macedonia. There is a strong consensus among the business community that CSR supportive measures are needed.
- The business community predominantly believes that CSR will become an even more important topic in the future.



- 47% of respondents expressed interest to participate in the trainings later on in the project.

The main recommendations:

- A new mid-term public policy document on stimulating CSR is needed to provide further incentives, capacity building frameworks, and visibility for best practice companies.
- Improving the business environment for responsible business behaviour by promoting rule of law, and revising legislation to incorporate CSR concerns and issues.
- Aspects of CSR engagement which merit further capacity building support are: devising and implementing policies for recruiting and employing disabled people; waste recycling policies; identifying, assessing and managing risks of corruption and conflict of interest; compliance, ethics and anticorruption programs.
- Support mechanisms need to be developed to assist the uptake of environmental management systems.
- CSR mechanisms which merit further capacity building support and good practice examples are: developing and implementing a CSR policy and incorporating CSR in business strategy; documenting and reporting on CSR activities, performance and impacts; company feedback mechanisms that allow stakeholders to raise issues of concern;
- Capacity to apply globally acclaimed instruments and tools for addressing social responsibilities, such as the UN Guiding Principles on Business and Human Rights and ISO 26000, should be strengthened through trainings, mentoring support and guides in local languages.





**TİSK Project Office**

Hoşdere Cad. Reşat Nuri Sokak  
No.108 Çankaya 06450 Ankara / TURKEY

**Phone:** +90 (312) 439 77 17

**Fax:** +90 (312) 439 75 92

**Project Web Site:** [www.csrforall.eu](http://www.csrforall.eu)

**E-mail:** [info@csrforall.eu](mailto:info@csrforall.eu)

