



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

“CSR for ALL”
National Review Study on Sustainability Reporting
- Montenegro -



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

- The research has been performed during April-May 2015 among 75 companies from Montenegro
- part of the EU-funded project "CSR for ALL" (Eos from Bulgaria, Croatia, Macedonia, Romania, Turkey and Montenegro, and IOE)
- The goal of the research – raising awareness and capacity building of Eos in South-East Europe in terms of reporting on socially responsible and sustainable activities
- The purpose of the research – better understanding of the extent to which companies in Montenegro are publishing their non-financial information, what approaches they take and what are the main challenges and barriers they face in these processes



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

I. INTRODUCTION

- National report was performed by Consultancy agency "E3"

It consists of 2 parts:

- 1) Desk report/analysis – IOE methodology; general information on national social structure, political and economic situation, general classification of enterprises, national framework and current situation in CSR, legislation and its adjustment
- 2) Research with an aim to estimate scope and means of reporting on socially responsible activities focused on ensuring sustainable development at micro level



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

II. COUNTRY PROFILE

POPULATION

- Montenegro regained its independence in May 2006 and became 192nd member of the UN, with the current Constitution of Montenegro as a major legal act, passed in October 2007.
- “Civic, democratic, ecological and social justice state” (Constitution of Montenegro)
- Montenegro is a parliamentary republic, with independently elected President
- According to last census, Montenegro has 621,521 inhabitants, of which adult population represents 76,5% of the total; 49,4% men and 50,6% women
- Majority of Montenegrin citizens live in urban areas (63,2%)
- National absolute poverty line is 186,45EUR and 8,6% of the population live below poverty line



II. COUNTRY PROFILE

ECONOMY

- Macroeconomic environment in 2013: growth of economic activity and GDP of 3,3%, biggest growth in electricity sector (38,7% in comparison with 2012), biggest decrease in financial and insurance sector (10,5% lower)
- Tourism is still motor of development, in 2013 slow growth of indicators (number of arrivals and overnight stays)
- Inflation rate in 2013 – 2,2% (in comparison with 5,1% in 2012)
- Financial sector stable and highly liquid, although there are still challenges in terms of decrease of number and sum of non-performing loans, as well as high interest rates
- Budget deficit in 2013 was 3,8% of GDP; public debt - 58% of GDP
- Net inflow of FDI lower for 30% in 2013, while in 2014 increased for 9,3%.
- Generally high ranking in WB Doing Business 2015 Report – 36th position among 185 countries, most important contribution in simplification of procedures for issuing construction permits



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

II. COUNTRY PROFILE

ECONOMY (cont.)

- Global Competitiveness Index (2014-2015) – 67th position among 144 countries
- GDP per capita – 5.356EUR; on the basis of purchasing power parity – 68th position among 180 countries (World Bank)



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

II. COUNTRY PROFILE

LABOUR MARKET (2014)

- Activity rate – 52,7%
- Unemployment rate – 18%
- Employment to population ratio (percentage of working age employed population) – 34,9%, very low in comparison with other EU countries (average in OECD countries is 65,3%)
- High unemployment rate of youth – 35,8%
- Average wage in April 2015 – 723EUR gross/478EUR net



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

III. NATIONAL CSR CONTEXT

MOST IMPORTANT ACTIVITIES

2005

- MEF – Ethical Code for Employers in line with UN Global Compact and UN MDG

2006

- Center for development of NGOs – Survey on CSR among 57 companies

2007

- Center for Development of NGOs and OSCE – Round table “CSR development in Montenegro”
- Ministry of Finance, Union of Municipalities, MEF, CDNGO – Analysis of legislation for CSR development (intersectoral WG)
- Association for democratic prosperity ADP ZID – Yearly reward for volunteerism



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

III. NATIONAL CSR CONTEXT

2008

- CRNVO, MEF, Telekom, Telenor – Training of trainers and consultants for CSR
- CRNVO, MEF, Telekom, Telenor – Trainings on CSR and intersectoral cooperation (2008-2012)
- Chamber of Commerce – Seminars on CSR, CSR Award
- UNDP, CEED – CSR Study



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

III. NATIONAL CSR CONTEXT

2009

- CRNVO – First regional conference on CSR “CSR development in Montenegro and the region: practical examples”
- Fund for Active Citizenship (FAKT) – Philanthropy Reward
- CRNVO – Regional network of NGOs active in CSR

2010

- CRNVO – CSR Newsletter
- CRNVO, MEF, NASME, UNDP – CSR Forum
- CRNVO, MEF, NASME, UNDP – “Launching Conference for UN Global Compact in Montenegro”
- FAKT – publication “Corporate philanthropy as an investment”; Regional conference “Role of media in development of philanthropy”
- FAKT, Open Society Institute – publication “Corporate philanthropy in Montenegro”



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

III. NATIONAL CSR CONTEXT

2011

- CRNVO – Training on CSR reporting in accordance with GRI and UN Global Compact
- CRNVO – Lectures on CSR for academic community
- UNDP, MEF, NASME, CRNVO and DeFacto consultancy agency – Research on CSR
- MEF – Guide for employers on UNGC Labour rights
- Department for support to the National Council for Sustainable Development – membership in regional CSR Network
- Department for support to the National Council for Sustainable Development, Government of Netherlands – Encouraging dialogue and partnership for sustainable development between the Government and business sector in Montenegro (conference)



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

III. NATIONAL CSR CONTEXT

2012

- FAKT, NGO Nada – Round table “Social responsibility”
- MEF – “Women in business – potential of Montenegrin economy” research and round table
- CSR Network/Department for support to the National Council for Sustainable Development

2013

- Policy for Social Responsibility (2013)
- MEF – CSR NRS, trainings, Employers’ guide (CSR for ALL)

2014

- CRNVO – CSR School
- MEF – CSR Award



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

PUBLIC POLICIES

- "Encouraging culture of giving and CSR" in the Strategy of cooperation between the Gov't and NGOs (2007-2011)
- Estimation of the level of CSR development within Strategy of Development of SMEs 2011-2015
- "Defining strategic framework for sustainable consumption and production and promotion of sustainable concept of CSR" within National Strategy for Sustainable Development (2011-2012)



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

IV. RESEARCH RESULTS

Company information:

- Regional distribution: 24% in the southern region, 64% in the central and 12% in the northern region
- 96% domestic owned, 4% foreign companies
- 64% micro and small, 26,7% medium and 9,3% big companies
- Sectors: wholesale and retail trade (21,7%), other services (14,7%), construction (10,7%) and accommodation and food services (9,3%)
- 1/3 of respondents have other activities, beside the main one
- Majority of the companies interviewed (62,7%) have business only at the Montenegrin market
- Regional presence of clients/customers – 42,7% from EU, 34,7% Western Balkan countries



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

EU Commission defined CSR as *“the responsibility of enterprises for their impacts on society. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.”*



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

General context

Awareness of the CSR term – 94,7% companies are aware of the term! (in comparison with the previous research in 2013, where this percentage was 70%)

Of all the respondents, 69% are active in the CSR field, but majority of them (84,3%) don't have a special unit or department for managing CSR activities!

87% of companies interviewed didn't have any training or consultation about CSR activities from public or private sector.

Of those who received trainings, 37,5% had internal trainings.



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

Non-financial reporting (Sustainability Reporting) - publication of data by the company concerning the policy, risk assessment and the results achieved in the company's environmental, social and aspects related to employees, respect for human rights, fight against corruption and bribery.

These data provide investors and other interested parties a more comprehensive picture of the performance of the company.

Usually, non-financial reports are disclosed in various forms by medium and large companies, such as banks, insurance companies, telecommunications companies, etc.

Form of disclosure of non-financial reports is flexible, so companies can use the international, EU or national guidelines they consider most appropriate (for example, the UN Global Compact, OECD Guidelines for Multinational Enterprises, ISO 26000, ...).



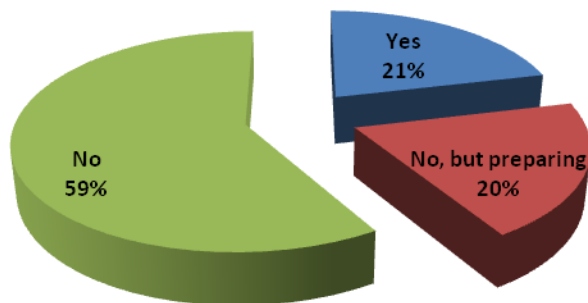
UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

Reporting

Does Your company disclose non-financial information?





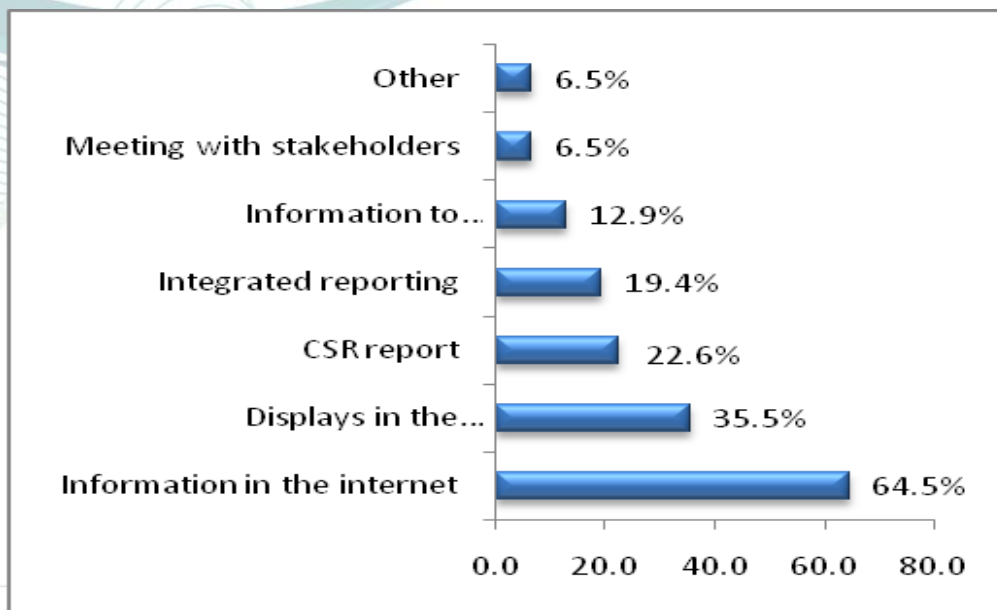
UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

Choice of approach in reporting

Integrated reporting – process which result is a communication, usually periodic integrated report, on creation of a new value during certain amount of time





UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

- Majority of companies during creation of non-financial report doesn't use external consultancy services (90%).
- Specialized consultancy services are used only by 6,7% of companies, while only 3,3% of companies went through some kind of trainings in this field.
- When it comes to certain standards or already established frameworks in reporting, 23,5% of companies uses GRI principles, 5,9% uses standard ISO 26000, and 5,9% submits Communication on Progress within GC.
- According to type of disclosed information, most represented are reports on CSR policy, its implementation and results achieved (41,9%), then information on key business indicators, such as CO2 emission, employees satisfaction, investment in education (25,8%), and the rarest is information on potential negative impacts and different approaches in risk mitigation.
- In 60% of cases non-financial reports are not verified by external auditors.

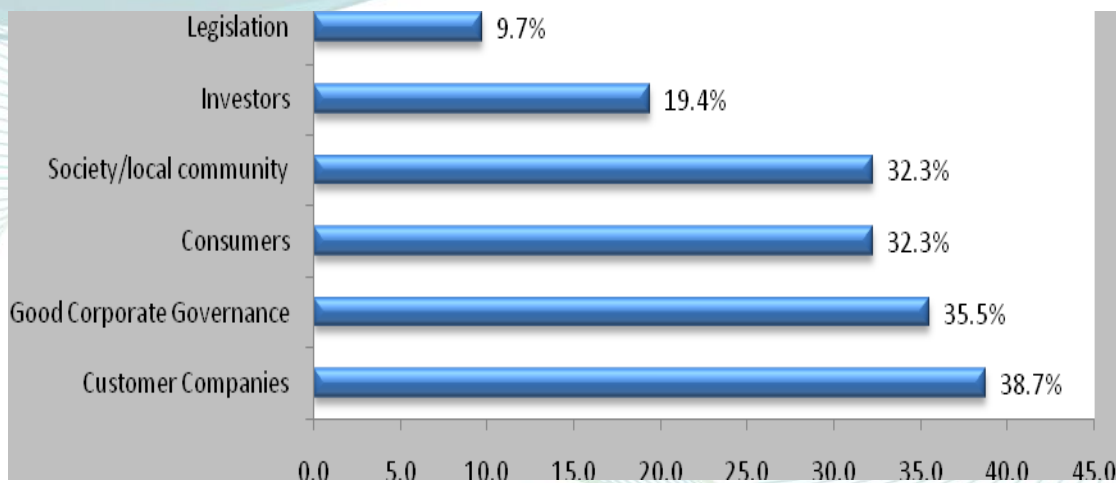


UNIJA POSLODAVACA
CRNE GORE



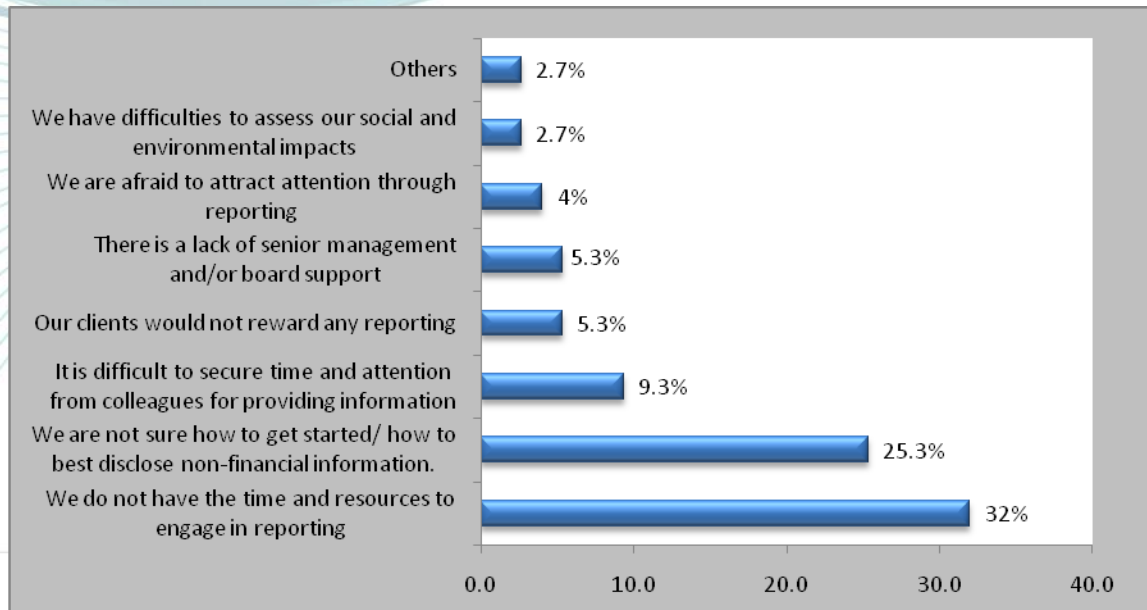
"This Project is funded by the
European Union"

Reasons for the disclosure of non-financial information





- Majority of interviewed companies (95%) never assessed the costs of reporting the non-financial information
- Challenges with regard to the disclosure of non-financial reports





UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

Estimation of the future development of sustainability reporting

- More than a half of respondents (52%) believe that significance of CSR for their company will grow in the future

Examples of experiences regarding sustainability reporting:

- "It is difficult to ensure time and attention of the colleagues and different departments with regard to collection of information needed"
- "Experience in internal researches related to social aspects with regard to employees; interviews on possibility of improvement of working environment and resolving key problems employees face with"



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

Support required for reporting

- “trainings for preparation of the reports”
- “consultations and financial support for the implementation”
- “knowledge, education and information for employees related to social responsibility, as a key factor for better reporting”
- “experiences of others published on the Internet”



UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

Need for training

- More than a half of respondents (53%) expressed their interest in participation in further trainings during the project

On their opinion, focus should be put on:

- "CSR, its benefits that directly or indirectly influence environment..."
- "information on possible negative effects of different approaches on risk mitigation, best approaches in reporting..."
- "key CSR aspects, methodology of strategy creation at the company level, methodology of reporting..."
- "methods of collection and evaluation of collected data, key advantages of CSR, better integration of CSR into the system..."



Conclusions

- Number of companies aware of the significance of CSR increases, but majority of them still doesn't have a separate organizational unit, which indicates that CSR activities are not strategically planned or positioned, but represents ad hoc activity in most of cases
- Public advocacy of CSR doesn't have proofs in official reporting

Recommendations

- Focus on providing trainings and present practical examples that could be undertaken in everyday business
- Bring CSR instruments and mechanisms closer to companies, with an accent on the benefits
- Promote Government activities better in order to be more available to wider range of interested companies
- Intensify the role of EO in mediation and provision of information

• Stronger promotion of UN GC





UNIJA POSLODAVACA
CRNE GORE



"This Project is funded by the
European Union"

THANK YOU!