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Executive Summary

Recent years have been characterised by an enhanced involvement of local actors in designing and implementing employment policies in the European Union. Thereby, a partnership or multi-stakeholder approach is promoted, i.e. the co-operation among governments, employers' and employees' organisations, the civil society (e.g. Non-Governmental Organisations (NGOs), Non-Profit Organisations (NPOs), the church, social enterprises) and private businesses. Companies may be triggered to participate in policy-oriented local activities on the basis of their Corporate Social Responsibility (CSR) activities which can be observed to increasingly spread across the European business community.

Nevertheless, little is known so far about the characteristics and working processes of initiatives existing in the individual Member States of the European Union and fostering local employment development through integrating the enterprises' sense of social responsibility, i.e. how these two concepts are efficiently and effectively combined in practice. However, such knowledge, in terms of exchange of experience, would be helpful for assessing and unlocking the potential of this 'new' type of local development strategies.

As to this regard, this report **aims** at:

- Describing and illustrating how CSR activities of enterprises can contribute to local employment development initiatives in the European Union, Australia and Canada;
- Analysing which types of practices/initiatives do exist at local level;
- Assessing the relevance and effectiveness of current practices/initiatives;
- Assessing what can be done to foster diffusion and effectiveness of CSR activities in local employment development.

A decentralised **research approach** was followed, i.e. research conducted at national level in all Member States of the European Union as well as Australia and Canada ¹. After setting working definitions for 'Local Employment Development' and 'Corporate Social Responsibility' to safeguard a common understanding among the involved researchers in the 29 countries, an analysis of the national policy frameworks and the recent trends and developments in the areas of LED and CSR (both, at national and European level) has been carried out.

In a next step, LED initiatives being based on CSR activities of individual enterprises have been identified in the EU, Australia and Canada. On the basis of these a categorisation of LED/CSR measures had been elaborated. Furthermore, out of this pool of LED/CSR examples, 25 measures have been selected to be investigated in more detail.

By synthesising both, the findings of the comprehensive national analyses as well as the more specific issues covered by the in-depth investigation of the 25 case studies conclusions and (policy) recommendations have been derived.

¹ A list of involved partners can be found in Annex IV.

Local Employment Development and Corporate Social Responsibility - Definitions

In the framework of this study, **Local Employment Development (LED)** is understood as (a set of) actions aiming at improving the local economy and the local labour market. This may, for example, refer to activities

- to decrease unemployment by increasing the attractiveness of the local area as a business location,
- to improve the quality of jobs/ working conditions,
- to reduce inequality, e.g. due to gender, age, ethnicity/culture,
- to foster labour market integration etc.

It entails a process that is designed and implemented with the involvement of manifold local actors and takes into account the needs and potential of a particular locality.

Corporate Social Responsibility (CSR) is referred to as the integration of social and environmental concerns into the business operations of companies and in their interaction with their stakeholders on a voluntary basis, i.e. going beyond compliance with legal obligations. For the purpose of the study on hand, a focus was set on companies' activities aiming at achieving a benefit for the enterprises' employees, the society/community, the market (i.e. clients, suppliers, business partners etc.) or the physical environment.

The focus of investigation is on **LED initiatives that are strongly based on organisations' CSR activities**:

- The initiatives entail a policy nature but do not necessarily have to be publicly funded, designed or initiated.
- Also initiatives that are launched by a single company and extended to supra-firm level with the aim of benefiting the local economy, community and/or the local labour market are considered here.
- In contrast to that, isolated CSR activities of individual enterprises without any integration into supra-firm-level strategies or without any public policy involvement are outside the scope of the study, as are purely public labour market instruments.



LED and CSR: The Policy Agenda at European Level

Local Employment Development (LED) as an ‘instrument’ to combat unemployment has been recognised by the European Commission and other European institutions in the early 1980s and since then has been continuously gaining importance (European Commission, 2007b). Since about 2000, particular attention is paid to the strategy of **subsidiarity**². The European Union, the Member States, the regional and local levels as well as social partners and the civil society should, therefore, be involved in economic, employment and social policies by taking advantage of multi-stakeholder partnerships (European Commission, 2000).

Local employment development has been addressed through various European **programmes**³, such as the European Structural Funds (in the framework of which particularly the former Community Initiative EQUAL is to be highlighted), the URBAN and LEADER Community Initiatives or the INTERREG programme.

In parallel, the European Union started to deal with the issue of **Corporate Social Responsibility (CSR)** in the early 1990s and, since then, continuously and increasingly engages in respective policy debate and the drafting of general strategies as well as concrete activities to foster and support the application of CSR by the private sector (European Commission, 2001a; European Commission, 2007d; European Communities, 2002). The three key policy documents as to this regard are the Corporate Social Responsibility Green Paper of 2001 (‘Promoting a European Framework for Corporate Social Responsibility’), and two Commission’s Communications of 2002 and 2006 (‘A business contribution to sustainable development’ and ‘Implementing the Partnership for Growth and Jobs: Making Europe a pole of excellence on CSR’).⁴

More specifically, within the **European Commission** CSR is co-ordinated by the *Employment, Social Affairs and Equal Opportunities DG* and *DG Enterprise and Industry* while other Directorates General are also involved in relation to their specific fields of activity.

Furthermore, supra-national **employers’ organisations** (such as EUROCHAMBRES or UEAPME) engage in fostering the spread of CSR across Europe, and there have been established several cross-national **networks** (e.g. European Alliance on CSR, the European Environment and Sustainable Development Advisory Councils (EEAC), the European Business Ethics Network (EBEN) etc.).

Having in mind the characteristics and (historic) evolvement of both, local employment development and Corporate Social Responsibility at European level it is obvious that a convergence or combination of these two concepts was to take place. This seems even more obvious, if taking into account that the majority of firms’ CSR activities are targeted at their employees and their own local community (Mandl/Dorr, 2007a; European Communities, 2002; European Commission, 2007a).

² In accordance with the EU definition subsidiarity has to be understood as the principle that ensures that decisions are taken as closely as possible to the citizen. Subsidiarity implies that constant checks are made to see whether an action taken at a higher level is justified in the light of the possibilities available at lower level.

³ Source: http://ec.europa.eu/employment_social/local_employment/structural_en.htm

⁴ Source: <http://ec.europa.eu/enterprise/csr/policy.htm>



Since about 2000, the potential of integrating companies' CSR activities in policy-oriented LED initiatives has been communicated by the European Commission, particularly by DG Employment, Social Affairs and Equal Opportunities (European Commission, 2000).

At the same time, however, there exists the awareness that respective intentions are encountering specific challenges that have to be identified and addressed in order to result in a 'win-win-win' situation for all stakeholders (public authorities, local inhabitants, private sector) (European Commission, 2007a).

The Context: Top-Down versus Bottom-Up in LED

In line with the European Union's objectives and initiatives, also the individual Member States (as well as Australia and Canada) have been attributing **increasing attention to the local level and LED policies** during the last years or even decade, resulting in a decentralisation process in terms of a transfer of competences and more autonomy to local authorities.

Local initiatives are nonetheless strongly embedded in national policies which, in turn, are oriented on the EU guidelines (mainly the Lisbon Strategy for Growth and Jobs and European Employment Strategy) and often funded by European financial means. Only in few countries (e.g. Hungary, Luxembourg) LED does not yet constitute an established policy field.

The major motivation for this approach is the recognition of the fact that there exist considerable differences among regions/provinces resulting in specific and varying problems. These should be tackled by those that are most familiar with them - hence, local actors. Consequently, an increasing tendency of **combining top-down** (i.e. strategies set at central level but operative employment promotion locally through Public Employment Services) **and bottom-up initiatives** (e.g. activities driven by local NGOs approaching local authorities and/or companies to attract funding, co-operation or support) can be observed across Europe, Australia and Canada. A **multi-stakeholder approach** is followed in LED in all Member States, Australia and Canada.

There is also a shift in **governance** mechanisms, envisaging a 'sharing of power' and 'division of labour' in the policy-making process. This is to be achieved by stronger interaction among regional/local governments and the civil society as well as the participation of other relevant stakeholders (including companies).

LED/CSR Initiatives: The Current Practice

Both, public authorities and the private sector in the Member States, Australia and Canada **increasingly attribute attention to the issue of Corporate Social Responsibility (CSR)**, the ways and means it can be implemented in practice and the benefits it offers to all involved stakeholders.

In general, **European companies** are well **aware about their social responsibility** and they are also willing to fulfil it. Differences can be observed between

- large enterprises, which often strategically plan and implement CSR and use these activities as a marketing tool by reporting about them, and
- smaller businesses rather following an ad-hoc approach and seldom labelling their activities as CSR.



The **main fields of CSR activities** concern measures for the benefits of the enterprises' own employees as well as those targeted at the (local) society. Hence, especially Small and Medium-Sized Enterprises' (SMEs) CSR measures are indeed characterised by a strong relationship to LED.

The continuously increasing engagement of European enterprises in CSR as well as the above-mentioned movement toward the multi-stakeholder approach in LED resulted in **more LED initiatives integrating companies' CSR activities**.

The **objectives** followed and **instruments** applied in LED/CSR initiatives are manifold, thereby addressing a wide spectrum of **target groups** (such as unemployed, elderly, youth, low-qualified, women, migrants/ethnic minorities, previous drug addicts or prisoners, homeless or disabled persons, but also companies):

- Labour market integration of disadvantaged or detached local population groups (also with a focus on diversity management and equal opportunities), such as the provision of (sheltered) workplaces for hard-to-place persons (e.g. in the form of social enterprises), the establishment of education/training programmes for women, youngsters, elderly, migrants etc. with a strong practical orientation that is safeguarded through the co-operation of the local firms; respective examples are the Belgian initiative 'Pendelfietsen' in which a company outsources specific maintenance services to a social enterprise in order to offer detached population groups the possibility to enter the labour market or the programme of 'Danish Crown', providing long-term unemployed persons with training and employment opportunities
- Development of the local economic activity, attracting businesses and counter-acting delocalisation of entrepreneurial activity, e.g. joint efforts (financial or non-financial) of local authorities and local companies to foster business start-ups by regional inhabitants; such is, for example, achieved within the programme 'Bizness Babes' of The Body Shop Australia by qualifying young mothers for self-employment or by the Polish Michelin Development Foundation offering financial and technical assistance to local SMEs
- Revitalisation of the local area, e.g. by establishing local quality labels or by providing local services/infrastructure to improve the local quality of life, e.g. schools, childcare facilities, sporting or cultural centres jointly raised or developed by public and private actors; the retail company Tesco has, for example, actively contributed to promote the quality label 'Czech Quality', and Orange Romania has been involved in improving the rural population's access to communication infrastructure
- Promotion of CSR among the local business community, e.g. through efforts to familiarise firms with CSR and provide practical information about implementation possibilities; in Portugal, the initiative 'Oeiras PRO: Organisations' Social Responsibility Project', for example, resulted in a growing acceptance of local businesses to engage in CSR by providing them with information and assistance to do so, e.g. by implementing a Centre for CSR and Innovation, an Observatory for Local CSR Activities, a CSR Lab or a CSR Knowledge and Communication Platform



- Empowerment of local actors for (strategic) local employment development (e.g. by know-how transfer), realised, for example, in Germany with the implementation of the 'WABE' project - an initiative to integrate job-seekers successfully into the regular labour market while at the same time familiarising local stakeholders (enterprises, government, civil society) with the possibilities of co-operating for the benefits of the local area
- Environmental protection, such as the introduction of environmentally friendly production processes within the local area to safeguard the economic sustainability of the businesses against rising expectations of clients or the awareness raising of local inhabitants and companies for environmentally friendly behaviour which is conducted by both, local governments and enterprises; the Canadian company 'Cascades', for example, not only engages in recovery through the recycling of industrial and domestic waste but also orients its donations and sponsorships toward the environmental sector, resulting in an image of respect, trust, accountability and quality safeguarding the sustainability of the enterprise employing about 14,000 persons in more than 100 plants

In practice, it also turned out that in most cases a bundle of related aims were to be achieved (also by applying different instruments) - which may also be attributed to the efforts of balancing and integrating different interests of the various involved stakeholders.

Regarding the **geographic scope** of LED/CSR initiatives, there are enormous differences between individual measures. Some initiatives stick to administrative units, others rather to coherent labour market regions (e.g. in terms of commuting distance), and some also involve a cross-border element.

Involved Stakeholders: Who They Are, What They Do and How They Co-operate

The most important **parties initiating and/or involved** in LED/CSR initiatives refer to the following:

- Large, but also small companies are certainly key partners in LED/CSR initiatives as they set voluntary activities (CSR) that are advantageous not only for the individual company and its employees but also for the wider community. Some sectors, e.g. the financial sector, seem to be more engaged than others are. Enterprise networks (such as clusters) are, however, hardly initially engaged in LED/CSR, but sometimes constitute an outcome of enhanced local co-operation.
- NGOs/NPOs often become the driving force in LED/CSR activities trying to convince both, potential public and private partners to participate. Furthermore, due to their familiarity with the local level and the closeness to the envisaged target group they often are responsible for the design, implementation and co-ordination of the individual measure.
- Regional and/or local governments adapt the national political strategies to the regional/local environment, initiate specific measures, act as (funding) partner and/or are engaged in marketing activities to increase the community's awareness on the social, labour market or environmental problem and to enhance the visibility of the individual initiative.



- National governments in most of the cases set the general framework strategy under which the individual initiatives are designed and elaborated and provide the financial means for their practical implementation.
- Social partners/employers' and employees' organisations in many cases play the role of a mediator between the public and the private organisations.
- Public Employment Services, education providers (e.g. universities) and research institutes constitute facilitators in the practical implementation and execution of LED/CSR initiatives, supporting both public and private partners.
- Specialised CSR organisations or the media may contribute to the initiatives by increasing their transparency and thereby making them more attractive for companies to participate.

The **co-operation and working processes** among the different parties vary from initiative to initiative, not only as regards the involvement of the various types of actors and their roles but also concerning the formality of their collaboration (from purely informal to the establishment of joint entities responsible for the implementation).

However, all analysed LED/CSR initiatives dispose of a **co-ordination unit** balancing the different interests of the involved stakeholders, safeguarding the sustainability of the joint mission and striving to avoid a lock-in of the initiative.

Nevertheless, in general such multi-stakeholder partnerships are based on **network-like modes of operation**, resulting in a high importance of social capital and mutual trust and the limited possibility to exercise power.

Motivations of Stakeholders

The decision to participate in multi-stakeholder partnerships for the benefit of local employment development is strongly related to the advantages the potential partners expect for themselves. Respective **motivations** will, hence, in most of the cases be different for the public and the private partners.

An important driver for all involved parties constitutes the requirement for multi-stakeholder partnerships of European (e.g. LEADER) or national programmes providing funds.

Public authorities want to involve the private sector in local employment development for social (i.e. immediate improvement of the local labour market) or economic reasons (i.e. drawing on their financial or human resources when designing or implementing the initiative).

The motivation of the enterprises to become engaged in local community issues range on a **spectrum** from

- 'obligation' (the company's discretion to participate in CSR is for any reason limited) to
- 'philanthropy/altruism' (an intrinsic desire of the entrepreneur/manager to become engaged in respective activities for social/personal reasons).

In practice, however, not a single motivation but a bundle of motives will be the basis for an enterprise's engagement in CSR.



Potential Results/Outcome of LED/CSR Initiatives

In general, it can be concluded that the analysed initiatives lead to a **win-win situation**, i.e. an advantageous result for the involved companies, local authorities and the local community/inhabitants.

However, while there exists good consensus that enterprises' CSR activities constitute a value-added to the instruments of public or third sector actors it has to be acknowledged that the resulting effects may be limited, indirect, intangible and manifest on the long run, only. Hence, CSR activities of private enterprises should not be seen as a means to substitute public intervention in the local economic development domain.

Potential **advantages for all involved stakeholders** are:

- The possibility to **utilise the partners' specific resources and expertise** (know-how, financial means, networks and social capital etc.); A local division of labour takes place, making available a wide variety of material and immaterial resources to the benefit of all.
- An **enhanced local cohesion/co-operation**; This may result in both, lower out-migration (and brain drain) tendencies as well as better business opportunities at local level and a **better economic climate**.
- LED/CSR initiatives targeted on the labour market integration of the local inhabitants may result in a better **matching between supply and demand on the labour market** as companies may influence the competence development of local inhabitants, add 'a sense of reality' to the offered training instruments and/or get (easier) access to the labour force they need.

Local communities benefit from companies' engagement in LED initiatives

- as the operative involvement of the business sector results in an **immediate improvement of the labour market situation** in the local area in terms of a higher rate of employment or better working conditions, for example.
- as they realise a wider **access to financial means** for community initiatives. This is to be attributed to the investment of private companies for public purposes, increased tax revenues and decreased social/welfare payments due to the improved labour market situation.

As for CSR activities in general, **enterprises'** potential benefits are:

- a **better visibility and image** among clients and other stakeholders, fostered e.g. by media articles or prize awards
- in the longer run **higher sales** through more loyal customers or the development of **new customer groups**
- Furthermore, a better reputation among the business community may result in **enhanced co-operation with other enterprises** and **additional business opportunities** with the other involved stakeholders (i.e. public and third sector). The thereby created business networks contribute to the realisation of better business opportunities and competitive advantages.
- An improved corporate image may also be helpful on the labour market in terms of **attracting and/or retaining staff**. Furthermore, companies often realise an **increased employee loyalty** or a better staff team building.



- This, in turn, results in a higher motivation of the workforce and, consequently, **more efficient and productive work processes** (hence, cost savings), often related to a higher degree of **creativity** and **innovativeness**.

Challenges and How To Address Them

However, the realisation of these positive effects depends on various factors:

- First of all, there needs to be a **favourable public framework** supportive of multi-stakeholder partnerships.
- With regard to **CSR** the **lacking awareness** of the concept as well as modes and ways to implement CSR in the business activities is an important hindering factor. Consequently, enterprises need to be familiarised with the possibilities of applying CSR for the benefit of the local community and informed about the activities of local NGOs/NPOs that are looking for (financial) enterprise support. Furthermore, rewarding private companies for their community engagement (e.g. tax incentives, prize awards) has proven to be effective.
- With regard to creating a framework which is favourable for **multi-stakeholder partnerships**, in a first step **awareness** raising measures and the provision of know-how and information about this kind of **local co-operation** is necessary.
- In a second step, local actors need to be **empowered for such co-operation** in terms of adequate administrative authority for independent decision-making as well as financial independence.
- Thirdly, **public incentives for multi-stakeholder collaboration** are essential to overcome the stakeholders' reluctance to participate in LED/CSR initiatives.
- One of the most important pre-conditions for success is to develop a **local strategic approach** for a LED/CSR initiative that is **shared by the public, private and third sector**. Such may be identified by an objective 'market analysis' of the local area pinpointing the main characteristics of the local area, the specific needs and requirements of the local labour market and potential 'remedies'.
- Furthermore, such an investigation may contribute to uncover **local social networks** that should be drawn on by establishing the organisational framework for the administration and implementation of the initiative.
- Within this organisational framework it is essential to come to a clear, transparent and agreed understanding of each partner's role and tasks, i.e. the **division of labour** which is taken care of by a **central co-ordinator**.
- Another important challenge for the success of LED/CSR initiatives is to **motivate local companies to participate in the programme**. This may be achieved by linking the initiative to a public support programme covering parts of the upcoming costs while at the same time avoiding bureaucratic/ administrative obligations as far as possible. At the same time it is important for the enterprises to have the **flexibility of deciding whether or not to participate**.



- Another barrier for becoming involved in a LED/CSR initiative is the **intransparency of the initiative** as well as of its **potential outcomes**. As to this regard the **relevance of intermediary organisations** and the **media** must not be neglected as they may be used to approach companies and inform them about their possibilities and potential advantages or serve the purpose of disseminating information about companies' engagement (thereby, acting as a PR tool for the firms).
- In some cases it is imperative to **ensure a critical mass of participants/beneficiaries**. As to this regard, it is important to spread the information about the availability and the characteristics of the initiative, and for this purpose use the means most adequate for the respective target group.
- An important factor influencing the survival of the initiative is the **sustainable availability of financial means**. It is of importance to ensure the availability of **public means** on an ongoing-basis while at the same time providing for sustainable **contributions of the private enterprises**. Relying on private means only can lead to reinforcing economic imbalances, e.g. in geographic terms. It can also be observed that companies' CSR investment tends to be lower in economically difficult times (e.g. in economic crisis). This is particularly true, if CSR activities are not anchored in the core activities of the enterprises but rather serve as a marketing tool. In order to avoid this, the local business structure needs to be taken into account when designing LED/CSR activities, and mechanisms to leverage firms' volatile contributions (e.g. societal investment clubs, public funding) should be established.
- Another challenge in the execution of LED/CSR initiatives is the continuous **establishment and further development of local/regional social capital** as this can be seen as one of the major pre-conditions for on-going successful co-operation, particularly if a diversified group of partners is concerned.
- Thereby, existing relationships should be taken advantage of and a permanent **communication flow** should be established among the partners.
- Another relevant factor refers to the initiative's **adaptability to changed framework conditions**. In order to achieve the intended results it is necessary to conduct a continuous **monitoring** of the adequacy of the implemented instruments as well as a 'market analysis' to investigate whether or not the initially identified local problems are still the most relevant that should be addressed.

Strategic Policy Recommendations for the European Commission and National Governments

The analysis of the local employment development policies throughout Europe has shown that although there is a tendency for decentralisation it is rather a **top-down** than a **bottom-up** process that is applied. However, as local areas are very heterogeneous the European Commission as well as national governments should pay more attention to the local level by putting more emphasis on the concept of **New Governance** and the respective empowerment of local actors to become operationally involved.

Next to that it is important that the European Commission as well as national governments provide **incentives for multi-stakeholder partnerships** in order to overcome the actors' reluctance to co-operate with other types of organisations.



In this context, also **support of NGOs/NPOs** in financial terms, but in particular with regard to competence development (management/organisational skills) for fulfilling their intermediary role in LED/CSR initiatives is essential. Such has, for example, been realised in the Portuguese initiative 'Oeiras - PRO: Organisations' Social Responsibility Project' by organising a platform for exchange among local stakeholders, familiarising all of them with CSR.

Furthermore, due to the complexity of LED/CSR initiatives caused by the multitude of involved stakeholders, their potentially diverging interests, the sensitivity of the issues covered and the target group it is suggested that the European Commission further develops existing **guidelines** for the preparation, implementation and execution of LED/CSR activities.

To **enhance companies' CSR activities**, governments at all administrative levels could engage in various activities. Examples include the governmental commitment to local CSR, incentives to firms for becoming engaged in CSR, facilitation of multi-stakeholder processes (leading to standard setting and/or definition of Good Practice) or the provision of a tool to measure and monitor the effects of investment into CSR on the enterprises' competitiveness.

Fostering partnerships with **social enterprises** is a potential lever to make firms contribute to social aims (e.g. in the Belgian initiative 'Pendelfietsen' a local social enterprise is 'supported' by a private company which contracts it for specific maintenance services or the Slovakian 'Town Hall Open Markets' initiative promotes social enterprises by providing them an opportunity for marketing their products and services and hence, familiarise the general public and potential business partners with their offers). Such partnerships can be promoted through co-ordinated campaigns, targeted at companies, of government and umbrella associations of social enterprises.

Furthermore, to increase the effectiveness of smaller firms' contribution instruments to **pool SMEs' socially responsible activities** need to be established by national governments (e.g. 'investment clubs' for social purposes as has been realised with the initiatives Oeiras Solidarity in Portugal or 'You Choose: You Decide' in Spain; in both initiatives donations from individuals or companies intended for social community purposes are centrally collected and distributed to specific beneficiaries, resulting in a higher effectiveness than could have been realised by a fragmented approach; another possibility refers to a stronger involvement of interest groups or cluster organisations).

Recommendations for the Execution of LED/CSR Initiatives (Targeted at Enterprises, the Civil Society and Local Governments)

Next to the above-listed strategic recommendations influencing the environment and pre-conditions for LED/CSR initiatives the analysis also pinpointed some more operative recommendations, targeted at the involved stakeholders or the co-ordinating/administering body of such initiatives. In practice, it has turned out that these are mainly local governments, NGOs and private enterprises with CSR programmes.

An important issue that needs to be thoroughly considered is the **'size' of the initiative** in terms of the geographical scope as well as the number of involved actors which must neither be too large nor too small. The optimal size depends on each individual initiative's objectives and characteristics and may be determined by the initiator of the LED/CSR initiative by an analysis of the local area.



The analysed initiatives across Europe, Australia and Canada have also shown that the establishment of a **co-ordinating unit** to manage the multi-stakeholder partnership, to balance the interests of the different involved actors and to ensure a continuous commitment towards the common goals and strategy is essential for the sustainable success of LED/CSR initiatives. This, too, lies in the responsibility of the initiator of respective instruments.

Furthermore, the initiator and/or co-ordinator have to safeguard that the involved stakeholders agree upon the **methods of decision making** (formal vs. informal, unanimity vs. majority votes, involvement of all partners vs. drawing on topic-specific working groups etc.) in the framework of designing the initiative and on strategic issues (e.g. adaptation of the instrument during its life course).

With regard to attracting companies' engagement public authorities and NGOs/NPOs have to **take into account the business and sectoral structure of the local enterprise community**. Firms are more inclined to engage in CSR for the benefit of the local area - also in economically difficult times - and the engagement brings most value added and effect, if the socially responsible activities are related to the enterprise's core activities and their specific competences. **This requires a good mapping of companies' competences deployable for social purposes.**

Employers' organisations, family business organisations, chambers of commerce, business incubators or cluster organisations as well as other forms of existing formal or informal business networks could be actively involved by local/regional governments and/or NGOs/NPOs as **facilitators/brokers**. They dispose of direct linkages to a comparatively high number of enterprises. Hence, their 'mediation services' could be drawn on to make local firms participate in LED. In a similar way, specialised CSR organisations could be approached to familiarise enterprises with the concept of CSR and the potential ways and means to engage in CSR for the benefit of the local community.

It is recommended to **establish mechanisms to safeguard the initiative's transparency and communicate the (potential) outcome for the enterprises**. This can be done by designing the instrument in a way which provides for **quick results** that are also widely communicated while at the same time following a long-term approach in order to benefit from the development of social capital which needs time to turn up (as realised, for example, in the Swedish/Finnish initiative 'On the border' which took advantage of involving a large and well-known company from the very start, raising the trust of smaller local companies that quickly could observe the benefits the large company realised by participating in the initiative).

To safeguard to **sustainability** of LED/CSR initiatives the co-ordinator and/or the initiator need to establish **continuous monitoring** instruments to ensure the adequacy of the instrument at any point of time. If necessary, the initiative needs to be flexible enough to adapt to changed framework conditions as well as allow for enterprises to freely join and exit according to their individual needs and wants. At the same time, a sufficient financial endowment of the initiative needs to be guaranteed.



Potential Directions of Future LED/CSR Debates

Finally, a few potential directions for future debates on local employment development initiatives integrating companies' CSR activities are to be raised.

- The establishment of co-ordination mechanisms to bring together public initiatives and private enterprises' CSR activities seems to be necessary in order to **align strategic and long-term oriented LED measures with often ad-hoc and unsystematically conducted private CSR**. This alignment could be achieved by **taking advantage of intermediary organisations** (e.g. cluster organisations, family business organisations, NGOs) or by **introducing pooling mechanisms** (such as 'social investment clubs').
- Regarding the **contents and instruments** applied in LED/CSR activities it has been observed that **entrepreneurship of the elderly generation** does not seem to be a priority issue. Having in mind the demographic change towards an ageing society as well as the problems many older persons face on the labour market, respective initiatives should be considered. This may particularly be a field of activity within the New Member States.
- Comparatively innovative approaches that have proven to be effective, particularly with regard to **involving SMEs and pooling their (CSR) resources** for achieving a 'critical mass' at local level, could be more intensively analysed in terms of their working methods and transferability with the aim of providing the local actors with a practical tool for implementation.
- Similarly, **new ways of financing** respective initiatives could be discussed in order to avoid a situation of high dependency on companies' contributions in cases in which public means are limited. Insurance organisations could be more involved and used as lever to encourage CSR among businesses.





Résumé

Les dernières années ont été caractérisées par une implication croissante d'acteurs locaux dans la conception et la mise en œuvre de la politique d'emploi dans l'Union européenne. Une approche de partenariat ou de dialogue multipartite est poursuivie c.à.d. une coopération entre les gouvernements, les partenaires sociaux, la société civile (par ex. les organisations non-gouvernementales (ONG), les organisations à but non lucratif (OSBL), l'église, les entreprises sociales) et les entreprises privées. Les entreprises sont amenées à participer aux activités locales sur la base de leurs activités s'inscrivant dans le cadre de leur Responsabilité Sociale des Entreprises (RSE) – ces activités connaissant un essor notable parmi les entreprises européennes.

Néanmoins, peu est connu sur les caractéristiques et le fonctionnement d'initiatives existantes dans les différents pays membre de l'Union européenne visant à promouvoir le développement local de l'emploi (DLE) tout en intégrant la responsabilité sociale des entreprises, c.à.d. sur la façon dont ces deux concepts sont mis en pratique d'une manière effective et efficace. Cependant, une telle connaissance serait, sur le plan d'échange d'expérience, d'une grande aide pour évaluer et exploiter le potentiel de ces «nouveaux» types de stratégies de développement local.

Ainsi, ce rapport a pour **objectif**:

- De décrire et d'illustrer comment les activités de RSE des entreprises peuvent contribuer à des initiatives de développement local de l'emploi dans l'Union européenne, en Australie et au Canada;
- D'analyser des types de pratiques/d'initiatives existantes à un niveau local;
- D'évaluer l'importance et l'efficacité de pratiques/d'initiatives actuelles;
- D'évaluer ce qui peut être fait afin de promouvoir la diffusion et l'efficacité d'activités RSE dans le développement local de l'emploi.

À cet effet, l'**approche de recherche** a été décentralisée, c.à.d. la recherche a été poursuivie à l'échelle nationale dans les États Membres de l'Union européenne ainsi qu'en Australie et au Canada⁵. Préalablement, une définition de travail des termes «Développement Local de l'Emploi» et «Responsabilité Sociale des Entreprises» a été élaborée pour assurer une vue commune de ces termes par tous les chercheurs impliqués dans les 29 pays. Puis il a été procédé à une analyse des cadres politiques nationaux, des tendances et des développements récents dans les domaines de DLE et RSE (les deux au niveau national et européen).

Dans un second temps, des initiatives de DLE fondées sur les activités RSE d'entreprises individuelles ont été identifiées dans l'UE, en Australie et au Canada. S'appuyant sur ces résultats, une catégorisation des mesures DLE/RSE a pu être élaborée. De plus, 25 mesures ont été choisies à titre d'exemples DLE/RSE afin d'être approfondies ultérieurement.

⁵ Une liste des partenaires se trouve en Annexe IV

Des conclusions et des recommandations (politiques) ont été tirées en synthétisant les résultats des analyses nationales conduites à grande échelle, d'une part, et ceux plus spécifiques, d'autre part, des recherches menées sur 25 études de cas.

Le Développement Local de l'Emploi et la Responsabilité Sociale des Entreprises – Définitions

Dans le cadre de cette étude, le **Développement Local de l'Emploi (DLE)** est défini comme l'ensemble des actions visant à améliorer au niveau local l'économie et le marché de travail. Ceci peut s'appliquer, par ex., à des activités

- Pour réduire le chômage en augmentant l'attractivité comme lieu d'implantation d'entreprises
- Pour améliorer la qualité des emplois/les conditions de travail,
- Pour réduire les inégalités liées au genre, à l'âge, à l'ethnicité/la culture,
- Pour promouvoir l'intégration sur le marché de travail etc.

Cela induit un processus qui est conçu et mis en œuvre avec l'implication de multiples acteurs locaux et qui tient compte des besoins et du potentiel de la collectivité locale ciblée.

La **Responsabilité Sociale des Entreprises (RSE)** correspond à l'intégration volontaire par les entreprises de préoccupations sociales et environnementales dans leurs activités commerciales et leurs relations avec leurs partenaires, au-delà de leurs obligations strictement prévues par la loi. Pour cette étude-ci, l'attention s'est portée sur les activités des entreprises visant à apporter un bénéfice aux employés de l'entreprise, à la société/communauté, au marché (c.à.d. les clients, les fournisseurs, les partenaires etc.) ou à l'environnement.

Cette étude s'est concentrée sur des **initiatives de Développement Local de l'Emploi (DLE) qui sont basées sur les activités RSE des organisations:**

- Les initiatives revêtent un caractère politique, sans avoir été nécessairement financées, conçues ou encore initiées par les pouvoirs publics.
- Des initiatives, initiées par une seule entreprise et étendues par la suite à d'autres organisations pour soutenir l'économie locale, la communauté et/ou le marché local de l'emploi, ont également été prises en compte.
- Au contraire, des activités isolées de RSE d'entreprises individuelles sans intégration dans une stratégie plus vaste que le niveau de l'entreprise elle-même ou sans implication des politiques publiques n'ont pas été prises en considération dans cette étude. Ceci vaut également pour les instruments de politique pour l'emploi de nature purement public.



Développement Local de l'Emploi et RSE: l'agenda politique au niveau européen

Le **Développement Local de l'Emploi (DLE)** a été reconnu au début des années 1980 par la Commission européenne et d'autres institutions européennes comme «instrument» de lutte contre le chômage et, depuis, il a progressivement gagné en importance (Commission européenne, 2007b). Depuis environ l'année 2000, une attention accrue est prêtée à la stratégie de **subsidiarité**⁶. L'Union européenne, les États Membres, les niveaux régionaux et locaux ainsi que les partenaires sociaux et la société civile doivent ainsi être impliqués dans les politiques sociales, économiques et de l'emploi profitant de partenariats qui associent différents acteurs.

Un grand nombre de **programmes**⁷ européens s'appuie sur le développement local de l'emploi, comme par exemple les Fonds Structuels Européen (dans le cadre de ceux-ci, on pourra citer en particulier l'initiative communautaire EQUAL), les initiatives communautaires URBAN et LEADER ou le programme INTERREG.

Parallèlement, au début des années 1990, l'Union européenne a commencé à aborder le thème de la Responsabilité Sociale des Entreprises (RSE), et depuis, elle s'engage continuellement et intensément dans des débats politiques et dans la conception de stratégies générales ainsi que d'activités concrètes visant à promouvoir et soutenir l'application de la RSE dans le secteur privé (Commission européenne, 2001a; Commission européenne, 2007d; Communautés européennes, 2002). Les trois documents politiques clé concernant ce thème sont le livre vert sur la Responsabilité Sociale des Entreprises («Promouvoir un cadre européen pour la responsabilité sociale des entreprises») et les communications de la Commission de 2002 et 2006 («Une contribution des entreprises au développement durable» et «Mise en œuvre du partenariat pour la croissance et l'emploi: faire de l'Europe un pôle d'excellence en matière de responsabilité sociale des entreprises»)⁸.

Au sein de la **Commission européenne**, la RSE est coordonnée par la DG Emploi, Affaires sociales et Égalité des chances et la DG Entreprise et Industrie, d'autres DG sont également impliquées selon leur champ de travail.

De plus, des **syndicats patronaux** supranationaux (comme EUROCHAMBRES ou UEAPME) soutiennent la diffusion de la RSE en Europe et il existe plusieurs **réseaux** supranationaux (par exemple European Alliance on CSR, European Environment and Sustainable Development Advisory Councils (EEAC), European Business Ethics Network (EBEN), etc.).

Au vue des caractéristiques et du développement (historique) du développement local de l'emploi et la Responsabilité Sociale des Entreprises au niveau européen, une connexité de ces deux concepts apparaît clairement. D'autant plus que la majorité des activités RSE des entreprises vise à toucher leurs employés et la communauté locale (Mandl/Dorr, 2007a; European Communities 2002; European Commission, 2007a).

⁶ Selon la définition de l'UE, on entend par subsidiarité le principe qui assure que les décisions soient prises aussi près que possible des citoyens. La subsidiarité implique que l'on vérifie constamment si une décision prise à un niveau administratif plus élevé est justifiée par rapport aux moyens disponibles à une échelle administrative plus basse.

⁷ Source : http://ec.europa.eu/employment_social/local_employment/structural_fr.htm

⁸ Source: <http://ec.europa.eu/enterprise/csr/policy.htm>



Depuis environ l'an 2000, le potentiel d'intégration des activités RSE des entreprises dans des initiatives DLE est promu par la Commission européenne, en particulier par la DG Emploi, Affaires sociales et Égalité des chances (European Commission, 2000).

Cependant, en même temps, il est clair que de telles démarches sont caractérisées par des enjeux spécifiques. Ces derniers doivent être identifiés et communiqués pour déboucher sur une situation «win-win-win» pour tous les acteurs (institutions publiques, population locale, secteur privé) (European Commission, 2007a).

Le contexte: l'approche descendante contre l'approche ascendante dans le DLE

Conformément aux objectifs et aux initiatives de l'Union européenne, ces dernières ou même cette dernière dizaine d'années, des États Membres particuliers (ainsi que l'Australie et le Canada) ont porté une **attention accrue au niveau local aux politiques DLE**. Ceci a débouché sur un processus de décentralisation dans le sens d'un transfert de compétences et davantage d'autonomie aux autorités locales.

Les initiatives locales sont cependant fortement intégrées aux politiques nationales, qui s'orientent à leur tour sur les lignes directrices de l'UE (en particulier sur la Stratégie de Lisbonne pour la Croissance et l'Emploi et à la Stratégie européenne pour l'Emploi), et elles sont souvent financées par des fonds européens. Seul dans quelques pays (par ex. l'Hongrie, le Luxembourg), le DLE ne représente pas une approche politique établie.

La motivation majeure dans la poursuite de cette approche est la reconnaissance qu'il existe des différences considérables entre les régions/provinces conduisant à des problèmes spécifiques et variables. Ces problèmes devraient être traités par ceux pour qui ils sont les plus familiers, c.à.d. les acteurs locaux. Par conséquent, on observe en Europe, en Australie et au Canada une tendance accrue de **combiner des initiatives descendantes** (c.à.d. une stratégie décidée à un niveau central, mais un soutien effectif de l'emploi sur un niveau local à travers les agences publiques pour l'emploi) et **ascendantes** (par ex. des activités lancées par les ONG locales qui contactent les autorités locales et/ou des entreprises pour recevoir un financement, un support ou pour mettre en place une coopération). C'est l'**approche multipartite** qui est poursuivie au sein du DLE dans tous les États Membres, l'Australie et le Canada.

Parallèlement un changement a lieu dans les mécanismes de **gouvernance**, avec l'introduction du «partage de pouvoir» et de la «division du travail» dans le processus de décision politique. L'atteinte de cet objectif passe par le renforcement de l'interaction entre les autorités régionales/locales et la société civile et de la participation d'autres acteurs importants (les entreprises incluses).

Les initiatives DLE/RSE: La pratique actuelle

Aussi bien les autorités publiques que le secteur privé dans les États Membres, l'Australie et le Canada attachent **de plus en plus d'importance à la thématique de la Responsabilité Sociale des Entreprises (RSE)**, aux moyens comment elle peut être mise en œuvre et aux bénéfices qu'elle offre aux parties intéressées.

En général, les entreprises européennes sont tout à fait conscientes de leur responsabilité sociale et sont aussi prêtes à l'assumer. Cependant, il y a des différences entre



- les grandes entreprises, qui planifient et mettent en œuvre la RSE d'une manière stratégique et qui utilisent la communication sur ces activités comme outil de marketing, et
- les petites entreprises qui poursuivent plutôt une approche ad-hoc et qui labellisent rarement leurs activités comme RSE.

Les **champs d'application d'activités RSE les plus importants** concernent des mesures au profit des employés de l'entreprise et de la communauté locale. Par conséquence, ce sont en particulier les activités RSE des Petites et Moyennes Entreprises (PME) qui sont caractérisées par une forte connexité avec le DLE.

L'engagement croissant des entreprises européennes vers la RSE ainsi que la tendance décrite ci-dessus d'une approche multipartite dans le DLE ont pour conséquence **un nombre grandissant d'initiatives DLE qui s'appuient sur les activités RSE des entreprises.**

Les **objectifs** poursuivis et les **instruments** utilisés dans les initiatives DLE/RSE sont divers et s'adressent à un grand nombre de **groupes-cible** différents (par ex. les chômeurs, les personnes âgées, les jeunes, les peu qualifiés, les femmes, les personnes issues de l'immigration/de minorités ethniques, les anciens drogués ou détenus, les sans-abris, les personnes handicapées mais aussi les entreprises):

- L'intégration sur le marché de travail de groupes de la population locale défavorisés ou isolés (avec de même le but d'une exploitation de la diversité et de l'égalité des chances), comme la mise à disposition d'emplois (protégés) pour des personnes difficiles à placer (comme par ex. sous forme d'entreprises sociales), l'établissement de programmes éducatifs/formatifs pour les femmes, les jeunes, les personnes âgées, les immigrés etc. avec une forte orientation pratique garantie par la coopération d'entreprises locales; des exemples sont l'initiative belge «Pendelfietsen», où une entreprise délocalise ses travaux de maintenance à une entreprise sociale pour permettre l'insertion de personnes loin du marché du travail ou le programme «Danish Crown» qui propose de mesures de formation (continue) à des chômeurs de longue durée.
- Le développement local d'activité économique, attirer des entreprises et empêcher la délocalisation d'activité entrepreneuriale, par ex. en joignant les efforts (financiers et non-financiers) des autorités et entreprises locales pour promouvoir la création d'entreprise par la population locale; comme cela est par ex. fait dans le programme «Bizness Babes» de The Body Shop Australia qui vise à qualifier des jeunes mères pour un emploi indépendant ou par Polish Michelin Development Foundation qui offre un soutien financier et technique aux PME locales.
- La revitalisation des régions locales en établissant, par ex., des labels-qualités locaux ou en fournissant des services et infrastructures pour améliorer la qualité de vie locale, comme des écoles, des infrastructures d'accueil des enfants, des centres sportifs ou culturels communément développer avec des acteurs publics et privés; ainsi l'entreprise Tesco a activement contribué à la promotion du label de qualité «Czech Quality» et Orange Roumania a été impliqué dans l'amélioration de l'accès de la population rurale à l'infrastructure de télécommunications.



- La promotion de RSE au sein de la communauté d'entreprises locales par des efforts de familiarisation des entreprises avec la RSE et la mise à disposition d'informations pratiques sur les possibilités de mise en œuvre de celle-ci; au Portugal, l'initiative «Oeiras PRO: Organisations' Social Responsibility Project», par ex., qui eut pour but d'informer les entreprises sur la RSE et les possibilités de soutien, a eu pour effet une acceptation croissante des entreprises à s'engager dans la RSE; un centre de RSE et innovation, un Observatoire d'activités locales de RSE, un laboratoire de RSE ainsi qu'une plateforme de communication et de connaissance de RSE ont été mis en place.
- Qualification des acteurs locaux pour le développement local de l'emploi stratégique (par ex. par un transfert de savoir-faire) réalisé, par ex., en Allemagne par la réalisation du projet «WABE» - une initiative visant l'intégration de chercheurs d'emploi dans le marché de travail régulier et la familiarisation des acteurs locaux (entreprises, gouvernement, société civile) avec des formes de coopération bénéfique à la région locale.
- Protection environnementale, comme l'introduction de processus de production respectueux de l'environnement dans la région locale afin de sauvegarder la durabilité des entreprises dans le contexte d'une exigence accrue des clients ou de la sensibilisation de la population locale et des entreprises au comportement respectueux envers l'environnement des pouvoirs locaux et des entreprises; L'entreprise canadienne «Cascades», par exemple, s'engage non seulement dans le recyclage des déchets domestiques ou industriels, mais aussi vise ses donations et activités de sponsoring dans le secteur de l'environnement, ce qui aboutit à une image de respect, de confiance, de responsabilité et de qualité qui sauvegarde la durabilité de l'entreprise qui emploie près de 14.000 personnes dans plus de 100 usines.

La pratique a montré que dans la plupart des cas, un ensemble d'objectifs apparentés doit être atteint (en appliquant des instruments différents) – qui peut être également attribué aux efforts d'équilibrage et d'intégration de différents intérêts de parties intéressées variées.

Concernant le **champ géographique** des initiatives DLE/RSE, il y a d'énormes différences entre les différentes mesures. Certaines initiatives s'en tiennent à des unités administratives, d'autres à des régions cohérentes de marché de travail (par ex. en termes de migration pendulaire) et certaines comportent un élément transfrontalier.

Les acteurs impliqués: de qui il s'agit, ce qu'ils font et comment ils coopèrent

Les **acteurs** les plus importants qui **initient ou participent** aux initiatives DLE/RSE sont les suivants:

- Les grandes entreprises, ainsi que les petites entreprises, sont certainement des partenaires clé dans les initiatives DLE/RSE puisqu'elles établissent volontairement des activités RSE qui sont bénéfiques non seulement pour l'entreprise elle-même et ses employés, mais également pour une communauté plus élargie. Certains secteurs, par ex. le secteur financier, semblent y être plus engagés que d'autres. Les réseaux d'entreprises (comme par exemple des clusters) participent rarement dès le début à ces initiatives DLE/RSE, mais sont quelquefois eux-mêmes le résultat de coopération locale intense.



- Les ONG/OSBL sont souvent la cheville ouvrière des initiatives DLE/RSE essayant de convaincre aussi bien les partenaires potentiels privés que publics d'y participer. De plus, de par leur familiarité avec le milieu local et leur proximité avec le groupe cible, ils sont également souvent responsables de la conception, de la mise en œuvre et de la coordination des mesures particulières.
- Les gouvernements régionaux et/ou locaux adaptent les stratégies politiques nationales au contexte local/régional, initient les mesures spécifiques, agissent comme partenaires (financiers) et/ou s'impliquent dans des activités de marketing qui visent à augmenter la prise de conscience de la communauté pour les problèmes liés au marché du travail, à l'environnement ou sociaux et à accroître la visibilité des initiatives respectives.
- Les gouvernements nationaux définissent le cadre générale, dans lequel sont conçues et élaborées les initiatives individuelles, et mettent à disposition les moyens financiers nécessaires pour leurs réalisations pratiques.
- Les partenaires sociaux/les organisations des employeurs et des employés ont, dans la plupart des cas, le rôle de médiateur entre les organisations publiques et privées.
- Les agences publiques pour l'emploi, les organismes de formation (par ex. les universités) et les instituts de recherche facilitent la réalisation des initiatives DLE/RSE en soutenant aussi bien les partenaires publics et privés.
- Des organisations RSE spécialisées ou les médias contribuent aux initiatives en accroissant leur visibilité. Ainsi elles rendent les initiatives plus attractives aux entreprises qui sont enclines à participer.

Les **processus de coopération et de travail** entre les différents acteurs varient selon les initiatives, non seulement en ce qui a attiré à la participation des différents types d'acteurs et de leurs rôles respectifs, mais aussi en ce qui concerne le degré de formalisation de la coopération (de purement informel à la mise en place d'entités juridiques communes responsables de la mise en œuvre).

Cependant, toutes les initiatives DLE/RSE analysées disposent d'une **unité de coordination** qui contrebalance les différents intérêts des acteurs impliqués, assure la durabilité des objectifs communs et essaie d'éviter un effet «lock-in» de l'initiative.

Toutefois, ces types de partenariat multipartite se fondent en général sur un **mode de fonctionnement en réseau**, qui accorde une grande importance au capital social et à la confiance mutuelle et qui limite l'exercice de pouvoir.

Motivations des acteurs impliqués

La décision de participer à un partenariat multipartite en faveur du développement local de l'emploi est fortement liée aux avantages que les partenaires potentiels s'attendent à en tirer. Dans la plupart des cas, les **motivations** respectives des partenaires publics et privés vont ainsi être de nature différente.

Un mobile important pour toutes les parties intéressées est l'exigence de ce type de partenariat dans les programmes européens (par ex. LEADER) ou nationaux qui mettent à disposition les moyens financiers nécessaires.



Les autorités publiques veulent impliquer le secteur privé dans le développement local de l'emploi pour des raisons sociales (c.à.d. l'amélioration immédiate du marché de travail local) ou économiques (c.à.d. l'utilisation de leurs ressources financières et humaines lors de la conception et de la mise en œuvre de l'initiative).

La motivation des entreprises de s'engager pour les intérêts de la communauté locale vont de:

- «l'obligation» (la liberté de prise de décision de l'entreprise de participer à RSE est limitée pour des raisons quelconques) jusqu'à
- «la philanthropie/l'altruisme» (le désir intrinsèque de l'entrepreneur/cadre de s'engager dans telles activités pour des raisons sociales/personnelles).

En pratique, ce n'est pas une raison particulière mais un ensemble de raisons qui est à la base de l'engagement RSE de l'entreprise.

Résultats/Effets possibles d'initiatives DLE/RSE

En général, les initiatives analysées dans cette étude mènent à des **situations win-win**, c.à.d. à un résultat avantageux pour les entreprises impliquées, les autorités locales et la communauté ou population locale.

Cependant, pendant qu'il règne un consensus sur le fait que les activités RSE des entreprises représentent une plus-value pour les instruments du secteur tiers ou public, il doit être tenu compte du fait que les effets escomptés sont limités, indirectes, peu tangibles et qu'ils se montrent seulement sur le long terme. Ainsi, les activités RSE des entreprises privées ne doivent pas être considérées comme instruments de substitution de l'intervention publique dans le domaine du développement local de l'emploi.

Les **avantages** potentiels **pour tous les acteurs impliqués** sont:

- La possibilité d'**utiliser les ressources spécifiques et l'expertise du partenaire** (savoir-faire, moyens financiers, réseau et capital social etc.). Une division de travail locale a lieu; celle-ci permet de mettre à disposition de tous une grande variété de ressources matérielles et immatérielles.
- Une **cohésion/coopération locale accrue**; ceci conduit d'une part à une tendance réduite à l'émigration (et à l'émigration de force de travail qualifié) et d'autre part à de meilleures possibilités d'affaires au niveau local et à un meilleur climat économique.
- Les initiatives DLE/RSE visant l'intégration de la population locale dans le marché du travail peuvent mener à une meilleure **concordance de l'offre et de la demande sur le marché du travail** puisque les entreprises peuvent influencer le développement des compétences de la population locale, ajouter un «sens de réalité» aux mesures offertes de formation continue et/ou avoir meilleur accès à la force de travail dont ils ont besoin.



Les **communautés locales profitent** de l'engagement des entreprises dans des initiatives DLE,

- puisque la participation opérative du secteur privé mène à une amélioration immédiate de la situation du marché de travail dans l'espace local à travers, par ex., un taux d'emploi plus élevé ou de meilleures conditions de travail.
- puisque cela leur donne accès à de moyens financiers supplémentaires pour les initiatives communes. Ceci est dû aux investissements des entreprises privées à des fins publiques, à l'augmentation des impôts relevés et à la réduction des dépenses sociales/publiques grâce à l'amélioration du marché de travail.

Comme pour les activités RSE en général, les avantages potentiels pour les **entreprises** sont:

- une **meilleure visibilité et image** chez les clients et d'autres acteurs importants, par ex., à travers des articles de journaux ou des prix décernés
- sur le long terme, un **chiffre d'affaire plus élevé** grâce à de clients plus loyaux ou l'attraction de **nouveaux groupes de clients**
- De plus, une meilleure réputation au sein de la communauté d'affaires peut engendrer des **coopérations intensifiées avec d'autres entreprises** et des **occasions d'affaires supplémentaires** avec les autres acteurs impliqués (c.à.d. le secteur public et tiers). Les réseaux d'entreprises ainsi créés contribuent à la réalisation de meilleures occasions d'affaires et à des avantages compétitifs.
- Une meilleure image de l'entreprise peut également être d'une aide sur le marché du travail, car celle-ci permet **d'attirer et/ou de retenir les employés**. De plus, les entreprises récoltent **une loyauté accrue de leurs employés** et une meilleure consolidation des équipes de travail.
- Ceci, en revanche, engendre une motivation plus élevée au sein du personnel et ainsi à des **processus de travail plus efficaces et productifs** (c.à.d. des réductions de coûts) qui sont souvent accompagnés par un degré de **créativité et d'innovation** plus élevé.

Les enjeux et comment les aborder

Toutefois, la réalisation de ces effets positifs dépend de différents facteurs:

- Premièrement, il est nécessaire qu'il existe un **cadre public favorable** qui soutient des coopérations multipartites.
- Concernant la **RSE**, le **manque de conscience** du concept ainsi que de ces modes d'implantation dans les activités commerciales est un important obstacle. Par conséquent, il est important de familiariser les entreprises avec les différentes formes d'application de RSE bénéfique à la population locale et de les informer sur les ONG/OSBL qui sont à la recherche de soutien (financier). De plus, la gratification d'entreprises privées pour leur engagement local (par ex. des avantages fiscaux, des remises de prix) s'est prouvé être efficace.



- Pour créer un cadre favorable à des **coopérations multipartites**, des **mesures de sensibilisation** et la mise à disposition de savoir-faire et d'information sur ce type de **coopération locale** sont nécessaires dans un premier lieu.
- Dans un second lieu, il faut **mandater les acteurs locaux** d'un pouvoir adéquat de décision administratif et d'une indépendance financière pour ce type de coopération.
- Troisièmement, le **soutien public à des collaborations multipartites** est essentiel pour surmonter la réticence de parties intéressées à s'engager dans des activités DLE/RSE.
- Une des conditions primordiales pour le succès de mesure DLE/RSE est le développement d'une **approche stratégique locale soutenue par le secteur public, privé et tiers**. Cette approche peut être identifiée par une «analyse de marché» objective de la région locale qui détecte les caractéristiques principales d'une région, les besoins spécifiques des marchés de travail locaux et des «remèdes» potentiels.
- De même, ce type d'investigation peut contribuer à identifier les **réseaux sociaux locaux** qui doivent être pris en compte lors de la réalisation du cadre organisationnel de l'administration et l'implantation de l'initiative.
- Dans ce cadre organisationnel, il est essentiel qu'il y ait un entendement clair, transparent et commun de chaque partenaire sur le rôle et les devoirs de chacun, c.à.d. de la **division du travail** sur laquelle veille une **unité de coordination centrale**.
- Un deuxième enjeu important pour le succès de mesures DLE/RSE est la **motivation des entreprises locales à participer au programme**. Ceci peut être atteint en liant l'initiative à des programmes de soutien public qui couvrent une part des coûts imminents et qui évitent le mieux possible des obligations bureaucratiques/administratives. En même temps, il est important de permettre aux entreprises d'être **flexible sur leur choix de participation**.
- Une autre barrière à la participation d'initiatives DLE/RSE est la **non-visibilité de l'initiative** ainsi que **de ces débouchés potentiels**. Pour cela **l'importance d'organisations intermédiaires et des médias** ne doit pas être négligée comme ces derniers permettent de toucher les entreprises et de les informer sur les possibilités et les avantages et disséminent les informations sur l'engagement de certaines entreprises (agissant ainsi comme un instrument de marketing pour les entreprises).
- Dans certains cas, il est impératif d'assurer **une masse critique de participants**. Pour cela, il est important de propager les informations sur la disponibilité et les caractéristiques de l'initiative et pour cela d'utiliser les moyens les plus adéquats propre à chaque groupe-cible.



- Un important facteur pour la survie d'une initiative est **la disposition durable de moyens financiers**. Il est essentiel d'assurer la disposition continue de **moyens publics** et des **contributions des entreprises**. La focalisation uniquement sur des moyens privés peut renforcer des déséquilibres économiques, par ex. régionales. On peut de même observer un investissement amoindri des entreprises dans la RSE dans des périodes économiques difficiles (par ex. des crises économiques). Ceci est particulièrement le cas lorsque les activités RSE des entreprises ne s'inscrivent pas dans les activités principales des entreprises, mais font plutôt figure d'instrument de marketing. Pour éviter cela, la structure des entreprises locales doit être prise en compte lors du développement d'activités DLE/RSE. Des mécanismes qui permettent d'équilibrer les contributions volatiles des entreprises (par ex. des clubs sociaux d'investissement, un financement public) doivent être mis en place.
- Un autre enjeu dans la réalisation d'initiatives DLE/RSE est **l'établissement et le développement du capital social local/régional**. Ceci est une des principales conditions pour une coopération prospère et durable, particulièrement lorsqu'il s'agit d'un groupe de partenaires très différents.
- Il faut de même profiter des relations déjà existantes et une **communication ininterrompue** doit être établie entre les partenaires.
- Un autre facteur important relatif à l'initiative est sa **capacité de s'adapter à des changements de conditions générales**. Pour atteindre les objectifs posés, il est nécessaire d'**observer** continuellement l'adéquation des instruments implantés ainsi que de faire une «analyse du marché» pour s'assurer que les problèmes locaux identifiés sont toujours d'actualité.

Recommandations stratégiques pour la Commission européenne et les gouvernements nationaux

L'analyse des politiques de développement local de l'emploi en Europe a montré qu'une **approche descendante** est davantage appliquée qu'une **approche ascendante**, même s'il existe une tendance à la décentralisation. Comme les régions locales sont très hétérogènes, la Commission européenne ainsi que les gouvernements nationaux devraient porter plus d'attention au niveau régional en accentuant l'importance du concept de **New Governance** et en renforçant les acteurs locaux pour leur permettre de s'impliquer d'une façon opérative.

À côté de cela il est important que la Commission européenne ainsi que les gouvernements nationaux encouragent les **coopérations multipartites** pour que les acteurs surmontent leur réticence à coopérer avec d'autres types d'organisations.

Dans ce contexte, un **soutien des ONG/OSBL** en termes financiers, mais en particulier en vue du développement de leur compétence (de management/d'organisation) est essentiel, pour qu'elles puissent accomplir leur rôle d'intermédiaire dans les initiatives DLE/RSE. Ceci, par ex., a été réalisé dans l'initiative portugaise «Oeiras - PRO: Organisations' Social Responsibility Project» en mettant en place une plateforme d'échange entre les acteurs locaux pour les familiariser avec la RSE.



De même, par la complexité des initiatives DLE/RSE due à la multitude d'acteurs impliqués, leurs intérêts potentiellement divergents, la sensibilité envers les sujets traités et du groupe-cible, il est suggéré que la Commission européenne continue de développer les **lignes directrices** pour la préparation, l'implantation et la mise en œuvre d'activités DLE/RSE.

Pour **encourager les activités RSE des entreprises**, les gouvernements pourraient s'investir à tous les niveaux administratifs dans des activités variées, comme par ex. en s'engageant pour une RSE locale, en incitant les entreprises à s'engager dans la RSE, en facilitant les processus entre les différents acteurs (en mettant en place des standards et/ou définissant des bonnes pratiques) ou en fournissant des instruments pour mesurer et contrôler les effets d'investissement dans la RSE sur la compétitivité des entreprises.

Renforcer les coopérations avec les **entreprises sociales** est un levier potentiel pour que des entreprises s'investissent pour des buts sociaux (par ex. l'initiative belge «Pendelfietsen» où une entreprise privée a choisi de contracter une entreprise sociale locale pour ses services de maintenance ou l'initiative slovaque «Town Hall Open Markets» qui permet à des entreprises sociales de commercialiser leurs produits et services et, en même temps, de familiariser le public général et les potentiels partenaires avec leurs offres). Ce type de coopération peut être promu dans le cadre de campagnes adressées aux entreprises coordonnées par les gouvernements et les organisations de tête d'entreprises sociales.

De plus, pour augmenter l'efficacité des contributions des petites entreprises, les gouvernements nationaux doivent mettre en place des instruments qui permettent de **concentrer les activités RSE des PME** (par ex., «les clubs d'investissements» à des fins sociales comme dans le cadre des initiatives «Oeiras Solidarity» au Portugal ou «You Choose: You Decide» en Espagne; dans les deux initiatives les dons individuels ou d'entreprises à des fins sociales sont récoltés centralement et distribués ensuite aux bénéficiaires, résultant dans une efficacité plus élevée que par une approche fragmentée; une autre possibilité est l'implication plus intense de groupes d'intérêts et d'organisations de clusters).

Recommandations pour la réalisation d'initiatives DLE/RSE (ciblées sur les entreprises, la société civile et les gouvernements locaux)

À côté des recommandations stratégiques mentionnées ci-dessus, qui ont un impact sur l'environnement ou les conditions des initiatives DLE/RSE analysées dans cette étude, les analyses ont mis en évidence des recommandations sur le plan opérationnel, qui visent les acteurs impliqués ou le corps coordinateur/administratif de ce type d'initiatives. En pratique s'est montré, qu'il s'agissait d'abord le plus souvent de gouvernements locaux, d'ONG et d'entreprises privées avec des programmes RSE.

Un important aspect qui doit être pris en compte est la **«taille» de l'initiative** d'un point de vue géographique et par rapport au nombre d'acteurs impliqués. L'initiative ne doit être ni trop petite ni trop grande. La taille optimale dépend des objectifs et des caractéristiques propres de chaque initiative. Ces derniers peuvent être déterminés par l'initiateur de l'initiative DLE/RSE par une analyse de la région locale.



L'analyse des initiatives en Europe, en Australie et au Canada ont montré que la mise en place d'une **unité de coordination** est essentielle pour le succès durable des initiatives. Cette dernière gère la coopération multipartite, équilibre les intérêts des différents acteurs impliqués et permet un engagement constant pour les mêmes buts et stratégies. C'est aussi l'initiateur de l'initiative qui est responsable de la création d'une unité.

De même l'initiateur et/ou le coordinateur doit s'assurer que les parties intéressées conviennent sur la réalisation de l'initiative ainsi que sur les aspects stratégiques (par ex. l'adaptation de l'instrument durant sa durée de vie) concernant **les formes de prise de décision** (formelle ou informelle, à l'unanimité ou à la majorité, l'implication de tous les partenaires ou la mise en place de groupes de travail).

Pour que les entreprises s'engagent, les autorités publiques et les ONG/OSBL doivent prendre en considération la **structure économique et sectorielle du paysage local des entreprises**. Les entreprises sont plus enclines à s'engager dans la RSE pour le bien de la région locale – également dans des temps de crises – lorsque les activités RSE sont liés à leurs activités principales et à leurs compétences spécifiques; ainsi leur engagement est le plus effectif et génère la plus haute valeur-ajoutée. **Ceci requiert un recensement précis des compétences internes de l'entreprise qui peuvent être dédiées à des fins sociales.**

Les organisations d'employeurs, les organisations d'entreprises familiales, les chambres de commerce, les incubateurs d'entreprises ou organisations de clusters ainsi que d'autres formes de réseaux d'entreprises formels ou informels peuvent être activement impliqués par les gouvernements locaux/régionaux et/ou les ONG/OSBL en tant que **relais**. Ils sont en relation direct avec un grand nombre d'entreprises. Ainsi leurs services de relais peuvent servir à motiver des entreprises locales à participer au développement local de l'emploi. Similairement, des organisations spécialisées dans la RSE peuvent familiariser les entreprises avec le concept de RSE et leur montrer les différents moyens de s'engager dans la RSE au profit de la communauté locale.

Il est recommandé **d'établir des mécanismes qui permettent de maintenir la visibilité de l'initiative et de communiquer un (potentiel) résultat aux entreprises**. Ceci peut être fait en créant un instrument qui à la fois fournit des résultats rapides diffusés largement et qui poursuit une approche à long-terme pour profiter du développement du capital social, qui a besoin de temps pour émerger. Ceci a été réalisé dans le cadre de l'initiative suédoise/finlandaise «On the border» qui a impliquée dès le début une grande entreprise; ceci a permis d'accroître la confiance des petites entreprises locales qui ont pu rapidement observer les bénéfices réalisés par la grande entreprise par sa participation à l'initiative.

Pour permettre une **durabilité** des initiatives DLE/RSE, le coordinateur et/ou l'initiateur doit mettre en place un **instrument de contrôle** pour assurer l'adéquation de l'instrument à chaque moment. Si nécessaire, l'initiative doit être assez flexible pour répondre à des changements de cadre et doit permettre aux entreprises de joindre ou quitter l'initiative librement en fonction de leurs besoins. En même temps, une dotation financière suffisante de l'initiative doit être garantie.



Orientations potentielles à développer dans de futurs débats sur le thème du DLE/RSE

En conclusion, il est nécessaire d'envisager les orientations potentielles qui peuvent être abordées lors des prochains débats sur la relation du DLE et des activités RSE des entreprises.

- La mise en place de mécanismes de coordination entre les initiatives publiques et les activités RSE des entreprises privées semble indispensable afin de permettre **une conciliation des stratégies et des mesures prises pour le développement local avec les initiatives RSE des entreprises privées qui sont souvent effectuées spontanément et non d'une façon systématique**. Cet objectif pourrait être atteint en **impliquant des organisations inter-médiaires** (par ex. les organisations de clusters, les organisations d'entreprises familiales, ONG) ou par **l'introduction de mécanismes de concentration** (comme par ex. les «clubs d'investissement sociaux»).
- Concernant **les contenus et les instruments** appliqués dans les activités DLE/RSE, il a pu être observé que **l'entrepreneuriat de la génération âgée** n'est pas un thème prioritaire. En connaissant le changement démographique en direction d'une société âgée et les problèmes que les personnes âgées rencontrent sur le marché du travail, ce type d'initiatives devrait être considéré. Ceci serait particulièrement un champ d'action dans les nouveaux États Membres.
- Les approches comparativement innovantes qui se sont avérées efficaces, particulièrement dans **l'implication des PME et la concentration de leurs ressources (de RSE)** pour atteindre une «masse critique» au niveau local, devraient être plus intensément analysées en termes de méthodes de travail et transmissibilité, pour permettre la mise à disposition d'instruments pratiques aux entreprises.
- De même, de **nouvelles formes de financement** pour les initiatives devraient être discutées pour éviter une situation de forte dépendance envers les contributions des entreprises lorsque les moyens publics sont limités. Des entreprises d'assurance pourraient être impliquées plus fortement et utiliser comme levier pour encourager RSE dans les entreprises.

Zusammenfassung

Die Einbindung lokaler Akteure in die Ausgestaltung und Implementierung der Beschäftigungspolitik in der Europäischen Union ist in den letzten Jahren gestiegen. Dabei werden Partnerschaften sowie die Einbeziehung vieler Akteure forciert, d. h. die Kooperation zwischen Regierungen, Arbeitgeber- und Arbeitnehmerorganisationen, der Zivilgesellschaft (z. B. Nichtregierungsorganisationen (NGOs), gemeinnützige Organisationen (NPOs), die Kirche, soziale Unternehmen) und privatwirtschaftlichen Unternehmen. Betriebe können dazu gebracht werden, sich an lokalen politikorientierten Aktivitäten im Rahmen ihrer Corporate Social Responsibility (CSR) Maßnahmen zu beteiligen, da diese innerhalb der Europäischen Wirtschaft zunehmend Umsetzung finden.

Bislang ist jedoch wenig über die Charakteristika und Arbeitsmethoden jener Maßnahmen bekannt, die in den Mitgliedstaaten der Europäischen Union zur Förderung der lokalen Beschäftigungsentwicklung betrieben werden und die an den sozialen Verantwortungssinn der Unternehmen appellieren, d. h. wie diese beiden Konzepte in der Praxis effektiv und effizient kombiniert werden. Derartige Informationen, im Sinn eines Erfahrungsaustausches, wären jedoch hilfreich, um das Potenzial dieser ‚neuen‘ Art an lokalen Beschäftigungsstrategien zu bewerten und zu nutzen.

Dementsprechend **zielt** diese Studie **darauf ab**,

- zu beschreiben und zu illustrieren, wie CSR Aktivitäten von Unternehmen zu lokalen Beschäftigungsinitiativen in der Europäischen Union, Australien und Kanada beitragen können;
- zu analysieren, welche Arten von Praktiken/Initiativen auf lokaler Ebene bestehen;
- die Relevanz und Effektivität der gegenwärtigen Praktiken/Initiativen zu bewerten;
- abzuschätzen, was zur Förderung der Verbreitung und Erhöhung der Effektivität von CSR Aktivitäten in der lokalen Beschäftigungsentwicklung unternommen werden kann.

Es wurde ein dezentraler **Forschungsansatz** herangezogen, d. h. die Analysen wurden auf nationaler Ebene in allen Mitgliedstaaten der Europäischen Union sowie in Australien und Kanada durchgeführt.⁹ Nach der Erarbeitung von Arbeitsdefinitionen für ‚lokale Beschäftigungsentwicklung‘ und ‚Corporate Social Responsibility‘ zur Gewährleistung eines einheitlichen Verständnisses unter den involvierten ForscherInnen in den 29 Ländern wurde eine Analyse der nationalen politischen Rahmenbedingungen und der jüngsten Trends und Entwicklungen in der lokalen Beschäftigungsentwicklung und CSR (sowohl auf nationaler als auch auf europäischer Ebene) durchgeführt.

In einem nächsten Schritt wurden lokale Beschäftigungsinitiativen, die auf CSR Aktivitäten von Unternehmen beruhen, in der EU, Australien und Kanada identifiziert. Auf Basis dieser Initiativen wurde eine Typologisierung solcher Maßnahmen erarbeitet. Darüber hinaus wurden 25 dieser Maßnahmen ausgewählt und im Detail analysiert.

⁹ Eine Liste der involvierten Partner findet sich in Anhang IV.

Durch die Synthese der umfassenden nationalen Analysen und der spezifischen Aspekte, die durch die 25 Fallbeispiele abgedeckt wurden, wurden Schlussfolgerungen und (politische) Empfehlungen abgeleitet.

Lokale Beschäftigungsentwicklung und Corporate Social Responsibility - Definitionen

Im Rahmen dieser Studie wird **lokale Beschäftigungsentwicklung** als jene Aktivitäten verstanden, die darauf abzielen, die lokale Wirtschaft und den lokalen Arbeitsmarkt zu verbessern. Dies umfasst, unter anderem, Maßnahmen

- zur Reduktion von Arbeitslosigkeit durch die Steigerung der Attraktivität des lokalen Gebiets als Wirtschaftsstandort,
- zur Verbesserung der Arbeits- und Lebensqualität,
- zur Reduktion von Ungleichheiten, z. B. auf Grund von Geschlecht, Alter, ethnischer/kultureller Zugehörigkeit,
- zur Förderung der Arbeitsmarktintegration etc.

Lokale Beschäftigungsentwicklung umfasst einen Prozess, der unter Einbeziehung zahlreicher lokaler Akteure gestaltet und implementiert wird und die Bedürfnisse sowie das Potenzial des jeweiligen lokalen Gebiets berücksichtigt.

Corporate Social Responsibility (CSR) beschreibt die freiwillige Integration sozialer und umweltbezogener Belange in das unternehmerische Handeln sowie in die Interaktion mit den Stakeholdern des Unternehmens und geht somit über die Beachtung rechtlicher Verpflichtungen hinaus. In der gegenständlichen Studie wurde auf jene Aktivitäten der Unternehmen fokussiert, die auf die Erzielung von Vorteilen für die ArbeitnehmerInnen der Unternehmen, die Gesellschaft, den Markt (d. h. Kunden, Lieferanten, Geschäftspartner etc.) oder die physische Umwelt abstellen.

Der Fokus der Untersuchung liegt auf **Initiativen der lokalen Beschäftigungsentwicklung, die auf den CSR Aktivitäten von Organisationen beruhen:**

- Die Initiativen umfassen einen politischen Aspekt, müssen aber nicht notwendigerweise durch die öffentliche Hand finanziert, gestaltet oder initiiert sein.
- Auch Initiativen, die von einem einzigen Unternehmen begründet und auf andere Organisationen ausgedehnt wurden, um die lokale Wirtschaft, Gesellschaft und/oder den Arbeitsmarkt zu unterstützen, wurden berücksichtigt.
- Im Gegensatz dazu fanden isolierte CSR Aktivitäten einzelner Unternehmen, ohne Integration in Strategien, die über das Unternehmen hinaus gehen, oder ohne Einbeziehung der öffentlichen Politik, keine Berücksichtigung in dieser Studie. Gleiches gilt für rein öffentliche Instrumente der Arbeitsmarktpolitik.

Lokale Beschäftigungsentwicklung und CSR: Die politische Agenda auf europäischer Ebene

Lokale Beschäftigungsentwicklung wurde von der Europäischen Kommission und anderen europäischen Institutionen in den frühen 1980er Jahren als ‚Instrument‘ zum Kampf gegen die Arbeitslosigkeit erkannt und hat seitdem kontinuierlich an Bedeutung gewonnen (Europäische Kommission, 2007b). Seit etwa 2000 wird dem Prinzip der **Subsidiarität**¹⁰ besondere Aufmerksamkeit gezollt. Die Europäische Union, die Mitgliedstaaten, die regionale und lokale Ebene sowie die Sozialpartner und die Zivilgesellschaft sollen dementsprechend in die Wirtschafts-, Beschäftigungs- und Sozialpolitik eingebunden werden, indem von Partnerschaften vieler Akteure profitiert wird (Europäische Kommission, 2000).

Lokale Beschäftigungsentwicklung wurde durch zahlreiche europäische **Programme**¹¹ angesprochen, wie etwa die Europäischen Strukturfonds (in deren Rahmen insbesondere die frühere Gemeinschaftsinitiative EQUAL hervorzuheben ist), die URBAN und LEADER Gemeinschaftsinitiativen oder das INTERREG-Programm.

Parallel hierzu begann die Europäische Union in den frühen 1990er Jahren, sich mit dem Thema **Corporate Social Responsibility (CSR)** zu beschäftigen und engagiert sich seitdem kontinuierlich und in steigendem Ausmaß in entsprechenden politischen Debatten und im Entwurf von allgemeinen Strategien sowie in konkreten Aktivitäten zur Förderung und Unterstützung der Anwendung von CSR in der Privatwirtschaft (Europäische Kommission, 2001a; Europäische Kommission, 2007d; Europäische Gemeinschaften, 2002). Die drei politischen Schlüsseldokumente sind in diesem Zusammenhang das Grünbuch zu Corporate Social Responsibility aus 2001 (‘Europäische Rahmenbedingungen für die soziale Verantwortung der Unternehmen’), und zwei Mitteilungen der Kommission aus 2002 und 2006 (‘Ein Unternehmensbeitrag zur nachhaltigen Entwicklung’ und ‘Umsetzung der Partnerschaft für Wachstum und Beschäftigung: Europa soll auf dem Gebiet der sozialen Verantwortung der Unternehmen führend werden’).¹²

Innerhalb der **Europäischen Kommission** wird CSR von den Generaldirektionen *Beschäftigung, soziale Angelegenheiten und Chancengleichheit* sowie *Unternehmen und Industrie* koordiniert, während andere Generaldirektionen ebenfalls in Zusammenhang mit deren spezifischen Handlungsfeldern involviert sind.

Darüber hinaus unterstützen supranationale **Arbeitgeberorganisationen** (wie EUROCHAMBRES oder UEAPME) die Verbreitung von CSR in Europa, und es bestehen einige supranationale **Netzwerke** (z. B. European Alliance on CSR, European Environment and Sustainable Development Advisory Councils (EEAC), European Business Ethics Network (EBEN) etc.).

¹⁰ Gemäß der EU-Definition wird unter Subsidiarität das Prinzip verstanden, das gewährleistet, dass Entscheidungen so nah wie möglich an den BürgerInnen getroffen werden. Subsidiarität impliziert, dass regelmäßig überprüft wird, ob eine Entscheidung auf höherem administrativen Niveau vor dem Hintergrund der verfügbaren Möglichkeiten auf niedrigerem Niveau gerechtfertigt ist.

¹¹ Quelle: http://ec.europa.eu/employment_social/local_employment/structural_en.htm

¹² Quelle: <http://ec.europa.eu/enterprise/csr/policy.htm>



Vor dem Hintergrund der Charakteristika und (historischen) Entwicklung von lokaler Beschäftigungsentwicklung und Corporate Social Responsibility auf europäischer Ebene liegt eine Verbindung dieser beiden Konzepte nahe. Dies umso mehr, wenn bedacht wird, dass der Großteil der CSR Aktivitäten der Unternehmen auf deren Beschäftigte und die lokale Gesellschaft ausgerichtet ist (Mandl/Dorr, 2007a; Europäische Gemeinschaften, 2002; Europäische Kommission, 2007a).

Seit etwa 2000 wird das Potenzial der Integration der CSR Aktivitäten von Unternehmen in politikorientierte Initiativen der lokalen Beschäftigungsentwicklung von der Europäischen Kommission propagiert, insbesondere durch die Generaldirektion Beschäftigung, soziale Angelegenheiten und Chancengleichheit (Europäische Kommission, 2000).

Gleichzeitig besteht allerdings Bewusstsein darüber, dass entsprechende Vorhaben durch spezifische Herausforderungen gekennzeichnet sind. Diese müssen identifiziert und angesprochen werden, um zu einer ‚win-win-win‘-Situation für alle Beteiligten (öffentliche Einrichtungen, lokale Bevölkerung, privater Sektor) zu gelangen (Europäische Kommission, 2007a).

Der Kontext: Top-Down versus Bottom-Up in der lokalen Beschäftigungsentwicklung

Entsprechend den Zielsetzungen und Initiativen der Europäischen Union haben auch die einzelnen Mitgliedstaaten (sowie Australien und Kanada) während der letzten Jahre oder sogar der letzten Dekade der **lokalen Ebene und der Politik zur lokalen Beschäftigungsentwicklung zunehmend Aufmerksamkeit** gezollt. Dadurch kam es zu einem Dezentralisierungsprozess im Sinn eines Transfers von Kompetenzen und größerer Autonomie zu Gunsten der lokalen Behörden.

Lokale Initiativen sind jedoch stark in die nationale Politik eingebettet, die wiederum an den EU Richtlinien (insbesondere die Lissabon-Strategie für Wachstum und Beschäftigung und die Europäische Beschäftigungsstrategie) orientiert und häufig durch europäische Mittel finanziert ist. Nur in wenigen Ländern (z. B. Ungarn, Luxemburg) stellt die lokale Beschäftigungsentwicklung bislang keinen etablierten Politikansatz dar.

Der Hauptgrund für diesen Ansatz ist die Erkenntnis, dass erhebliche Unterschiede zwischen Regionen/Gemeinden bestehen, die zu spezifischen und variierenden Problemen führen. Diese sollten durch jene behandelt werden, die damit am besten vertraut sind – nämlich lokale Akteure. Dementsprechend kann in Europa, Australien und Kanada eine steigende Tendenz der **Kombination von ‚Top-Down‘** (d. h. Festlegung der Strategien auf zentraler Ebene, aber operative Förderung der Beschäftigung auf lokaler Ebene durch die öffentlichen Arbeitsvermittlungsstellen) **und ‚Bottom-Up‘** (z. B. Aktivitäten, die von lokalen NGOs lanciert werden, die an lokale Behörden und/oder Unternehmen herantreten, um Finanzierung, Kooperation oder Unterstützung zu erhalten) beobachtet werden. Ein Ansatz der **Einbindung vieler Akteure** wird in der lokalen Beschäftigungsentwicklung in allen Mitgliedstaaten, Australien und Kanada verfolgt.

Zugleich kommt es zu einer Änderung in den **Governance**-Mechanismen im Sinn einer ‚Macht- und Arbeitsteilung‘ bei der Politikgestaltung. Dies soll durch eine stärkere Interaktion zwischen den regionalen/lokalen Regierungen und der Zivilgesellschaft sowie durch die Beteiligung anderer relevanter Akteure (inklusive Unternehmen) erreicht werden.



CSR in der lokalen Beschäftigungsentwicklung: Die gegenwärtige Praxis

Sowohl öffentliche Einrichtungen als auch der private Sektor in den Mitgliedstaaten, Australien und Kanada messen dem Thema **Corporate Social Responsibility (CSR)**, den praktischen Implementierungsmöglichkeiten sowie den Vorteilen, die alle Beteiligten dadurch lukrieren können, **zunehmend Bedeutung** bei.

Im Allgemeinen sind sich **europäische Unternehmen ihrer sozialen Verantwortung** durchaus bewusst und auch bereit, diese zu erfüllen. Es gibt allerdings Unterschiede zwischen

- großen Unternehmen, die CSR oft strategisch planen und implementieren und diese Aktivitäten als Marketinginstrument nutzen, indem sie darüber berichten, und
- kleineren Unternehmen, die eher einem ad-hoc-Ansatz folgen und ihre Aktivitäten selten ausdrücklich als CSR bezeichnen.

Die **bedeutendsten Bereiche von CSR Aktivitäten** betreffen Maßnahmen zu Gunsten der ArbeitnehmerInnen des jeweiligen Unternehmens sowie der jeweiligen lokalen Gemeinschaft. Dementsprechend sind insbesondere die CSR Aktivitäten von Kleinen und Mittleren Unternehmen (KMU) durch einen starken Zusammenhang mit lokaler Beschäftigungsentwicklung gekennzeichnet.

Das kontinuierlich steigende Engagement europäischer Unternehmen in CSR sowie die oben angeführte Tendenz zur Einbindung vieler Akteure in die lokale Beschäftigungsentwicklung resultierte in einer **steigenden Zahl an Initiativen der lokalen Beschäftigungsentwicklung, die auf CSR Aktivitäten von Unternehmen basieren**.

CSR-basierte lokale Beschäftigungsinitiativen verfolgen mannigfaltige **Zielsetzungen** und sprechen dabei ein weites Spektrum an **Zielgruppen** an (z. B. Arbeitslose, Ältere, Junge, Niedrigqualifizierte, Frauen, MigrantInnen/ethnische Minderheiten, vormals Drogenabhängige oder Strafgefangene, Obdachlose oder Behinderte, aber auch Unternehmen):

- Arbeitsmarktintegration benachteiligter oder arbeitsmarktferner Gruppen der lokalen Bevölkerung (auch mit Fokus auf Diversity Management und Chancengleichheit), wie etwa die Bereitstellung (geschützter) Arbeitsplätze für schwer zu vermittelnde Personen (z. B. in der Form sozialer Unternehmen), die Einrichtung von Aus- und Weiterbildungsprogrammen für Frauen, Jugendliche, Ältere, MigrantInnen etc. mit einer starken praktischen Orientierung, die durch die Kooperation mit lokalen Unternehmen gewährleistet wird; entsprechende Beispiele sind die belgische Initiative ‚Pendelfietsen‘, in der ein Unternehmen Instandhaltungsarbeiten an ein soziales Unternehmen auslagert, um arbeitsmarktfernen Bevölkerungsgruppen die Möglichkeit zu bieten, den Arbeitsmarkt zu betreten, oder das Programm von ‚Danish Crown‘, das Langzeitarbeitslosen Weiterbildungs- und Beschäftigungsmöglichkeiten bietet.



- Entwicklung der lokalen Wirtschaftstätigkeit, Gewinnung von Unternehmen für den Wirtschaftsstandort und Setzung von Aktivitäten gegen die Abwanderung unternehmerischer Aktivitäten, z. B. gemeinsame Bemühungen (finanziell oder nicht-finanziell) lokaler Behörden und lokaler Unternehmen zur Förderung von Unternehmensgründungen durch die regionale Bevölkerung; dies wurde z. B. durch das Programm ‚Bizness Babes‘ von The Body Shop Australia erreicht, indem junge Mütter für die Selbstständigkeit qualifiziert wurden, oder durch die polnische Michelin Development Foundation, die lokalen KMU finanzielle und technische Unterstützung anbietet.
- Revitalisierung des lokalen Gebiets, z. B. durch die Etablierung lokaler Gütezeichen oder durch die Bereitstellung von lokaler Infrastruktur zur Verbesserung der lokalen Lebensqualität, z. B. Schulen, Kinderbetreuungsplätze, Sport- oder Kulturzentren, die gemeinsam durch öffentliche und private Akteure errichtet oder entwickelt werden; das Einzelhandelsunternehmen Tesco hat z. B. aktiv zur Förderung des Gütezeichens ‚Czech Quality‘ beigetragen, und Orange Romania war in die Verbesserung des Zugangs der ländlichen Bevölkerung zu Kommunikationsinfrastruktur involviert.
- Förderung von CSR innerhalb der lokalen Unternehmenslandschaft, z. B. durch Vertrautmachung der Unternehmen mit CSR und der Bereitstellung praktischer Informationen über dessen Implementierungsmöglichkeiten; in Portugal resultierte z. B. die Initiative ‚Oeiras PRO: Organisations’ Social Responsibility Project‘ in einer steigenden Akzeptanz der lokalen Unternehmen, sich in CSR zu engagieren, indem sie Informationen über und Unterstützung bei CSR Maßnahmen erhielten; so wurden etwa ein Zentrum für CSR und Innovation, ein Beobachtungsnetz für lokale CSR Aktivitäten, ein CSR Labor oder eine CSR Wissens- und Kommunikationsplattform errichtet.
- Qualifizierung lokaler Akteure für (strategische) lokale Beschäftigungsentwicklung (z. B. durch Wissenstransfer), wie etwa realisiert in Deutschland durch das ‚WABE‘-Projekt - eine Initiative zur Integration Arbeitssuchender in den regulären Arbeitsmarkt, während gleichzeitig lokale Akteure (Unternehmen, Regierung, Zivilgesellschaft) mit den Möglichkeiten der Kooperation zu Gunsten der lokalen Gemeinschaft vertraut gemacht werden.
- Umweltschutz, wie etwa die Einführung umweltfreundlicher Produktionsprozesse innerhalb des lokalen Gebiets, um die ökonomische Nachhaltigkeit der Unternehmen vor dem Hintergrund steigender Ansprüche der Kunden sicherzustellen, oder die (gemeinsam durch die lokale Regierung und Unternehmen durchgeführte) Schaffung von Bewusstsein über umweltfreundliches Verhalten unter der lokalen Bevölkerung und den Unternehmen; das kanadische Unternehmen ‚Cascades‘ engagiert sich z. B. nicht nur in der Wiederverwertung von industriellem und Haushaltsabfall, sondern richtet seine Spenden und Sponsoring-Aktivitäten an den Umweltsektor, wodurch ein Image von Respekt, Vertrauen, Verantwortlichkeit und Qualität geschaffen wird, sodass die Nachhaltigkeit des Unternehmens, das etwa 14.000 Personen in mehr als 100 Fabriken beschäftigt, gesichert wird.

In der Praxis hat sich gezeigt, dass in den meisten Fällen ein Bündel an verwandten Zielen (auch unter Anwendung verschiedener Instrumente) erreicht werden soll - was auch auf die Bemühungen, die divergierenden Interessen der verschiedenen involvierten Akteure zu vereinbaren, zurückgeführt werden kann.



In Bezug auf die **geografische Ausdehnung** von CSR-basierten lokalen Beschäftigungsinitiativen bestehen enorme Unterschiede zwischen den einzelnen Maßnahmen. Einige Initiativen orientieren sich an administrativen Einheiten, andere eher an kohärenten Arbeitsmarktreionen (z. B. im Sinn von Pendlerströmen), und einige beinhalten auch ein grenzüberschreitendes Element.

Beteiligte Akteure: Wer sie sind, was sie machen und wie sie kooperieren

Die maßgeblichen **Akteure**, die CSR-basierte lokale Beschäftigungsinitiativen **initiiieren** oder an ihnen **beteiligt** sind, sind:

- Große, aber auch kleine Unternehmen sind sicherlich Schlüsselpartner in entsprechenden Initiativen, da sie freiwillige Aktivitäten (CSR) setzen, die nicht nur für das jeweilige Unternehmen und dessen ArbeitnehmerInnen vorteilhaft sind, sondern auch für die Gesellschaft. Einige Sektoren, z. B. die Finanzwirtschaft, scheinen stärker als andere engagiert zu sein. Unternehmensnetzwerke (wie etwa Cluster) sind hingegen selten von Anfang an in derartigen Initiativen beteiligt, sind aber manchmal ein Ergebnis verstärkter lokaler Kooperation.
- NGOs/NPOs sind oft die treibende Kraft hinter den betrachteten Initiativen und versuchen, sowohl öffentliche als auch private potenzielle Partner zu überzeugen, sich zu beteiligen. Darüber hinaus sind sie auf Grund ihrer Vertrautheit mit dem lokalen Umfeld und ihrer Nähe zur avisierten Zielgruppe oft für die Ausgestaltung, Implementierung und Koordination der einzelnen Maßnahmen verantwortlich.
- Regionale und/oder lokale Regierungen passen die nationalen politischen Strategien an das regionale/lokale Umfeld an, initiieren spezifische Maßnahmen, agieren als (finanzierender) Partner und/oder engagieren sich in Marketingaktivitäten, um das Bewusstsein der Gesellschaft für die sozialen, arbeitsmarkt- oder umweltbezogenen Probleme zu erhöhen und die Sichtbarkeit der jeweiligen Initiative zu steigern.
- Nationale Regierungen legen in den meisten Fällen die allgemeine Rahmenstrategie fest, unter welcher individuelle Initiativen ausgestaltet und ausgearbeitet werden und stellen finanzielle Mittel für deren praktische Implementierung zur Verfügung.
- Sozialpartner/Arbeitgeber- und Arbeitnehmerorganisationen spielen in vielen Fällen die Rolle des Mediators zwischen öffentlichen und privaten Organisationen.
- Öffentliche Arbeitsvermittlungsstellen, Bildungsanbieter (z. B. Universitäten) und Forschungsinstitute erleichtern die praktische Umsetzung und Ausführung entsprechender Initiativen, indem sie die öffentlichen und privaten Partner unterstützen.
- Spezialisierte CSR Organisationen oder die Medien tragen zu den Initiativen bei, indem sie deren Transparenz erhöhen und sie dadurch attraktiver für Unternehmen machen, die eine Beteiligung überlegen.

Die **Kooperations- und Arbeitsprozesse** zwischen den unterschiedlichen beteiligten Akteuren variieren von Initiative zu Initiative, nicht nur was die Beteiligung der verschiedenen Typen an Akteuren und deren Rolle betrifft, sondern auch hinsichtlich der Formalität der Kooperation (von rein informell bis zur Etablierung gemeinsamer Rechtspersönlichkeiten, die für die Implementierung verantwortlich sind).



Alle analysierten CSR-basierten lokalen Beschäftigungsinitiativen verfügen allerdings über eine **Koordinationsstelle**, die die unterschiedlichen Interessen der beteiligten Akteure ausgleicht, die Nachhaltigkeit der gemeinsamen Zielsetzung sicherstellt und einen ‚Lock-in-Effekt‘ der Initiative zu verhindern versucht.

Im Allgemeinen basieren derartige Partnerschaften zwischen vielen Akteuren allerdings auf **netzwerkartigen Arbeitsabläufen**, wodurch Sozialkapital und gegenseitigem Vertrauen eine hohe Bedeutung zukommt und die Ausübung von Macht nur bedingt möglich ist.

Motivation der beteiligten Akteure

Die Entscheidung, an einer Partnerschaft zwischen vielen Akteuren zu Gunsten der lokalen Beschäftigungsentwicklung teilzunehmen, hängt stark von den Vorteilen ab, die die potenziellen Partner für sich selbst erwarten. Die entsprechende Motivation wird somit in den meisten Fällen für die öffentlichen und die privaten Partner eine andere sein.

Eine bedeutende Triebfeder ist für alle beteiligten Parteien das Erfordernis einer solchen Partnerschaft bei europäischen (z. B. LEADER) oder nationalen Förderprogrammen, die die finanziellen Mittel zur Verfügung stellen.

Öffentliche Einrichtungen möchten den privaten Sektor in die lokale Beschäftigungsentwicklung aus sozialen (z. B. sofortige Verbesserung des lokalen Arbeitsmarktes) oder wirtschaftlichen Gründen (d. h. Nutzung der finanziellen oder personellen Ressourcen bei der Ausgestaltung oder Implementierung der Initiative) einbinden.

Die Motivation der Unternehmen, sich für Belange der lokalen Gesellschaft zu engagieren, umfasst ein **Spektrum** von

- ‚Verpflichtung‘ (die Entscheidungsfreiheit des Unternehmens, sich an CSR zu beteiligen, ist aus unterschiedlichen Gründen eingeschränkt) bis zu
- ‚Philanthropie/Altruismus‘ (der intrinsische Wunsch des/der UnternehmerIn/Managers, sich aus sozialen/persönlichen Gründen für entsprechende Aktivitäten zu engagieren).

In der Praxis ist nicht ein isolierter Grund, sondern ein Bündel an Gründen die Basis für das CSR-Engagement von Unternehmen.

Mögliche Ergebnisse/Effekte von CSR-basierten lokalen Beschäftigungsinitiativen

Im Allgemeinen führen die analysierten Initiativen zu einer **win-win-Situation**, d. h. zu einem vorteilhaften Ergebnis für die involvierten Unternehmen, lokalen Behörden und die lokale Gemeinschaft/Bevölkerung.

Während allerdings Übereinstimmung dahingehend besteht, dass die CSR Aktivitäten von Unternehmen einen Mehrwert für die Instrumente des öffentlichen oder dritten Sektors darstellen, muss berücksichtigt werden, dass diese Effekte eingeschränkt, indirekt und oft wenig greifbar sind und sich erst langfristig zeigen. Die CSR Aktivitäten von privaten Unternehmen sollten darum nicht als Möglichkeit angesehen werden, öffentliche Eingriffe in die lokale Beschäftigungsentwicklung zu ersetzen.



Mögliche **Vorteile für alle beteiligten Akteure** sind:

- Die Möglichkeit, die **spezifischen Ressourcen und die Expertise der Partner zu nutzen** (Know-how, finanzielle Mittel, Netzwerke und Sozialkapital etc.); Es findet eine lokale Arbeitsteilung statt, die zu einem breiteren Spektrum an materiellen und immateriellen Ressourcen führt, das allen zu Gute kommt.
- Ein **stärkerer lokaler Zusammenhalt/stärkere lokale Kooperation**; Dies kann sowohl zu niedrigeren Auswanderungsbewegungen (und der Abwanderung von qualifizierten Arbeitskräften) als auch zu besseren Geschäftsmöglichkeiten auf lokaler Ebene führen, und somit zu einem **besseren wirtschaftlichen Klima**.
- Initiativen, die auf die Arbeitsmarktintegration der lokalen Bevölkerung abzielen, können zu einem besseren **Abgleich von Angebot und Nachfrage am Arbeitsmarkt** führen, da Unternehmen die Kompetenzentwicklung der lokalen BürgerInnen beeinflussen, den angebotenen Weiterbildungsmaßnahmen einen ‚Realitätsgehalt‘ hinzufügen und/oder (leichteren) Zugang zur benötigten Arbeitskraft erhalten können.

Die **lokale Gemeinschaft profitiert** vom Engagement der Unternehmen in Initiativen der lokalen Beschäftigungsentwicklung,

- da die operative Beteiligung des Unternehmenssektors zu einer **sofortigen Verbesserung der Arbeitsmarktsituation** im lokalen Gebiet führt, etwa durch eine höhere Beschäftigungsquote oder durch bessere Arbeitsbedingungen.
- da sie einen **Zugang zu zusätzlichen finanziellen Mitteln** für Gemeinschaftsinitiativen erhält. Dies ist auf die Investitionen privater Unternehmen für öffentliche Zwecke, erhöhte Steuereinnahmen und niedrigere Sozial-/Wohlfahrtsausgaben auf Grund der verbesserten Arbeitsmarktsituation zurückzuführen.

Wie bei CSR Aktivitäten im Allgemeinen sind die möglichen Vorteile für die **Unternehmen**:

- eine **bessere Sichtbarkeit und ein verbessertes Image** unter den Kunden und anderen relevanten Akteuren, gefördert z. B. durch Zeitungsartikel oder verliehene Preise
- langfristig betrachtet **höhere Umsätze** durch loyalere Kunden oder die Erschließung **neuer Kundengruppen**
- Des Weiteren kann ein besserer Ruf innerhalb des Unternehmenssektors zu **verstärkten Kooperationen mit anderen Unternehmen** und **zusätzlichen Geschäftsmöglichkeiten** mit anderen beteiligten Akteuren (d. h. dem öffentlichen und dritten Sektor) führen. Die dadurch entstehenden Unternehmensnetzwerke tragen zur Realisierung verbesserter Geschäftsmöglichkeiten und von Wettbewerbsvorteilen bei.
- Ein verbessertes Unternehmensimage kann auch am Arbeitsmarkt hilfreich sein, da dadurch **ArbeitnehmerInnen gewonnen und/oder gehalten** werden können. Außerdem verzeichnen Unternehmen oft eine **höhere Loyalität der ArbeitnehmerInnen** und eine bessere Teambildung in der Belegschaft.
- Dies wiederum führt zu einer höheren Motivation der Belegschaft und somit zu **effizienteren und produktiveren Arbeitsprozessen** (d. h. Kosteneinsparungen), oft in Zusammenhang mit einem höheren Ausmaß an **Kreativität und Innovation**.



Herausforderungen und wie diese bewältigt werden können

Die Realisierung dieser positiven Auswirkungen hängt jedoch von verschiedenen Faktoren ab:

- Grundsätzlich muss es **vorteilhafte öffentliche Rahmenbedingungen** geben, die Partnerschaften zwischen vielen Akteuren unterstützen.
- In Bezug auf **CSR** stellt das **mangelnde Bewusstsein** über dieses Konzept sowie die Möglichkeiten, CSR in Unternehmensaktivitäten zu integrieren, einen bedeutenden Hemmfaktor dar. Dementsprechend müssen die Unternehmen mit den Möglichkeiten, CSR zu Gunsten der lokalen Gemeinschaft anzuwenden, vertraut gemacht und über die Aktivitäten lokaler NGOs/NPOs, die die (finanzielle) Unterstützung von Unternehmen suchen, informiert werden. Darüber hinaus hat sich die Belohnung privater Unternehmen für deren gesellschaftliches Engagement (z. B. Steueranreize, Preisverleihungen) als effektiv erwiesen.
- In Bezug auf die Schaffung von Rahmenbedingungen, die vorteilhaft für **Partnerschaften unter vielen Akteuren** sind, sind in einem ersten Schritt **Sensibilisierungsmaßnahmen** und die Bereitstellung von Know-how und Informationen über diese Art der **lokalen Kooperation** nötig.
- In einem zweiten Schritt müssen lokale Akteure **für derartige Kooperationen befähigt werden**, und zwar in Bezug auf angemessene administrative Entscheidungsvollmacht sowie hinsichtlich finanzieller Unabhängigkeit.
- Drittens sind **öffentliche Anreize für Kooperationen zwischen vielen Akteuren** wichtig, um die Abneigung der Akteure, an derartigen Initiativen teilzunehmen, zu überwinden.
- Eine der wichtigsten Voraussetzungen für den Erfolg ist die Entwicklung eines **lokalen strategischen Ansatzes** für CSR-basierte lokale Beschäftigungsinitiativen, der vom **öffentlichen, privaten und dritten Sektor gemeinsam getragen** wird. Dieser kann durch eine objektive ‚Marktanalyse‘ des lokalen Gebiets, die die wesentlichen Charakteristika des lokalen Gebiets, den spezifischen Bedarf des lokalen Arbeitsmarktes und mögliche Verbesserungsmaßnahmen erhebt, aufgedeckt werden.
- Darüber hinaus kann eine derartige Untersuchung dazu beitragen, **lokale soziale Netzwerke** zu identifizieren, die bei der Ausgestaltung des organisatorischen Rahmens für die Verwaltung und Implementierung der Initiative berücksichtigt werden sollten.
- Innerhalb dieses organisatorischen Rahmens ist es wichtig, zu einem klaren, transparenten und akkordierten Verständnis der Rolle und Aufgaben jedes Partners zu gelangen, d. h. die **Arbeitsteilung**, auf die dann auch von einer **zentralen Koordinationsstelle** geachtet wird.



- Eine weitere wichtige Herausforderung für den Erfolg derartiger Initiativen ist es, **lokale Unternehmen zur Beteiligung am Programm zu motivieren**. Dies kann erreicht werden, indem die Initiative mit öffentlichen Unterstützungsprogrammen verbunden wird, die die anfallenden Kosten teilweise abdecken, während gleichzeitig bürokratische/administrative Verpflichtungen so weit wie möglich vermieden werden. Gleichzeitig ist es wichtig, dass die Unternehmen die **Flexibilität** haben, **zu entscheiden, ob sie teilnehmen oder nicht**.
- Eine weitere Barriere für die Beteiligung an derartigen Initiativen ist die **Intransparenz der Initiative** und ihrer **möglichen Ergebnisse**. In diesem Zusammenhang darf die **Bedeutung von vermittelnden Organisationen und der Medien** nicht unterschätzt werden, da diese genutzt werden können, um an die Unternehmen heranzutreten und sie über die Möglichkeiten und potenziellen Vorteile zu informieren oder die Information über die Beteiligung von Unternehmen zu verbreiten (und somit als Marketinginstrument für die Unternehmen zu agieren).
- In einigen Fällen ist es unumgänglich, eine **kritische Masse an TeilnehmerInnen zu gewährleisten**. In diesem Zusammenhang ist es wichtig, die Information über die Verfügbarkeit und Charakteristika der Initiative zu streuen, und zu diesem Zweck Mittel zu verwenden, die für die jeweilige Zielgruppe angebracht sind.
- Ein bedeutender Faktor, der das Überleben der Initiative beeinflusst, ist die **nachhaltige Verfügbarkeit von finanziellen Mitteln**. Es ist essenziell, sicherzustellen, dass **öffentliche Mittel** kontinuierlich zur Verfügung stehen, während gleichzeitig kontinuierliche **Beiträge von privaten Unternehmen** gewährleistet werden sollten. Eine Fokussierung auf ausschließlich private Mittel kann zur Verstärkung ökonomischer Ungleichgewichte, z. B. in geografischer Hinsicht, beitragen. Außerdem kann beobachtet werden, dass die CSR Investitionen von Unternehmen in wirtschaftlich schwierigen Zeiten (z. B. in einer Wirtschaftskrise) niedriger sind. Dies trifft insbesondere dann zu, wenn CSR Aktivitäten nicht an die Kernaktivitäten des Unternehmens gebunden sind, sondern eher als Marketinginstrument dienen. Um dies zu vermeiden, muss die lokale Unternehmensstruktur berücksichtigt werden, wenn CSR-basierte lokale Beschäftigungsinitiativen entwickelt werden, und Mechanismen zum Ausgleich der ungleichmäßigen Beiträge der Unternehmen (z. B. soziale Investmentclubs, öffentliche Finanzierung) sollten geschaffen werden.
- Eine weitere Herausforderung in der Ausführung von entsprechenden Initiativen ist die kontinuierliche **Etablierung und Weiterentwicklung von lokalem/regionalem Sozialkapital**, da dies eine der wichtigsten Voraussetzungen für eine dauerhaft erfolgreiche Kooperation ist, insbesondere wenn eine Gruppe sehr unterschiedlicher Partner betroffen ist.
- Dabei sollte von bestehenden Beziehungen profitiert werden, und es sollte ein permanenter **Kommunikationsfluss** zwischen den Partnern etabliert werden.
- Ein weiterer relevanter Faktor ist die **Fähigkeit der Initiative, sich an geänderte Rahmenbedingungen anzupassen**. Um die beabsichtigten Resultate zu erzielen, ist es nötig, die Angemessenheit der implementierten Instrumente kontinuierlich zu **beobachten**, und eine ‚Marktanalyse‘ durchzuführen, um festzustellen, ob die ursprünglich identifizierten lokalen Probleme tatsächlich noch vorrangig verfolgt werden sollten.



Strategische Politikempfehlungen für die Europäische Kommission und nationale Regierungen

Die Analyse der Politik zur lokalen Beschäftigungsentwicklung in Europa hat gezeigt, dass eher ein **Top-Down**- als ein **Bottom-Up**-Prozess angewandt wird, wenngleich es eine Tendenz zur Dezentralisierung gibt. Da jedoch lokale Gebiete sehr heterogen sind, sollten die Europäische Kommission und die nationalen Regierungen der lokalen Ebene mehr Aufmerksamkeit zollen, indem dem Konzept von **New Governance** und der entsprechenden Befähigung von lokalen Akteuren, operativ involviert zu werden, mehr Bedeutung beigemessen wird.

Darüber hinaus ist es wichtig, dass die Europäische Kommission sowie die nationalen Regierungen **Anreize für Partnerschaften zwischen unterschiedlichen Akteuren** bieten, um die Abneigung der Akteure zu überwinden, mit anderen Typen von Organisationen zu kooperieren.

In diesem Zusammenhang ist auch die **Unterstützung von NGOs/NPOs** in finanzieller Hinsicht, insbesondere aber in Bezug auf Kompetenzentwicklung (Management-/Organisationsfähigkeiten) wichtig, damit diese ihre vermittelnde Rolle in CSR-basierten lokalen Beschäftigungsinitiativen erfüllen können. Dies wurde z. B. in der portugiesischen Initiative ‚Oeiras – PRO: Organisations’ Social Responsibility Project’ realisiert, indem eine Plattform zum Austausch zwischen lokalen Akteuren organisiert wurde, die alle Beteiligten mit CSR vertraut macht.

Des Weiteren wird auf Grund der Komplexität der unter Betrachtung stehenden Initiativen, die durch die Vielzahl an involvierten Akteuren, deren möglicherweise voneinander abweichenden Interessen, der Sensibilität der behandelten Aspekte und der Zielgruppen hervorgerufen wird, empfohlen, dass die Europäische Kommission die bestehenden **Handbücher** zur Vorbereitung, Implementierung und Ausführung von CSR-basierten lokalen Beschäftigungsinitiativen weiter entwickelt.

Um die **CSR Aktivitäten von Unternehmen zu fördern**, könnten sich Regierungen auf allen administrativen Ebenen in verschiedenen Aktivitäten engagieren. Beispiele sind das Bekenntnis der Regierung zu lokaler CSR, Anreize für die Unternehmen, sich in CSR zu engagieren, die Erleichterung von Prozessen, an denen viele Akteure beteiligt sind (z. B. Setzen von Standards und/oder Definition von Good Practices) oder die Bereitstellung eines Instruments zur Messung und Beobachtung der Effekte von Investitionen in CSR auf die Wettbewerbsfähigkeit von Unternehmen.

Die Förderung von Partnerschaften mit **sozialen Unternehmen** ist ein möglicher Hebel, um Unternehmen dazu zu bringen, zu sozialen Zielen beizutragen (z. B. ‚unterstützt’ in der belgischen Initiative ‚Pendelfietsen’ ein privates Unternehmen ein soziales Unternehmen, indem Aufträge an letzteres vergeben werden, oder die slowakische Initiative ‚Town Hall Open Markets’ fördert soziale Unternehmen, indem ihnen die Möglichkeit geboten wird, ihre Produkte und Dienstleistungen zu vermarkten und dadurch die breite Öffentlichkeit und potenzielle Geschäftspartner mit ihren Angeboten vertraut zu machen). Derartige Partnerschaften können durch koordinierte Kampagnen von Regierungen und Dachorganisationen von sozialen Betrieben, die an Unternehmen gerichtet sind, gefördert werden.

Um die Effektivität der Beiträge kleinerer Unternehmen zu erhöhen, müssen von nationalen Regierungen außerdem Instrumente eingerichtet werden, die die **sozial verantwortlichen Aktivitäten von KMU bündeln** (z. B. ‚Investmentclubs für soziale Zwecke, wie im Rahmen der Initiativen Oeiras Solidarity in Portugal oder ‚You Choose: You Decide‘ in Spanien realisiert; in beiden Initiativen werden Spenden von Einzelpersonen oder Unternehmen, die für soziale Zwecke gewidmet sind, zentral gesammelt und an bestimmte Begünstigte weitergeleitet, wodurch eine höhere Effektivität erzielt wird als durch einen fragmentierten Ansatz möglich wäre; eine andere Möglichkeit ist die stärkere Einbeziehung von Interessenvertretungen oder Clusterorganisationen).

Empfehlungen für die Ausführung entsprechender Initiativen (gerichtet an Unternehmen, die Zivilgesellschaft und lokale Regierungen)

Neben den oben angeführten strategischen Empfehlungen, die das Umfeld und die Voraussetzungen für die im Rahmen dieser Studie betrachteten Initiativen beeinflussen, brachten die Analysen auch einige operative Empfehlungen zu Tage, die auf die involvierten Akteure oder die koordinierende/verwaltende Stelle derartiger Initiativen ausgerichtet sind. In der Praxis hat sich gezeigt, dass es sich dabei meistens um lokale Regierungen, NGOs und private Unternehmen mit CSR Programmen handelt.

Ein bedeutender Aspekt der eingehend überlegt werden muss, ist die ‚**Größe**‘ der **Initiative** in geografischer Hinsicht sowie in Bezug auf die Anzahl der beteiligten Akteure. Die Maßnahme darf weder zu groß noch zu klein sein. Die optimale Größe hängt von den jeweiligen Zielsetzungen und Charakteristika der einzelnen Initiative ab und kann vom Initiator durch eine Analyse des lokalen Gebiets bestimmt werden.

Die analysierten Initiativen in Europa, Australien und Kanada haben auch gezeigt, dass die Einrichtung einer **koordinierenden Stelle** für den nachhaltigen Erfolg der Initiativen essenziell ist, da diese die Partnerschaft zwischen vielen Akteuren managt, die Interessen der verschiedenen involvierten Akteure ausgleicht und ein kontinuierliches Bekenntnis zu den gemeinsamen Zielen und Strategien sicherstellt. Auch die Schaffung einer derartigen Stelle liegt im Verantwortungsbereich des Initiators der Maßnahme.

Der Initiator und/oder der Koordinator müssen außerdem gewährleisten, dass sich die beteiligten Akteure im Rahmen der Ausgestaltung der Initiative und bei strategischen Aspekten (z. B. Adaptierung des Instruments während seines Lebenszyklus) bezüglich der **Arten der Entscheidungsfindung** (formal vs. informal, einstimmig vs. mehrheitlich, Einbeziehung aller Partner vs. Einrichtung themenspezifischer Arbeitsgruppen etc.) einigen.

Um Unternehmen zur Kooperation zu bewegen, müssen öffentliche Behörden und NGOs/NPOs die **Geschäfts- und Sektorstruktur der lokalen Unternehmenslandschaft berücksichtigen**. Betriebe sind eher gewillt, sich - auch in wirtschaftlich schwierigen Zeiten - zu Gunsten der lokalen Gesellschaft zu engagieren, wenn die sozial verantwortlichen Aktivitäten mit den Kernaktivitäten des Unternehmens und dessen spezifischen Kompetenzen verbunden sind, und derartiges Engagement führt auch zum größten Mehrwert bzw. zur größten Effektivität. **Dies erfordert eine gute Abbildung der unternehmensinternen Kompetenzen, die für soziale Zwecke eingesetzt werden können.**



Arbeitgeberorganisationen, Organisationen von Familienunternehmen, Wirtschaftskammern, Gründungszentren oder Clusterorganisationen sowie andere Arten von formalen oder informellen Unternehmensnetzwerken könnten von den lokalen/regionalen Regierungen und/oder NGOs/NPOs als **Vermittler** aktiv involviert werden. Sie verfügen über direkte Beziehungen zu einer vergleichsweise großen Anzahl an Unternehmen. Dadurch könnten ihre ‚Vermittlungsdienste‘ genutzt werden, um lokale Betriebe dazu zu bringen, sich an lokaler Beschäftigungsentwicklung zu beteiligen. In ähnlicher Weise könnte an spezialisierte CSR Organisationen herangetreten werden, um Unternehmen mit dem Konzept von CSR und den Möglichkeiten, sich zu Gunsten der lokalen Gemeinschaft zu engagieren, vertraut zu machen.

Es wird empfohlen, **Mechanismen zu etablieren, die die Transparenz der Initiative gewährleisten und das (potenzielle) Ergebnis für die Unternehmen kommunizieren**. Dies kann dadurch erreicht werden, dass das Instrument in der Art gestaltet wird, dass **rasch Effekte** erzielt werden, die auch weit verbreitet werden, während gleichzeitig ein langfristiger Ansatz verfolgt wird, um von der Entwicklung von Sozialkapital, das erst im Lauf der Zeit entsteht, zu profitieren. Derartiges wurde z. B. in der schwedisch/finnischen Initiative ‚On the border‘ realisiert, die von Beginn an ein großes und bekanntes Unternehmen involvierte, wodurch das Vertrauen von kleineren lokalen Unternehmen gestärkt wurde, da diese rasch die Vorteile sehen konnten, die das große Unternehmen durch die Teilnahme an der Initiative lukrierte.

Um die **Nachhaltigkeit** von CSR-basierten lokalen Beschäftigungsinitiativen zu gewährleisten, müssen der Koordinator und/oder der Initiator ein **laufendes Beobachtungsinstrument** einrichten, um die Angemessenheit des Instruments zu jedem Zeitpunkt sicherzustellen. Wenn nötig, muss die Initiative flexibel genug sein, sich an geänderte Rahmenbedingungen anzupassen und den Unternehmen ermöglichen, der Maßnahme beizutreten und sie zu verlassen, je nach den individuellen Bedürfnissen und Wünschen des Betriebs. Gleichzeitig muss eine ausreichende finanzielle Ausstattung der Initiative garantiert werden.

Potenzielle Stoßrichtungen zukünftiger Diskussionen zur lokalen Beschäftigungsentwicklung und CSR

Abschließend sollen einige potenzielle Stoßrichtungen für zukünftige Debatten über die Verbindung von lokaler Beschäftigungsentwicklung und CSR Aktivitäten von Unternehmen angesprochen werden.

- Die Einrichtung von Koordinierungsmechanismen zur Zusammenführung von öffentlichen Initiativen und den CSR Aktivitäten von privaten Unternehmen erscheint nötig, um die **strategischen und langfristig ausgerichteten Maßnahmen der lokalen Beschäftigungsentwicklung mit den oftmals ad-hoc und unsystematisch durchgeführten privaten CSR Maßnahmen in Einklang zu bringen**. Diese Abstimmung könnte durch die **Einbeziehung von vermittelnden Organisationen** (z. B. Clusterorganisationen, Organisationen von Familienunternehmen, NGOs) oder die **Einführung von Bündelungsmechanismen** (wie etwa ‚soziale Investmentclubs‘) erzielt werden.



- In Bezug auf die **Inhalte und Instrumente**, die in den betrachteten Initiativen angewandt werden, wurde beobachtet, dass das Thema des **Unternehmers durch Ältere** keine Priorität hat. Vor dem Hintergrund des demografischen Wandels zu einer alternden Gesellschaft sowie den Problemen, mit denen viele Ältere am Arbeitsmarkt konfrontiert sind, sollten derartige Initiativen berücksichtigt werden. Dies dürfte insbesondere in den Neuen Mitgliedstaaten ein Handlungsfeld sein.
- Vergleichsweise innovative Ansätze, die sich als effektiv erwiesen haben, insbesondere in Bezug auf die **Einbindung von KMU und die Zusammenfassung deren (CSR) Ressourcen** zur Erzielung einer ‚kritischen Masse‘ auf lokaler Ebene, sollten in Bezug auf deren Arbeitsmethoden und Übertragbarkeit intensiver analysiert werden, um lokalen Akteuren praktische Instrumente für die Umsetzung bereitzustellen.
- In ähnlicher Weise könnten **neue Finanzierungsmethoden** für entsprechende Initiativen diskutiert werden, um Situationen zu vermeiden, in denen eine starke Abhängigkeit von den Beiträgen der Unternehmen besteht, wenn die öffentlichen Mittel eingeschränkt sind. Versicherungsunternehmen könnten stärker involviert werden und außerdem als Hebel dienen, CSR unter den Unternehmen zu fördern.





1 Introduction

1.1 Background and Objectives of the Study

The European Union's **Lisbon Strategy** developed during the meeting of the European Council in March 2000 by the Heads of State or Government aims at 'making the European Union the most competitive economy in the world and achieving full employment by 2010'¹³. This strategy rests on three pillars, one of which deals with investing in human resources (e.g. education and training), combating social exclusion and the conduction of an active policy for employment, in order to move forward to a knowledge economy.

In order to achieve the Lisbon objectives, at **European level**, the two cornerstones of employment and social policy are the European Employment Strategy on job creation as well as labour market reform strategies and the Social Agenda aiming at providing everyone in society with the benefits of the EU's growth. The objectives are financially supported by the Social Fund and the PROGRESS programme.¹⁴ The latter one, among others, aims at fostering Europe-wide studies to improve knowledge of employment and social issues, build cross-national networks to encourage mutual learning and exchange Good Practice in the field of labour market policies.¹⁵ Therefore, the programme forms an important background for this study on 'The Interaction between Local Employment Development (LED) and Corporate Social Responsibility (CSR)'.

However, with regard to employment the EU's responsibilities are to be considered 'only' complementary to those of the **individual Member States** by providing direction and co-ordination of the employment policy priorities¹⁶. Hence, the European employment guidelines are the basis for the national employment policies and respective reform programmes. As to this regard, particularly the recent years have been characterised by enhanced efforts to involve **local actors** in the policy-making process and to create and implement holistic and aligned policies, strategies and specific instruments for employment and economic development at local level.¹⁷ Thereby, it is taken into account that 'local' may be understood differently in different countries, while at the same time there exists a common consensus that the relevant territory does not necessarily coincide with administrative territorial boundaries and may even be cross-national (European Commission, 2000).

Similarly, the spectrum of involved local actors may be very heterogeneous, ranging from local governments and other public or semi-public entities (e.g. local public employment services or chambers of commerce, but also education and training institutes) to Non-Governmental Organisations (NGOs) and Non-Profit Organisations (NPOs), private platforms/networks and individual private entities (particularly enterprises).

¹³ Source: http://europa.eu/scadplus/glossary/lisbon_strategy_en.htm

¹⁴ Source: http://www.europa.eu/pol/socio/overview_en.htm

¹⁵ Source: http://www.europa.eu/pol/socio/overview_en.htm

¹⁶ Source: http://europa.eu/scadplus/glossary/employment_en.htm

¹⁷ According to the European Commission's Practical Handbooks on Developing Local Employment Strategies, local employment development covers a wide variety of actions that tackle unemployment and reduce inequality. It is a process that is designed, implemented and owned by local actors.



Moreover, in general, a **partnership/multi-stakeholder approach** is fostered, resulting in multifarious types of local actors as also different forms of private, public and public-private networks evolve.

The local employment policy is, however, emphasised not to be an isolated instrument focusing 'only' on matching labour supply and demand in the light of the characteristics and needs of the area concerned. Rather, it is to be implemented into a **broadier strategy** with regard to both, the administrative scope (i.e. related to the national employment strategy a top-down, but also bottom-up consultation process) as well as 'multidimensional approaches'. With regard to the latter, next to the issue of social inclusion particularly the field of sustainable economic development (e.g. starting up and transfer of businesses, development of business sectors, and local stimulation of economic activity) are recommended to be considered (European Commission, 2000 and Dahan et al., 2003).

Consequently, it is self-evident that **Corporate Social Responsibility (CSR)**, i.e. voluntary activities of businesses and organisations serving societal issues, is also becoming an aspect of local employment development, although these two areas traditionally have been 'two different worlds'.

The understanding of 'CSR' differs considerably, and across Europe even different terms (e.g. Corporate Responsibility, Corporate Sustainability, Corporate Governance, Corporate Citizenship or Responsible Entrepreneurship) are equated to CSR in habitual language use. Independently from the terminology used, there exists clear evidence that CSR activities in the long-run result in a beneficial outcome not only for the organisation ('internal effects'), but also for the target group of the distinct activity or a wider community ('external effects') (Mandl/Dorr, 2007a). Consumers, for example, take advantage of the higher quality of products/services, reliable information about products/services or more customer friendly service. Business partners realise better fulfilment of mutual agreements. Employees benefit from better working conditions, a possibility to obtain new qualifications or other voluntary contributions from the employer. The society/local community reaps an advantage from financial or material contributions to the infrastructure or the economic and/or social development. Furthermore, a differentiation can be made between 'direct effects' resulting from the measure (e.g. a lower fluctuation of personnel due to target group oriented Human Resources (HR) measures) and 'indirect effects' (such as an increased competitive advantage due to a higher customer satisfaction triggered by an improvement in the production process initially aimed at facilitating work for the staff).

These findings have been proven valid in a range of research studies analysing practical cases of enterprises applying CSR activities which clearly result in a positive outcome for the enterprise and also the local community. It could also be shown that in many cases there exists a close link between the enterprises' CSR activities and local employment development. As these relationships between the local development (and hence, the local employment situation) and CSR-related activities of individual organisations have been increasingly recognised across Europe, a range of local employment development policies, strategies and instruments have been designed and implemented by involving individual enterprises and taking advantage of their socially responsible acting. On the other hand, there exist examples of CSR activities of individual enterprises that have been extended to supra-firm level and developed a kind of 'policy nature' by involving other (local) stakeholders to realise shared objectives for the local area (e.g. enhanced living or working conditions, a better image of the area etc.). Hence, there is an important interaction between LED and CSR as the main effects of CSR have been proven to be locally.



Nevertheless, little is known so far about the characteristics and working procedures of the institutional frameworks and initiatives existing in the individual Member States of the European Union at local level to foster local development through appealing to the enterprises' sense of social responsibility, i.e. how these two concepts are efficiently and effectively combined in practice. However, such knowledge in terms of exchange of experience would be helpful for spreading this 'new' type of local development strategies.

As to this regard, the project **aims** at:

- Describing and illustrating how CSR activities of enterprises can contribute to local employment development initiatives in the European Union, Australia and Canada;
- Analysing which types of practices/initiatives do exist at local level;
- Assessing the relevance and effectiveness of these practices/initiatives;
- Discussing what can be done to foster diffusion and effectiveness of CSR activities in local employment development.

1.2 Methodological Approach

In this project, the above-mentioned objectives are pursued for all Member States of the European Union as well as Australia and Canada¹⁸ following a decentralised approach, i.e. by research conducted at national level¹⁹.

In an inception phase of the project key concepts and definitions have been elaborated and determined (see Chapter 2) in order to provide a common understanding for the research mission carried out in 29 countries.²⁰ Subsequently, an analysis of the national policy frameworks and the recent trends and developments in the area of LED and CSR (both, at national and European level) has been carried out. The respective results are presented in Chapters 3 and 4.

At the same time, LED initiatives being based on CSR activities of individual enterprises have been identified in the European Union's Member States, Australia and Canada. On the basis of these a typology of combined LED/CSR measures could be elaborated, illustrating the considerable spectrum of possible initiatives in this field (see Chapter 5.2). Furthermore, out of this pool of LED/CSR examples, 25 measures have been selected to be investigated in more detail. This selection was based on a set of content oriented criteria (e.g. that the instrument aims at fostering local employment development in a broad sense and is based on enterprises' CSR activities or that it applies a multi-stakeholder approach by involving various different kinds of actors) as well as on a number of balancing criteria (e.g. regarding geographic spread across Europe, LED instruments applied or CSR fields involved). Brief summaries of these 25 instruments can be found throughout Chapters 5 to 7, the full version can be seen in Annex I.

¹⁸ As employment policies/LED is very heterogeneous across Canada, in the following the example of the Province of Québec is referred to. Indeed, CSR and local development are topics which are under the jurisdiction of the provinces, sometimes in partnership with the federal government.

¹⁹ A list of involved partners can be found in Annex IV.

²⁰ A glossary/list of abbreviations can be found in Annex II.



By synthesising both, the findings of the global national analyses as well as the more specific issues covered by the in-depth investigation of the 25 case studies conclusions and policy recommendations have been derived (to be found in Chapter 8).



2 Key Concepts and Definitions

As mentioned above, the major objective of the study on hand is to investigate on the interaction of Local Employment Development (LED) and enterprises' Corporate Social Responsibility (CSR) activities.

However, both concepts are rather abstract and (in spite of the existence of 'official' definitions) there does not exist a common understanding of these terms in 'daily life' or - vice versa - varying terminologies are used to refer to the same underlying idea. This becomes even more obvious, if 29 countries at three different continents (Europe, North-America, Australia) are analysed, being characterised not only by varying economic (and hence, labour market) developments but also by diverging historical and cultural backgrounds (e.g. degree of centralisation of public and entrepreneurial decision making, important social and labour market challenges, ethical/moral standards, values and norms etc.).

Consequently, in order to assure sound and cross-nationally comparable findings of the research mission covering the Member States of the European Union, Australia and Canada the following key concepts and definitions have been agreed upon to serve as a basis while at the same time national deviations have been taken into account and will be pinpointed in this report.

Local Employment Development (LED) is understood as (a set of) actions aiming at improving the local economy and the local labour market. This may, for example, refer to activities to decrease unemployment by increasing the attractiveness of the local area as a business location (e.g. good image of the area, guaranteeing a skilled labour force within the local area by improving the quality of life, provision of infrastructure etc.), to improve the quality of jobs/working conditions, to reduce inequality due to gender, age, ethnicity/culture, to foster labour market integration (e.g. of the elderly generation, women, detached persons) etc. It entails a process that is designed and implemented with the involvement of manifold local actors and takes into account the needs and potential of a particular locality.²¹

As no common, standardised definition for 'local' exists and a wide array of respective LED initiatives is of interest the national understandings have been considered. Nevertheless, the specific regions covered by the illustrative case studies analysed in more detail were supposed not to be larger than an average NUTS 2-region. At the same time, the initiatives under consideration need not be restricted to specific administrative units (e.g. communities), but may deflect from them (e.g. if locality is defined by economic, labour market or social cohesion) and may also be 'cross-border'.

Regarding the concept of **Corporate Social Responsibility (CSR)**, the European Commission's definition served as a global orientation for the research conducted in the framework of this study. Thereby, CSR is referred to as the integration of social and environmental concerns into the business operations of companies and in their interaction with their stakeholders on a voluntary basis, i.e. going beyond compliance with legal obligations (European Commission, 2001a).

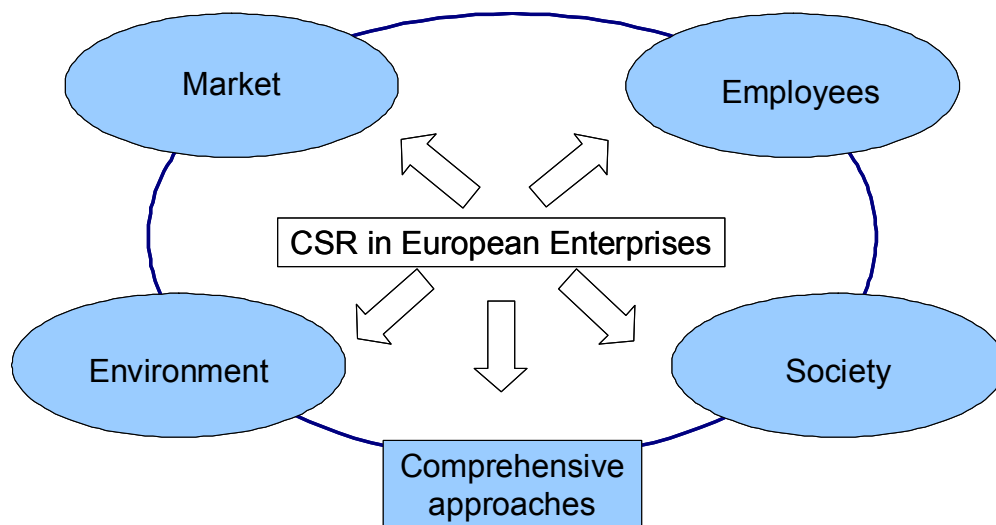
²¹ Following the definition indicated in the 'Practical Handbook on Developing Local Employment Strategies' of the European Commission, Directorate-General for Employment and Social Affairs, published in 2004 for the EU-15 (individual country reports) and the New Member States



However, also diverging national definitions were taken into account, if these are (more) common in the national framework. At the same time, the focus was not necessarily limited to the term 'Corporate Social Responsibility (CSR)' as it has been observed that in practice there exist many related terms (such as Corporate Responsibility, Corporate Sustainability, Corporate Governance, Corporate Citizenship, Responsible Entrepreneurship) that are often equated to CSR.

Nevertheless, a certain focus was set on companies' voluntary activities being oriented on the following target groups as these have shown to be the most relevant fields of activity in various previous research studies:

Figure 1 Overview on Domains of Companies' CSR activities



Source: Austrian Institute for SME Research

Examples of measures in the individual fields (cross-overs possible) are:

- Employees: improvement of working conditions (e.g. flexicurity), work/life balance, equal opportunities and diversity, education/training and staff development, responsible and fair remuneration, health and safety, labour rights, communication/information of employees, providing employees with the possibility and empowerment to participate in decision making processes etc.
- Society/community: social and labour market integration, education, healthcare, quality of life (sports/culture), economic regeneration and employment, local infrastructure, security, different forms of voluntary engagement (e.g. by donations or active involvement of the entrepreneur or the employees on the initiative and at the expense of the company); it often means working together with local community organisations or institutions such as schools and hospitals, environmental groups, cultural organisations, relevant leisure and sports clubs etc., but also with public authorities and Non-Governmental Organisations (NGOs); also activities for the benefit of the wider society (e.g. developing countries) are considered

- Market-oriented CSR activities: targeted at the customers (e.g. activities to improve the quality or safety of products, provision of voluntary services or fair pricing) or suppliers/business partners (e.g. paying without delay, contracting local partners, driving standards through the supply chain etc.), but also at the investors/shareholders, competitors, credit institutes or public authorities
- Environment: protection of the environment, sustainable development, efficient use of resources, reduction of waste and pollution by using instruments such as environmental management systems, eco-design tools, eco labels or cleaner production techniques and technologies
- Comprehensive approaches: no focus of only one of the above-mentioned domains, but a combination of several of them

Having in mind the specific objectives of the study, the focus is on **LED initiatives that are strongly based on organisations' CSR activities**. The initiatives entail a policy-nature but do not have to be mainly publicly funded, designed or initiated. Also initiatives that are launched by a single company and extended to supra-firm level with the aim of benefitting the local economy, community and/or the local labour market are considered. In contrast to that, isolated CSR activities of individual enterprises without any integration into supra-firm-level strategies or without any public policy involvement are disregarded, as are purely public labour market instruments. This means that there needs to be a multi-stakeholder approach at local level, i.e. the involvement of different (kinds of) actors, such as governmental authorities, social partners, enterprises, financial institutions, Non-Governmental Organisations (NGOs), Non-Profit Organisations (NPOs) or others.





3 LED and CSR: Policy Development at European Level

3.1 Local Employment Development

Local Employment Development (LED) as an 'instrument' to combat unemployment has been recognised by the European Commission and other supra-national institutions in the early 1980s. For example, the LEED Programme (Local Economic and Employment Development) of the OECD has provided a vital contribution to local development for more than 25 years by identifying, analysing and disseminating innovative ideas relating to economic development, entrepreneurship, local governance and the social economy with the aim of fostering new policies and improving local practices in the field of economic and social development.²²

Nevertheless, it took almost one decade until LED gained a prominent role as a horizontal tool in the European employment policy. In 1993, the local level received particular attention in the Commission's White Paper on Growth, Competitiveness and Employment, and also the Territorial Employment Pacts launched in 1997 emphasised the importance of job creation and new sources of employment of the local area. (European Commission, 2007b)

The Lisbon European Council (2000) created a strategy of **subsidiarity**²³ in which the European Union, the Member States, the regional and local levels as well as social partners and the civil society should be involved in economic, employment and social policies by taking advantage of partnerships. Particularly to tackle social exclusion the need for multidimensional approaches has been emphasised as this is influenced by a wider array of factors (e.g. cultural, generational, technological, economic) (European Commission, 2000). A consistent approach was consequently included in the Guidelines for Member States' employment policies to implement the European Employment Strategy for 2001 and 2002.²⁴ At the same time specific challenges of this approach have been pinpointed, such as the possibility of conflicts between local action and national objectives of labour market policies (e.g. the need to maintain and promote geographic mobility as a condition for a flexible labour market versus combating of out-migration at local level). (European Commission, 2000)

In November 2001, a Communication on the local dimension of the European Employment Strategy (EES) was adopted, suggesting a co-operation of public authorities of different administrative levels in the attainment of the EES (European Commission, 2001b).

In recent years, the European Commission's focus of LED shifted from direct funding to guidance, encouraging co-operation at all levels and promoting **partnerships** as well as to the identification and **dissemination of 'Good Practices'**. Hence, 'networking' and 'benchmarking' became important key words. (European Commission, 2005)

²² Source: http://www.oecd.org/departement/0,3355,en_2649_34417_1_1_1_1_1,00.html

²³ In accordance with the EU definition subsidiarity has to be understood as the principle that ensures that decisions are taken as closely as possible to the citizen. Subsidiarity implies that constant checks are made to see whether an action taken at a higher level is justified in the light of the possibilities available at lower level.

²⁴ Source: http://ec.europa.eu/employment_social/employment_strategy/guidelines_en.htm



Consequently, in the 'European Forum on Local Employment Development' of 2003 the European institutions together with social partners and other interested organisations and individuals discussed ways to strengthen the local dimension of the EES, and later on also the integration of local and regional authorities in the formulation and implementation of strategies contributing to the Lisbon Agenda was advocated.

In 2004, the European Commission published individual Handbooks for Developing Local Employment Strategies for all Member States (European Commission, 2004), thereby taking into account the different situations of the countries. They are supposed to be a practical tool to assist in the design, development, implementation, monitoring and evaluation of LED strategies in an environment of continuous change requiring the ability to adapt to new situations by safeguarding co-operation, experimentation and innovation. Furthermore, in the framework of the IDELE project²⁵ ('identify, disseminate and exchange good practice in local employment development') taking place 2003 - 2006 a platform for policy-makers and promoters of LED was established to share a dialogue and exchange experience.

In 2003, the European Commission (DG Employment, Social Affairs and Equal Opportunities) launched the **IDELE programme** as a key element in its efforts to promote the local dimension of employment policy and the European Employment Strategy. During a 3-year period Good Practices in LED were identified, disseminated and exchanged among Member States. Thereby, each year 4 themes formed the basis of the activities (research as well as seminars bringing together politicians of different administrative levels and practitioners), aiming at extracting key success factors and transferable initiatives which - together with background material - were summarised into thematic reports pinpointing new ideas for future policies as well as practical approaches in the form of case studies.

The development of LED is characterised by a '**bottom-up**' movement and the partnership approach, aiming at empowering and engaging players at regional and local levels. In spite of these efforts, in 2007 still further potential of involving local actors was identified in the framework of the Spring European Council.

In general, **key players** of local employment partnerships are identified as:²⁶

- Local and regional authorities
- Public Employment Services (PES)
- Education and training providers
- Social partners
- Enterprises
- Third sector/voluntary organisations (e.g. NGOs, NPOs, social enterprises, the church etc.)

²⁵ Source: http://ec.europa.eu/employment_social/local_employment/project_idele_en.htm and www.ecotec.com/idele/

²⁶ Source: http://ec.europa.eu/employment_social/local_employment/lessons_en.htm

Having in mind this multi-stakeholder approach, the importance of the issue of **governance** becomes obvious. Generally, a shift can be observed in governing processes in terms of the governments' interplay with private actors. A governmental retreat from the classical 'command-and-control' governing mechanism takes place in the course of a 'de-hierarchisation' of state-society relations, resulting in a 'sharing of powers'. Consequently, the state is not seen to become weaker as a provider of public goods. Rather, a division of labour is envisaged in which the government is still held responsible for functions which can exclusively or most effectively be provided by public authorities. In this context, also CSR is seen as a concept to re-define the role of businesses vis-à-vis the state and civil society and to readjust the distribution of rights and obligations among the three sectors in the face of state and/or market failure. (Wolf, 2008)

In 2001, The European Commission established its own concept of governance in the White Paper on European Governance in which the term 'European governance' refers to the rules, processes and behaviour that affect the way in which powers are exercised at European level, particularly as regards openness, participation, accountability, effectiveness and coherence in terms of opening up the policy-making process to get more people and organisations involved in shaping and delivering EU policy.²⁷ The principles of 'Good Governance' and the respective proposals included in the White Paper refer to the following aspects (European Commission, 2001c):

- Better involvement and more openness, e.g. by **stronger interaction with regional and local governments and the civil society** in the form of a systematic dialogue (regulated, for example, by 'codes of conduct' determining minimum standards for consultation) throughout the policy-making process, resulting, among others, in a higher flexibility to take into account regional and local conditions
- **Participation of relevant stakeholders** throughout the policy chain, i.e. from conception to implementation to create more confidence and a more effective outcome
- Accountability in terms of clear roles of all those involved in developing and implementing EU policy at any administrative level in legislative and executive processes
- Effectiveness and timeliness of policies, by setting clear objectives, conducting a future impact analysis and taking decisions **at the most appropriate administrative level**
- Policy and action must be coherent and easily understood

Although not explicitly targeted at 'local governance' some reference to participation in the policy making and implementation process of local actors is made. This has, for example, been realised for the LEADER programme in the framework of which governance takes place in the form of regional self-steering and co-operation. Thereby, collaboration between territorially bound political actors, functionally oriented economic actors and voluntary organisations combining functional and territorial orientation is established. It has been observed that regional governance often starts on a functional basis, i.e. centred on a problem or task with the geographic space being of minor importance.

²⁷ Source: http://ec.europa.eu/governance/index_en.htm



Territorially bound interactions are seen to cause higher transaction costs as they require a representative selection of regionally relevant actors, necessitating the balancing of their different interests and counteracting or solving thereof arising conflicts. Nevertheless, by drawing upon social-emotional ties ('the power of place') LEADER groups succeeded in realising the territorial approach in terms of raising the involved stakeholders' responsibility for the local area. (Fürst, 2007)

Also academia pinpoints the importance of the broader interaction of public and private actors at the local level with particular reference to an increased participation of the civil society, but also of private businesses. For this purpose, often institutional channels (such as monitoring committees) are newly established. However, studies show that these mechanisms are of rather consultative character only, i.e. associated with the plan formulation or the execution of the programmes but seldom with decision-making. (Gaventa/Valderrama, 1999 or Goodwin/Painter, 1996)

Local employment development has been addressed through various **programmes** at European and Member State level. Respective examples are²⁸:

- The European Structural Funds (i.e. the European Regional Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund) address the challenge of job creation and combating exclusion at local level. The ESF is the main EU financial instrument underpinning the European Employment Strategy and offers support for local action.
- Within ESF, the former Community Initiative EQUAL aimed at combating discrimination and exclusion by applying bottom-up strategies and partnerships ('development partnerships'; local or sectoral), hence the key principles of local development.²⁹
- The URBAN and LEADER Community Initiatives address urban and rural development, respectively, by emphasising capacity building, empowerment of local actors and targeting local activity. Local partnerships ('Local Action Groups (LAG)' in case of LEADER) are involved in the definition of strategies and priorities, resource allocation, programme implementation and monitoring. Both initiatives specifically involve actions/activities dealing with local employment development (e.g. job creation, integration of disadvantaged groups into education and training etc.).
- INTERREG integrates labour market related targets into a wider local development approach. In spite of the fact that the focus of co-operation is on the territories rather than on local partnerships, a variety of local actors participates. (Vogler-Ludwig/Grefe, 2004)

²⁸ Source: http://ec.europa.eu/employment_social/local_employment/structural_en.htm

²⁹ The Community Initiative EQUAL is still being implemented until 2008, but no longer exists in the framework of the new ESF regulation.

3.2 Corporate Social Responsibility

The European Union started to deal with the issue of Corporate Social Responsibility (CSR) in the early 1990s and, since then, continuously and increasingly engages in respective policy debate and the drafting of general strategies as well as concrete activities to foster and support the application of CSR by the private sector. Some manifestations of this engagement are:

- Mentioning of CSR in the Commission's White Paper on Growth and Employment in 1993
- Establishment of a Joint Declaration Against Social Exclusion in 1995
- Launch of the European Business Network for Social Cohesion (EBNSC) in 1996 (to become CSR Europe in 2000)
- Special appeal to companies' corporate sense of social responsibility in the Presidency Conclusions of the European Council in March 2000
- Establishment of a High-Level Group of National Representatives on CSR in 2000 meeting regularly since then to exchange information on EU and national CSR policy developments and CSR-related policies
- Publishing of a Green Paper on 'Promoting a European Framework for Corporate Social Responsibility' in 2001 on the basis of which a Communication was proposed in 2002, focusing on increasing knowledge about the positive impact of CSR on business and societies in Europe and abroad, in particular in developing countries and on the development of the exchange of experience and Good Practice on CSR between enterprises
- Launch of the first sustainable development strategy in 2001, based on the idea that in the long run economic growth, social inclusion and environmental protection should go hand in hand; consequently, the CSR concept is based on a 'Triple Bottom Line' approach (also known as People, Planet, Profit) pinpointing the necessity that for reaching sustainability an organisation must be financially secure, minimise its negative environmental impacts and act in conformity with societal expectations (European Communities, 2002)
- Establishment of a Multi-Stakeholder Forum consisting of companies, business organisations³⁰ and networks³¹, trade unions³² and civil society representatives to elaborate an European strategy for CSR and to encourage greater awareness about its implications in 2002³³

³⁰ E. g. Union of Industrial and Employers' Confederations of Europe (UNICE), the European Centre for Public Enterprises and Services of General Economic Interest (CEEP), the European Association of Craft, Small and Medium-sized Enterprises (UEAPME) or Eurocommerce

³¹ E. g. CSR Europe, the European Round Table of Industrialists, the European Confederation of Workers' Co-operatives, Social Co-operatives and Participative Enterprises or EUROCHAMBRES

³² E. g. European Trade Union Confederation (ETUC) or the Comité Liaison CEC, Eurocadres

³³ Source: <http://www.nachhaltigkeit.at/reportagen.php3?id=3>, Article: Strauss, R. Corporate Social Responsibility - a view from the European Commission



- In the frame of the 6th Framework Programme's Research in Social Sciences and Humanities (Priority 7 - Citizens and Governance in a Knowledge-based Society, Research Area 5: Articulation of areas of responsibility and new forms of governance), calls 2002 - 2006, several projects dealing with CSR have been supported. Furthermore, also in the 7th Framework Programme research dealing with the impact of CSR is envisaged.
- Establishment of the European Expert Group on CSR and SMEs in 2005
- Adaptation of the EU Strategy for Sustainable Development (SDS) in 2006 to the changed situation of an enlarged European Union and pinpointing the importance of creating sustainable communities able to efficiently manage and use resources and to tap the ecological and social innovation potential of the economy, ensuring prosperity, environmental protection and social cohesion to improve present and future quality of life ('Triple Bottom Line' approach - People, Planet, Profit).³⁴ According to the progress report on the SDS of October 2007, there have been significant policy developments in some of the seven key priorities identified in the revised SDS of 2006 - including climate and energy - but progress on policy has not yet translated into substantial concrete action (European Commission, 2007c).
- Publishing of a communication on 'Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on CSR' in 2006, triggering the creation of an European Alliance for CSR that acts as an umbrella for CSR initiatives of companies and their stakeholders³⁵

These activities have been conducted by a range of supra-national actors. Different **Directorates General of the European Commission** have been dealing with defining 'CSR' and/or initiating specific CSR projects. The *DG Employment, Social Affairs and Equal Opportunities* and the *DG Enterprise and Industry* are co-ordinating CSR within the European Commission and also *DG Education*, *DG Trade* or *DG Environment* are setting a variety of activities in the field of CSR in relation to their main responsibility, for example by considering CSR in the European trade policy, in environmental agendas or in the field of labour market integration of disadvantaged groups (e.g. by initiating the community initiative EQUAL).

DG Employment, Social Affairs and Equal Opportunities, for example, lately published the second report mapping the CSR policies of the European Union's Member States (European Commission, 2007d) and regularly organises conferences or projects with the aim of awareness raising for the issue of CSR across Europe (also see below, Chapter 3.3).

DG Education is partner in the 'European Alliance on CSR' and participates in a CSR Laboratory on skills for employability, established as a partnership between businesses and governments.³⁶ Previously, it was, among others, involved in the project Ex.So.Res. which aimed at designing, testing, evaluating, disseminating and mainstreaming a training methodology for CSR activities of private and public organisations in the health care and social sector.³⁷

³⁴ Source: http://ec.europa.eu/sustainable/sds2006/index_en.htm

³⁵ Source: <http://ec.europa.eu/enterprise/csr/policy.htm>

³⁶ Source: <http://www.csreurope.org/pages/en/employability.html>

³⁷ Source: <http://www.eabis.org/academic-research/projects-supported-by-the-european-commission-2.html>



DG Enterprise and Industry sets a special focus on CSR among Small and Medium-Sized Enterprises (SMEs). In the field of awareness raising, DG Enterprise and Industry, in co-operation with **EUROCHAMBRES** (European Association of Chambers of Commerce) and **UEAPME** (European Association of Craft, Small and Medium-sized Enterprises) set up a Pan-European Awareness Raising Campaign on CSR for SMEs including a wide range of events throughout Europe in 2004 - 2005 as well as the establishment of an informative website³⁸. Furthermore, a spectrum of projects to increase the knowledge level of enterprises' CSR activities and disseminating respective information (e.g. company case studies, e-newsletter, European Responsible Entrepreneurship Bulletin) have been launched during the last years.

There also exists a wide range of **supra-national networks** in the field of CSR:

- For example, the *European Alliance for CSR* initiated in 2006 is an umbrella organisation for new or existing CSR initiatives by large companies, SMEs and their stakeholders aiming to give a new impulse to make Europe a pole of excellence on CSR.³⁹ The Alliance is supported by the Union of Industrial and Employers' Confederations of Europe (UNICE), the European Association of Craft, Small and Medium-sized Enterprises (UEAPME) and CSR Europe. Among others, the European Alliance for CSR has established 20 CSR Laboratories since the beginning of 2007. *CSR Laboratories* are business-driven and action-oriented projects that address topical CSR issues by bringing together business practitioners, stakeholders and representatives of the European Union. The Laboratories allow participants to share experience and explore joint operational projects. Together, they involve around 200 businesses and stakeholders.⁴⁰
- Another example constitutes *CSR Europe* which is a business network consisting of about 70 leading multinational corporations as direct members and of further 2,000 companies through 25 national partner organisations.⁴¹ It aims to help companies to achieve profitability, sustainable growth and human progress by placing CSR in the mainstream of business practice.⁴² The *European Environment and Sustainable Development Advisory Councils* (EEAC) are a unique collaboration between the advisory councils for environmental policy and sustainable development. It was set up by European governments in 1993 aiming to provide independent, scientifically based consultancy regarding the environmental and sustainable development. By June 2008, more than 30 councils from 16 European countries with about 400 key senior actors from academia, civil society, stakeholder organisations and the private sector participate in the network.⁴³
- Various networks (e.g. the European Business Ethics Network (EBEN), Social Venture Network (SBN) Europe or the European Social Investment Forum (Eurosif))⁴⁴ devote themselves to promoting business ethics, including social and environmental engagement.

³⁸ See http://ec.europa.eu/enterprise/csr/campaign/index_en.htm

³⁹ Source: <http://ec.europa.eu/enterprise/csr/policy.htm>

⁴⁰ Source: <http://www.csreurope.org/pages/en/csrlaboratories.html>

⁴¹ Data for June 2008

⁴² Source: <http://www.csreurope.org/>

⁴³ Source: <http://www.eeac-net.org/>

⁴⁴ Sources: <http://www.eben-net.org/>, <http://www.svneurope.com/>, <http://www.eurosif.org/>



The **focus and objectives** of European-wide initiatives are different. First of all, there exists a portfolio of initiatives targeting at *raising awareness* on CSR among the general public and/or the business community and convincing the latter to apply CSR (e.g. European Business Campaign on Corporate Social Responsibility, Responsible Entrepreneurship Award, Great Place to Work® award, SME Key, SRI Compass etc.). Next to this, some of the instruments aim at disseminating practical information about how to implement CSR at firm level (e.g. by providing company case studies) or at providing practically applicable CSR management tools (e.g. Codes of Conduct, CSR handbooks or training programmes).

3.3 Integration of CSR in LED

Having in mind the characteristics and (historic) developments of both, local employment development and Corporate Social Responsibility at European level it becomes rather obvious that sooner or later a kind of convergence or combination of these two concepts was to take place. This seems even more obvious, if taking into account that the majority of SMEs' CSR activities are targeted at their employees, the local community or environmental issues (see, for example, Mandl/Dorr, 2007a or European Communities, 2002 or European Commission, 2007a).

So, for example, in 2000, a Communication of the European Commission stated that local businesses and financial communities should be actively involved in the process of developing local employment strategies (e.g. secondments, joint initiatives) by making clear and tangible what benefits may be accrued to businesses (and SMEs in particular) by co-operating with local authorities. Furthermore, the importance of the third sector to become an additional partner in these relationships was underlined. However, the specific concept of Corporate Social Responsibility was not mentioned so far. (European Commission, 2000)

Recently, the integration of CSR in LED has explicitly been triggered by DG Employment, Social Affairs and Equal Opportunities which aims at appealing to the enterprises' sense of responsibility to engage with other local actors ('multi-stakeholder approach' involving companies, public authorities of different administrative levels, governmental agencies, social partners, NPOs, NGOs, training providers etc.) for creating strategies and advancing activities benefitting the local development.⁴⁵

As to this regard, Article 3 of the ESF Regulation 2007 - 2013 (European Parliament, 2006), for example, pinpoints the involvement of local communities and enterprises by partnerships, networking, pacts and initiatives and the promotion of local employment initiatives in the field of social inclusion.

Since January 2006, the European Commission (DG Employment, Social Affairs and Equal Opportunities) supports the '**Linking Local Actors**' project⁴⁶. It provides the means for networking and co-operation between the European Commission and local economic and employment development actors. Among others, a library on relevant publications as well as information about past and upcoming events is offered and short case studies on 'Good Practices' of local interaction are described.

⁴⁵ Source: http://ec.europa.eu/employment_social/local_employment/led_csr_en.htm

⁴⁶ See http://ec.europa.eu/local_actors



Local actors may register themselves into or take advantage of the partner search tool implemented on the webpage to facilitate the finding of appropriate collaborators, information exchange or joint projects. Furthermore, a section on funding sources shows EU and other programmes which could be of interest to any organisation involved in local initiatives.

In June 2007, the Commission has hosted a meeting to discuss for the first time the impact of CSR on local employment development with representatives of the private economy, CSR organisations and socio-economic scientists. At the meeting it was, among others, assumed that although LED is seen as a public sector venture companies' CSR activities may enhance the results in terms of achieving a 'win-win-win' situation for the community, employees and enterprises, particularly against the necessity of fostering the quality of work and skills for progressing towards a knowledge economy and society (European Commission, 2007a). However, it was also mentioned that the construction of a consistent and coherent approach (a 'common local agenda') is a key factor for a successful integration of CSR in LED, being characterised by the challenges of matching businesses' interests with public policy goals (also: short-run vs. long-term orientation), finding a common language, coping with diversity and incentivising information transfer among stakeholders.

In April 2008, DG Employment, Social Affairs and Equal Opportunities organised a conference on 'Harnessing an Entrepreneurial Spirit for Inclusive Local Employment Development' addressing, among others, the issues of how to harness the creative energy of local people to promote greater prosperity and better quality of life for all, trying to identify those elements of the Lisbon Agenda that are particularly relevant for local areas as well as ways to prepare an integrative and interactive future for local areas in the European Union. Also there, it was emphasised that multi-stakeholder partnerships among public authorities, the civil society and the private sector are a vital creative engine for policy and required in order to cope with the complex social challenges and attain sustainable economic and employment development. In this context, businesses were seen to need to invest in improving society as a part of their core business strategy (e.g. by providing finance or co-operating with local research institutes) while at the same time local and regional authorities are assessed to be responsible for creating an environment in which local enterprises - but also citizens - are encouraged to co-operate for the benefit of all. 'Consultative councils' between public authorities, enterprises and employee representatives, 'local democracies' or a 'continuous dialogue' were key words mentioned with regard to dealing with major challenges such as the enhancement of flexicurity, counteracting delocalisation due to globalisation or the demographic shift towards an ageing society.





4 The Context: Stakeholders and Objectives of Local Employment Development

4.1 General Considerations

The local employment situation and local employment challenges are diverse across European regions, and so are the policy responses given in the frame of local employment initiatives. Approaches also depend on the broader institutional settings in a country (e.g. the degree of centralisation in policy making or the role of social partners) and on socio-cultural determinants. Nevertheless, it can be observed that - in line with the developments at European level - the Member States (as well as Australia and Canada) have been attributing **increasing attention to the local level and LED policies** during the last years or even decade, resulting in a decentralisation process in terms of a transfer of competences and more autonomy of decision to local authorities. Hence, LED can be considered to be well established and valued. Only in few countries LED does not constitute an established policy field. In Hungary, for example, it is rather project based and localised in application and impact. This is to be attributed to a low level of interest of local government staff (particularly of the smaller municipalities) in local employment development, going in line with limited capacities (i.e. financial resources and trained staff) for respective activities. Competition for resources among local organisations ('grant hunting') and the lack of local leadership or strategic thinking among local government leaders are seen as common obstacles to partnership growth. Also in Luxembourg, LED is poorly developed which is mainly due to specific characteristics of the labour market (low unemployment rate, high rate of cross-border commuters, centralised policy making).

4.2 Top-down Versus Bottom-up Approach

In the Member States the **principle of subsidiarity**⁴⁷ is followed: National strategies and programmes (i.e. the national employment strategies) are oriented on the **EU guidelines** (mainly the Lisbon Strategy for Growth and Jobs and European Employment Strategy, but in some cases also others).

Also the importance of **European funds** for implementing local actions has to be pinpointed. So, for example, in many countries LED is financially backed by means stemming from the national funds, but also from ESF, the Social Inclusion Strategy, the Programme for Employment and Social Solidarity (PROGRESS), the European Regional Development Fund (ERDF) etc. In Malta, since its access to the EU in 2004, local employment development initiatives (particularly those targeted at employees and employers and dealing with training) experienced a boost due to the enhanced access to EU funds. Similar can be found for Spain as far as rural areas are concerned (e.g. upcoming of LEADER or PRODER).

⁴⁷ In accordance with the EU definition subsidiarity has to be understood as the principle that ensures that decisions are taken as closely as possible to the citizen. Subsidiarity implies that constant checks are made to see whether an action taken at a higher level is justified in the light of the possibilities available at lower level.



In turn, **national strategies** (mainly the National Action Plan for Employment) **dictate regional and local employment development**: While at the higher national administrative level the general strategies are developed (and in most of the analysed countries also financial funds are allocated), the operational approach lies in the responsibility of regional/local authorities. In Slovenia, however, the regional level is of subordinate relevance in employment policy matters; rather only the national and the local level are involved.

The major motivation for this approach is the recognition of the fact that there exist considerable differences among regions/provinces resulting in specific and varying problems. **These should be tackled by those that are most familiar with them - hence, local actors.**

Figure 2 Hierarchical Decision Making Process of LED in the Member States



Source: Austrian Institute for SME Research

Following this approach, the majority of LED programmes in the Member States are based on a **top-down process**, i.e. designed at national level (in many cases with consultation of the local actors) and implemented locally. Particularly the ministries responsible for economic and labour affairs are responsible for setting the general frameworks/objectives to be implemented decentrally by, for example, the local branches of the Public Employment Service. The top-down approach safeguards the coherence of the employment policy throughout all administrative levels (including the compatibility with the European guidelines). At the same time, however, the disadvantage of a limited flexibility for action at the local level due to rigid national/regional plans with insufficient consideration of local needs may occur.

For Germany and Malta, for example, this top-down approach is justified with the experience that LED initiatives initiated and managed top-down result in strong labour market impacts whereas bottom-up initiatives (whereof numerous exist and which are normally of an informal character) generally remain small-scale (sometimes the only beneficiaries are a single firm/organisation and its employees) as they have only limited access to funds. Also for Poland it can be observed that bottom-up initiatives - driven by local NGOs approaching companies and local authorities for funding - very often cease their activities after the project's completion, when the source of financing ends.

In the Slovak Republic, employment issues have predominantly been managed centrally as regional structures have only been established in 2001. Regional plans, however, hardly consider local needs or local actors' involvement. Similar can also be observed in Australia. Here, the local governments would have the expertise to design and implement adequate LED initiatives, but do neither dispose of financial means nor of power to do so as state governments have the constitutional mandate to implement LED and funding stems from the federal administration.

The reason for centralisation in Cyprus, Denmark, Lithuania and Luxembourg is the small size of the economy resulting in the 'phenomenon' that there either only exist national, but no regional policies or that there are very close connections between the national, regional and local levels.

In Latvia, municipality leaders are considered to be not able to cope with employment challenges and social dialogue is assessed to be weak at local level, so a top-down approach is applied. Municipalities are supposed to draft Annual Employment Plans, but employment problems are no priority due to lack of funding.

Nevertheless, although there is a general tendency to implement LED in a top-down process some examples of **empowered local authorities** can be found across the analysed countries. So, for example, in Greece, the establishment of Directorates for Employment within each regional administration is foreseen by law. These are responsible for employment issues at regional level. Nevertheless, in practice local initiatives for employment are rather dictated by the available funding programmes (often involving EU funds) than by the formal regulatory frameworks developed for this purpose.

In Italy, regional authorities design local programming policies and are responsible for the governance of the labour market in subsidiary with the national government. Hence, LED is embedded in the national strategies, with decentralisation of employment policies to regions and provinces.

The Spanish Autonomous Communities have the constitutional right to take over from the national level the management and implementation of employment policy and vocational training policy provided that the Autonomous Community demonstrates the capacity to fulfil such responsibilities. So far, all Autonomous Communities (except the Basque Country) have now taken responsibility for the management and implementation of employment policy and vocational training policy. Policy, however, continues to be determined at national level as regions do not have the power to determine policy or to grant new rights to workers (and their representatives) or to impose new legal obligations on employers. Local administrations do have some responsibility for the management of services relating to employment and social inclusion but the process of decentralisation from the national level has not yet resulted in significant responsibilities being devolved to the local level.



In Poland and Slovenia, for example, it can be observed that while the general LED approach is top-down (i.e. strategies set at central level but operative employment promotion locally through PES) also **bottom-up initiatives** can be found. These result because local partnerships are established due to public calls (or similar incentives, e.g. in the framework of EQUAL or LEADER or national programmes). These might also be triggered by NGOs, companies or local institutions and are reacting on specific needs. However, in general they are only project oriented. Similar can also be found in Austria where LED measures initiated at the local level make use of institutional/funding instruments provided at national or regional level. The most popular initiative in this field is the Local Agenda 21, a long-term action programme for the implementation of sustainable development at municipal level. It makes use of an integrative approach, taking into account the ecological, social and economic interdependencies of problems, thus also including local employment development. When establishing a programme of action, all relevant local stakeholders have to be included like political mandataries, enterprises and citizens (Kozeluh/Ornetzeder, 2004).

Also in Ireland, LED initiatives are very often a combination of bottom-up and top-down processes. For example, local community development activists in unemployment and socially excluded black spots lobby to get issues on the agenda of National Partnership Agreements; these agreements in turn secure national policy support for local development and partnership programmes that apply in all regions.

In Greece, LED initiatives have mainly been initiated top-down until 2000 but since then it is the local authorities (municipalities or prefectures) exclusively that can put forward proposals as lead partners.

Governmental authorities and agencies (such as the Public Employment Service or Regional Development Agencies) are important actors in the field of designing and implementing LED. In Sweden/Denmark they are not only co-operating across administrative levels, but also across nations: There exist associations of local authorities for the international promotion of local employment development (e.g. Malmö/Copenhagen). Also in Austria, although LED initiatives generally strongly focus on administrative units there exist cross-border, transnational or interregional measures. For instance, the federal state of Styria has transnational co-operations with Hungary and Slovenia in the frame of the Styrian Employment Pact (STEBEP). Furthermore, the federal state of Burgenland has a co-operation with Hungary within the framework of the 'Austro-Hungarian Territorial Employment Pact'. Similarly, one of the German initiatives (Landesinitiative 'Unternehmen bürgerschaftlich engagiert' - state initiative 'enterprises' civil involvement' of the government of the Federal State of Baden Württemberg) outreaches into the regions of the neighbouring countries Austria and Switzerland, ranging over the entire area of Lake Constance. Another example of cross-border LED initiatives constitutes the co-operation between regions from Belgium, France, Germany and Luxembourg sharing common history and problems (e.g. the decline of the mining industries)⁴⁸.

In contrast to that, in the United Kingdom there even is not much co-operation between individual regional governments as they tend to see themselves as in competition with each other. In some parts of the country (for example, the West Midlands) there are strong rivalries between neighbouring towns that discourage any sharing.

⁴⁸ <http://www.grande-region.net/de/index.html>

4.3 Towards a Multi-Stakeholder and Partnership Approach at Local Level

However, in principle a **multi-stakeholder approach** is followed in LED in all Member States, Australia and Canada. Nevertheless, there exist certain differences across nations referring to the types of involved partners as well as their roles. Furthermore, the time horizon since when (local) partnerships in the field of employment policies are prevalent varies across nations.

So, for example, in Poland, local partnerships have existed since the early 1990s, but only for the last few years - since the accession to the EU - local initiatives for employment are discussed and reflected in the strategic documents providing the framework for the implementation of regional development policies. Also for Bulgaria, Latvia (even if here LED already was an issue since the early 1990s) or Sweden it can be observed that the partnership principle became only prevalent with the accession to the EU (and the therewith connected obligation to involve local actors as well as with the better access to financial means). By contrast, the process of federalisation started in 1970 in Belgium and also in Portugal social enterprises, the church and similar entities were involved in LED by providing assistance to disadvantaged groups (e.g. elderly, poor persons) in the mid 1970s already. Also in France, local employment matters were firstly raised in the 1970s as a means to counteract the developments resulting from restructuring in some of the French regions, but the National Agency for Employment did not feel responsible for LED. Hence, local employment committees (Comités de Bassin d'Emploi, CBE) were created as a platform in which local actors (local governments, PES, employers' and employees' organisations, NPOs) diagnose and create instruments at local level. However, as this was only a consultative body with little influence on the authorities, also Local Missions for Employment were established, dealing with the social inclusion of the youth. This was the first time that the local level co-ordinated its resources with those of the central authorities. Implementation was difficult because of the limited ability of the centre to act with the degree of closeness desired by the regions and local actors. As it was realised that it is difficult for the central government to deal with the exigencies of the local actors due to the regional differences in the employment situations, a decentralisation process was launched in the early 1980s. Nevertheless, central authorities still retain control which is justified with a higher level of efficacy of employment policies. In vocational training and social matters more competences are attributed to the local level. (Greffé, 2005)

During the 1980s also in Spain regional/local development policies did attract a lot of attention from public authorities as a tool for combating high unemployment rates in some Spanish regions and localities.

At the same time (i.e. in the 1980s and 1990s), in Portugal the social solidarity policies (established since the 1970s) were explicitly combined with job creation policies and the balancing of work life with family life concerns. Central government measures, such as the Local Employment Initiatives (1986) and the RIME programme⁴⁹ (1995) were the first visible active employment policies in the country. The Regional Development Plan (PDR) for 1989 - 1993 (inspired by the experiences in OECD countries and by EU programmes such as LEADER) provided the first national framework for local investment in human resources by adapting the promotion of employment to the economic and social development of each region. (Guerreiro, 2000)

⁴⁹ Grants for micro-enterprises



In the Dutch labour market policy there has always been a focus on sector and region, consequently also an involvement of the social partners. Since the early 1990s, municipalities have increasingly received labour market instruments, resulting in a shift of responsibility for the implementation of the European policy from regional to local level.

Also in Italy, the funding of local partnerships for industrial/infrastructure investment as well as for company support in disadvantaged regions, equality, environmental safety or the maintenance of civil works (to mention just selected purposes) started in the 1990s. By now, LED is prevalent across regions. Similarly, the Swedish municipalities have assumed increasing responsibility for counter-cyclical labour market policy programmes (such as training provision and temporary employment) since the 1990s. The Irish LED initiatives were for a long time of an ad-hoc, unstructured and under-resourced character and only attained increased attention after the OECD LEED review in 1996.

In Québec (Canada), the enhanced involvement of local actors in social and economic community based initiatives in the form of local development centres started in 1998 with a new government policy for supporting the local and regional development. As a complement to initiatives taken by civil society, this policy was an answer to the aspirations of local and regional communities regarding their autonomy in the development of their territory. This policy mainly bets on the reorganisation of public services in relation to employment and the economic development.

For Greece, the Territorial Employment Pact (TEP) Programme completed in 2001 is assessed as an important step towards the decentralisation of employment policy as it had considerable effect in enabling local capacity to be built in the Greek territories where Pacts were established. In the meantime, as the TEPs did not receive a continuation of funding they were replaced by the so-called 'Local Initiatives for Employment' (TIIE) under the Regional Operational Programmes (ROPs) funded by national and ESF means.

In many of the analysed countries, employment councils or committees or formal co-operation agreements have been established at local level to **co-ordinate the labour market policies** and to avoid duplication of activities across the different actors. Examples are:

- Australia: In order to engage the local indigenous communities, mining companies and the financial sector work in partnership with community groups and NGOs. These partnerships have been established with clear contractual agreements that specify mutual objectives and ensure clarity of roles and responsibilities.
- Throughout the EU, co-ordination among the relevant stakeholders (e.g. regional governments, social partners, Public Employment Service) is safeguarded by 'Territorial Employment Pacts' (TEPs) linking the national policy to regional/local level and being made up of contracted regional (in some cases also local) partnerships. The specific aims of the TEPs are to increase effectiveness and efficiency in the use of resources, to improve the quality of support given to certain target groups, to safeguard and create jobs, to obtain funding for the region and to preserve the region as a place to live in a sustainable manner.



- Belgium: the Socio-Economic Council of the Regions⁵⁰ and the Regional Economic and Social Consultation Committee⁵¹ in the Flemish region, the sub-regional employment committee CSEF⁵² in the Walloon region and the Brussels Economic and Social Consultation Committee; these committees for example organise socio-economic consultation with regard to local issues and advise the different competent governments with regard to economic and employment policy
- The Bulgarian regional employment programs are supposed to be developed, implemented and monitored by tri-partite bodies at regional level such as Employment Commissions and Councils for Partnerships. Consequently, permanent and temporary Employment Commissions are established under the District Council for Regional Development. Members of these committees include representatives of the district administration, the regional branches of the National Employment Service, municipalities, social partners and NGOs as well as other relevant government structures at regional level. Councils for Partnerships under Labour Office Directorates (LODs) are other bodies for the co-ordination of active labour policy at local level. Their main responsibilities include the setting up of priorities for the active employment measures in the municipalities as well as the evaluation and monitoring of implemented measures and projects. Members consist, among others, of representatives of the National Employment Service, municipality and social partners.
- Denmark: 4 Regional Employment Councils (Regionale Beskæftigelsesråd) with representatives from trade unions, employers' organisations and municipalities are responsible for the management of regional labour market policy initiatives within the framework developed by the central government, having considerable discretion in deciding how much resources they allocate to different programmes
- In Estonia, the Director of Strategy within the Ministry of Social Affairs is responsible for the creation and implementation of the LED and sustainable development strategy and co-ordinates the working plan for the regional governments. Furthermore, the Director operates a group of representatives of various ministries, the State Chancellery and the Central Bank being responsible for the implementation, surveillance and co-ordination of the employment policy.
- Germany: At all three levels of the federal system, the Public Employment Services (Bundesagentur für Arbeit) is monitored by a committee consisting of representatives of governmental administrations, the chambers of commerce, the chambers of craftsmen, other employers' organisations and unions. As such, these protagonists constitute partnerships at national, regional and local level to co-ordinate the national employment development policy.

⁵⁰ Sociaal-Economische Raad van de Regio - SERR

⁵¹ Regionaal Economisch en Sociaal Overlegcomité - RESOC

⁵² Comité Subrégional de l'Emploi et de la Formation



- Ireland: County/City Development Boards (CDBs) have been established as the key co-ordinating mechanism for public service delivery at local level, including joined up delivery of social inclusion programmes. There also exist umbrella networks that lobby on behalf of individual voluntary organisations; for example, PLANET supports the network of Area Based Partnership Companies working to combat social exclusion in a localised context, targeting both communities and groups of individuals experiencing various and often cumulative forms of disadvantage.
- Latvia: In each regional unit of the State Employment Agency (SEA) there is a Consultative Council which includes representatives from the municipality social service, employers, education providers and NGOs. This council is responsible for developing proposals on how to promote LED. However, there is no central co-ordinating institution which would provide functions of a single information channel and co-ordination of LED among corporate, public and non-governmental sectors. This is seen as a major barrier for LED.
- In Malta, the central government setting the policy consults as to this regard with the social partners via the Malta Council for Economic and Social Development (MCESD).
- Netherlands: The Council for Work and Income (Raad voor Werk en Inkomen, RWI) is a consultative body through which the Minister of Social Affairs consults with employers, trade unions and municipalities on work and income policy. Among other issues, RWI also offers advice to Regional Platforms for Labour Market and municipalities on the opportunities for local employment development and reintegration. At regional level, the Regional Platforms for Labour Market (Regionaal Platform Arbeidsmarkt, RPA) are the forum of co-operation among municipalities and social partners (in some regions also education providers and the provincial government are represented) with the aim of attuning regional labour market policy, co-ordinating expenditure of means of reintegration and improving the service chain in this field. Each of the 12 RPAs has specific objectives whereby education (combine working and learning, education tuned to requirements of companies) and unemployment are most prevalent.
- In the Slovak Republic, a slightly different approach has been taken: For the implementation of active labour market measures Social Inclusion Partnerships (SIPs) have been established in the most disadvantaged regions of eastern Slovakia to implement local micro projects related to local employment, training and activation (bottom-up). SIPs are made up of community representatives and people who speak for the key partner organisations and stakeholders – civic institutions of various kinds and individuals with experience in business in order to manage the SIP effectively.
- In Spain, each region (Autonomous Communities, Comunidades Autónomas) has its own administrative structure. Some regions have created a regional Department for Employment & Social Security. Other regions implement employment policy through their Economic, Employment or Welfare Departments. Most of the regions have also created a Regional Social and Economic Council.
- Québec: The local actors involved in social and economic community-based initiatives (including the federal and provincial governments) are concentrated into a local development centre (Centre de développement local, CLD).



An interesting approach - however, with a slightly different objective - has been taken by Poland with the establishment of a Dialog Social Partnership Centre of the Ministry of Labour and Social Policy. The Centre operates at national level and focuses mainly on supporting and facilitating partnerships by the provision of trainings, organisation of conferences or issuing relevant publications. In practice, however, there is no central co-ordinating unit responsible for LED and the direct co-operation with the partnerships, nor for linking the existing initiatives or running a database of the projects.

Regarding co-ordination among the involved stakeholders next to the above-mentioned rather formal councils/committees in some countries other ways of co-operation have been found. For example, in Portugal, Public-Private Partnerships have been set up at regional or local level, involving local governments (typically town and/or parish councils), NPOs (in the field of culture, recreation, sports, social, vocational training) and chambers of commerce. In some cases membership is extended to individual persons and SMEs.

As already mentioned, the involved parties in LED initiatives may be manifold and diverse, if the individual measures are considered. Nevertheless, there exist some types of actors that are commonly involved in the design and/or implementation of local employment development. These are highlighted in the following, including their specific general roles and illustrative examples of selected countries.

4.4 The Involvement and Role of Employers' and Employees' Organisations

Next to public authorities, **social partners/employers' and employees' organisations** are widely involved in LED in the European Union Member States. For example, in Belgium, social dialogue has a long tradition and hence, social partners influence the decision making process at federal, regional and local level. Most labour regulations and employment initiatives are established by so-called tripartite agreements, involving the social partners and government representatives. Furthermore, also the implementation of the initiatives takes place with the involvement of social partners. This has the advantage of ensuring co-operation across individual administrative/ geographic areas as social partners are active at all levels. Similar can be observed in Cyprus where social partners are the principal actors in the formation and implementation of the employment policy and local employment development as they are important partners in respective tripartite councils and a network of consultative bodies, committees and boards (permanent and ad-hoc). This network deals with various social and labour issues and developments, for example, employment, conditions of work, training, health and safety at the workplace, social security, welfare and recently on social capital, social sustainability and environmental issues.

In Italy, social partners are - in co-operation with local institutions - involved in the promotion of Local Action Plans (PAL) representing a programming instrument for pursuing employment objectives. Furthermore, pacts for development and employment are signed by the regional authorities/autonomous provincial authorities, local authorities and social partners.

The Dutch trade unions and employer organisations not only play an important role in employment partnerships at all levels in the Netherlands (see above) but also govern an important source of finance for labour market projects in the form of the Education and Development Funds (O&O funds).



In Bulgaria, the inclusion of social partners is even regulated by law: The Employment Promotion Law which is the main document establishing responsibilities and obligations related to employment defines that all strategic and planning documents in the field of employment policy shall be developed by the Ministry of Labour and Social Policy (MLSP) and other relevant ministries in co-ordination with the social partners. Consequently, social partners have taken an active part in the design of all the key documents related to social and economic policy through social dialogue and on the basis of an intensive consultation process.

In Denmark, the central government being responsible for designing labour market policy is advised by the National Employment Council (Beskæftigelsesrådet) formed in 2003 and consisting of representatives from the main employers' organisations and employees' unions and one NGO (10 organisations in total). Similar can be found in Malta where the Malta Council for Economic and Social Development (MCESD) involving the main social partners consults the central government in policy making. Furthermore, bilateral consultations with any of the social partners take place occasionally (particularly if proposed initiatives are expected to be of relevance to specific sectors).

In Ireland, city and council development boards have been established (see above), consisting of local governments, local development agencies, locally operating state agencies (e.g. FÁS, VECs, Garda Síochána, Health Service Executive, Enterprise Ireland, IDA, regional tourism organisations) and the social partners.

In Hungary, employers' and business interest groups are well organised and equipped with resources while the trade union sector, in most cases, does not have an effective presence at local level - except in places where the economy is dominated by large enterprises. Also in Portugal the participation of social partners - and particularly that of trade unions (chambers of commerce are represented in local Public-Private-Partnerships, see below) in LED is very scarce. Of the 66 members of the 2 major federations of local development associations that have their membership publicly available, there are only 3 local trade unions represented in one of the federations.

In general, and in spite of the worldwide observed trend of decentralising collective bargaining, most EU countries still have a rather centralised system of social partnership. Exceptions are France and the United Kingdom where lower bargaining levels are more frequently used. (Boni, 2007)

4.5 The Involvement and Role of Public Employment Services

As mentioned above, the **Public Employment Service** (PES) generally plays a decisive role in LED. In most of the countries it is responsible to implement the employment strategy and initiatives at local level through its local subsidiaries. Furthermore, as the PES has the direct contact to local enterprises and workforce it disposes of the most immediate information about the demand and supply of the local labour market and the needs for (public) action to balance them. An interesting example of the considerable importance of PES can be shown in Hungary, for example, where the local administration is of the opinion that LED is the complete responsibility of PES. In most cases, local government involvement in 'local' employment policy is limited to consultation with the local offices of the employment services. However, staff members in many PES offices are frequently overburdened by administrative procedures and tasks and see little reward for extra-curricular involvement in partnerships for local employment development which is not recognised in their job plans.



Furthermore, the involvement of local PES offices in such work is largely constrained by their focus on reaching targets set in top-down management plans, reflecting a lack of flexibility and adaptability within the system. There is also a need for investment in training in the skills required for effective collaborative working, including strategic planning and management. (Lévay et al., 2007 and Laky, 2004)

In Latvia, PES are an important driver of LED. They actively approach companies, and at regional level consultative councils with local governments, employers, education providers and NGOs are established (see above). Similar can also be observed in Finland where many LED initiatives have emerged and developed in the network of the labour market departments of the Employment and Economic Development Centres (T&E centres) and of the employment offices.

In Romania, the employment programme is elaborated based on suggestions of PES at regional level, taking into account territorial characteristics as well as the previous experience with respective plans and programmes, including an assessment of the attractiveness of the measures for stimulating employment.

4.6 The Involvement and Role of the Civil Society

Another important group of actors refers to the organisations of the **civil society/third sector/voluntary organisations**. In Bulgaria and Ireland, local voluntary organisations are sub-contracted (e.g. for the development of the plans and strategies, programme monitoring and evaluation or the management of the projects in Bulgaria) or even form the driving party of local partnerships. In Hungary, NGOs are well established at local level but their level of activity depends on public funding. As the Ministry of Social Affairs and Labour provides financial support to labour oriented NGOs/NPOs, they have increasingly taken over tasks from the state and from the local authorities in the past decade, in addition to offering viable alternatives, i.e. additional, tangible tools and methods in order to mitigate unemployment. (Frey, 2007) In general, the civil society is assessed as important to address environmental and social problems in Hungary.

Similar can be observed in Portugal where the third sector's activities are increasingly expanded from being provided by the church (having a long tradition in offering assistance to disadvantaged groups of the population, such as children, elderly and the poor) to also being offered by other - private - NPOs such as co-operatives, foundations and mutual organisations. Typically these institutions collect some financial support from the central government to partly fund their activities and provide services to the population which are charged to users in accordance to their income bracket (including totally free services for the low income families). Also in Sweden, interim organisations gain importance, particularly as regards the integration of those being most detached.

In Spain, policy makers try to involve civil society and local actors in local employment development measures in rural areas (in the framework of, for example, LEADER's Local Action Groups), and this bottom-up approach is now extending also to non-rural areas. In Estonia, LED is supported by NGOs and NPOs creating/co-ordinating supportive programmes funded by private enterprises and governmental institutions. Usually, initiatives are launched by the NGOs/NPOs that try to attract businesses, education providers and local authorities to support the measure.



Recent national policy on social and employment development of Cyprus foresees a stronger and more dynamic role and involvement of the local authorities and NGOs in undertaking and implementing social sustainability through co-funded employment development programmes and initiatives.

4.7 Objectives and Fields of Activity of LED Initiatives

LED approaches in the Member States mainly concentrate on local re-inclusion policies, the provision of proximity services, the promotion of the social economy and on area renewal policies (Vogler-Ludwig and Greffe, 2004). Also in the analyses conducted in the framework of this study **labour market integration** or counteracting unemployment (partly with a specific focus on high and/or long-term unemployment or on unemployment resulting from structural change of the economy) was found in all Member States as one of the major challenges LED responds to. In some of the countries this is, among others, tackled by fostering social enterprises or public works⁵³.

Diversity/equal opportunities are often addressed in LED initiatives with a specific focus on **women**. For this purpose, among others, training for economically inactive women is being provided, childcare facilities are being expanded or flexible forms of employment (such as part-time work) are promoted. Furthermore, the integration of **migrants/ethnic minorities** is emphasised in many European countries whereby often the objective is to boost labour supply especially in sectors with severe skill shortages. The efforts to foster the labour market integration of Turkish Cypriots in Cyprus constitute a respective example. Activities as to this regard include job placement activities (e.g. consultancy and information or job bourses/fairs) and (re-)qualification instruments (e.g. language training, but also the development of occupational skills). Similar is also followed in Australia where LED programmes are often focused on the labour market integration of the most vulnerable and isolated, i.e. the indigenous communities, as important disparities between Aboriginal and other population can be observed regarding life expectancy, literacy and employment opportunities.⁵⁴ In some countries, also the labour market integration of **disabled persons** is a focus area in LED.

Labour market integration of the **youth/graduates/first job seekers** is also high on the agenda of the local employment policy. Instruments to tackle the challenge of a smooth transition of young people into active life include the reduction of social security contributions, grants to employers hiring youngsters, traineeship support, training programmes for youngsters or specialised counselling services (e.g. already in school). At the same time, the **elderly population/workforce** is an important target group in many countries. The prolongation of active life is often tackled by granting employment/wage subsidies for employers offering jobs to the older generations as well as by training/(re-)qualification measures.

⁵³ For example, in Hungary there are many examples of public works schemes co-financed and often operated by local governments to alleviate long-term unemployment. However, these are often poorly paid, lack emphasis on training and are seen more as welfare (Lévay et al., 2007).

⁵⁴ Source: <http://www.alp.org.au/media/0208/spepm130.php>

Some of the countries pay particular attention to the labour market situation of **rural areas**. So, for example, in Greece and Hungary local employment development is focused on rural areas as in urban areas the unemployment rate is much lower and in urban areas business policy development is the general tool for increasing the employment rate. Particularly in countries characterised by a high share of rural areas the orientation of LED on these regions becomes consequential. So, in Australia much attention is attributed to rural areas as they are dominant in the country and, furthermore, characterised by a worse labour market situation. Also, LED has had a specific focus on rural development (e.g. economic diversification or networking with towns) for the last 20 years in Finland.⁵⁵ Also the Austrian Programme for Rural Development 2007 - 2013 aims at safeguarding agricultural jobs while at the same time trying to create alternative job opportunities (e.g. in the service sector). Furthermore, it aims at upgrading qualification of the rural population in order to increase labour productivity. Similar is addressed by the Irish Programme for Revitalising Rural Areas (Ceantair Laga Árd-Riachtanais, CLÁR) which provides funds for the regeneration of rural areas suffering from population decline. Another example is Romania, where one of the present objectives of employment policy refers to encouraging the economic activities in the rural environment to avoid de-population. In contrast to that, in Belgium it is especially some of the larger cities that run separate employment initiatives.

In Ireland, a shift from focussing on unemployment to emphasising **skills development** can be observed in LED. The motivation for this is the need to provide the economy with an adequate supply of appropriately skilled workers to sustain economic growth. Also in Malta and Portugal a focus of LED is on overcoming skill gaps and re-training workers to be able to adapt from the traditional economic activities (e.g. textile manufacture) to the more modern/value-added activities such as the provision of high-tech services. Also in Denmark there is increasing political recognition of the importance to raise the qualifications of the labour force (particularly of marginalised groups) in order to balance the demand for labour with the respective supply (in qualitative rather than in quantitative terms). In Romania, on the one hand unemployed persons are targeted by professional training courses with the aim of offering qualification, requalification or specialisation. On the other hand, also the active workforce is addressed by offering training in professions that are constantly demanded on the labour market. Also in Australia, training initiatives rather refer to re-skilling measures being required due to the structural economic development resulting in a loss of traditional jobs (e.g. if factories are closed, funds supported by national and regional governments as well as enterprises are established to support re-qualification of the dismissed manual workers (e.g. in the fields of IT)).

In the context of Lithuania's ambition of reaching the level of a knowledge-based economy comparable to the former EU-15 by 2015, it is envisaged to improve the access to education, the education infrastructure by gradually increasing investments into institutions providing education as well as the funding of continuous training by establishing special foundations and by including employers and employees.

⁵⁵ Source: www.tem.fi



In Sweden, LED programmes are focussing, among others, at the **creation of enterprises** (and hence, jobs) by establishing a better business climate and regulation. Future LED plans also refer to more infrastructural issues: It is planned to establish so-called start offices in local areas characterised by high degrees of social exclusion to foster the co-operation among different government authorities with the aim of increasing a person's ability to start a new enterprise in the local area which in turn leads to both, self employment and possible additional employment.⁵⁶ In Germany, the municipalities run infrastructure projects to attract companies as well. Similar is also followed in Australia by promoting self-employment of disadvantaged groups (e.g. advice and training for ethnic minorities, access to micro-credits at low or no interest to start-up an enterprise) and by providing micro-enterprise finance in the form of cheap credits. Also in Portugal unemployed persons intending to start-up a company or become a partner in an existing enterprise get access to capital needed for the business: They receive, as an upfront lump sum, the aggregate value of all future unemployment insurance benefits they are entitled to. In Québec, each of the local development centres disposes of a fund to support young entrepreneurs and another fund intended to stimulate local entrepreneurship (Bujold, 2002).

In Hungary, the range of actions to support business development has grown considerably over the past ten years and includes measures to improve business related infrastructure, support for restructuring, access to finance, promoting technology and innovation, business start-up and incubation, business information centres, business development and management consultancy. (Lévay et al., 2007)

With regard to more indirect instruments in LED, in Italy, a specific focus lies with counteracting difficulties in the **functioning of the employment information system**. Also in Romania, ESF means are, for example, attributed to the modernisation and improvement of PES performance. The same holds for the Netherlands, where a specific focus is set on the provision and application of information about the labour market.

In Latvia, LED focus shifts from unemployment to counteracting the lack of workers. Hence, PES focus on low-skilled rather than on unemployed persons as well as on **flexicurity** in terms improving the legislative framework to enable enterprises to adopt a more flexible approach to hiring workers. Also the employment policy of Bulgaria, Lithuania and Luxembourg pinpoint the importance of flexicurity.

Next to rather 'traditional' LED approaches, in some countries more **innovative⁵⁷ instruments** applied in LED can be found. In Finland, Ireland and Portugal, a tendency to take advantage of **social capital** for the renewal of disadvantaged or peri-urban/rural areas can be observed, and also in Bulgaria social capital has been discovered as an instrument in LED as with the start of the operational programmes 2007 - 2013 LED initiatives will have a more integrated approach. In Ireland, this is related to active citizenship, i.e. the stimulation and reinforcement of participatory democracy, enabling individuals to take responsibility for shaping society and its underlying values.

⁵⁶ Source: <http://www.eurofound.europa.eu/eiro/2007/country/sweden.htm> /and <http://www.regeringen.se/sb/d/9566/a/87075>

⁵⁷ 'Innovative' needs to be considered against the respective national/regional background, i.e. what is considered as 'new' in one country may already be well established in others.

As to this regard, networking is fostered at three levels: connecting with friends, family and neighbours, bonding together in formal or informal organisations for a specific purpose (e.g. lobbying, charities) or active and committed volunteering in a formal structure. For this purpose, it is assessed that the voluntary sector needs to be given a greater role in community services' management and better supported by the government.⁵⁸

In France, a **focus on 'multi-faceting'** can be observed, i.e. it is realised that unemployment is interwoven with housing, training and health.

⁵⁸ Report of the Taskforce on Active Citizenship March 2007 [http://www.activecitizenship.ie/UPLOADEDFILES/Mar07/Taskforce%20Report%20to%20Government%20\(Mar%2007\).pdf](http://www.activecitizenship.ie/UPLOADEDFILES/Mar07/Taskforce%20Report%20to%20Government%20(Mar%2007).pdf); Bowling Together in the Capital An Action Plan for Social Capital and Active Citizenship in Dublin City 2007 http://www.dublin.ie/uploadedFiles/City_Development_Board/Bowling_Together_in_the_Capital_2007.pdf





5 Characteristics of LED/CSR Initiatives

5.1 Relevance of CSR for LED

Both, public authorities and the private sector in the European Union Member States, and many other developed countries in the world, **increasingly** attribute **attention to the issue of Corporate Social Responsibility (CSR)**, the ways and means it can be encouraged in practice and the benefits it offers to all involved stakeholders. However, the **time horizon** since when CSR is on the agenda considerably differs across nations. While in Sweden or France CSR became a topic on the policy agenda in the late 1970s and 1980s, in most western European countries CSR discussions started throughout the 1990s. In the majority of the New Member States, the CSR debate came up in the early 2000s when - with the accession to the EU - the economy reached a status of economic stability and when foreign donors (i.e. direct investments in Eastern Europe) started to bring into these countries their international experience in the fields of CSR.

Figure 3 Approximate Start of CSR Debate in the European Union Member States and Australia⁵⁹



Note: Information not available for all of the analysed countries.

Source: Austrian Institute for SME Research

This, in turn, results in varying levels of the concept's integration in both, private and public actions. The **public framework of CSR** (i.e. the prevalence of the topic in public discussion, public support for companies' engagement in CSR and the initiation of CSR activities by public actors) influences the private sector's awareness about, attitude towards and engagement in CSR. Consequently, in countries like the Slovak Republic or Slovenia in which the government is rather inactive in the field of CSR and hardly any formal reference to CSR is made by public authorities it can be assumed that also private companies pay comparatively little attention to the issue of CSR.

⁵⁹ For Country Codes see Annex III.

However, when actually measuring CSR (e.g. through surveying companies) the problem of the diverging understanding of the rather soft and abstract concept of CSR becomes prevalent. Particularly in **SMEs respective activities are widely applied** but - in contrast to larger enterprises where CSR is often strategically used as a marketing tool - seldom labelled as CSR, rarely reported⁶⁰ and rather based on an ad-hoc initiative instead of a structured, systematic and strategic approach.

It can be shown, for example, that about 50 % of Estonian SMEs or 79 % of the companies in Luxembourg indicate not to know what CSR stands for while at the same time they actually provide respective measures: In Luxembourg 80 % actively set activities to improve the working conditions of the employees, 29 % deal with diversity and inclusion and 10 % co-operate with NGOs. In Austria, only 14 % of the SMEs are planning their CSR activities in a strategic way (Deuerlein et al., 2003) and data for Greece show that about 88 % of Hellenic SMEs apply CSR in a 'moderate' or even lower way (National and Kapodistrian University of Athens, 2006).

A number of other (non-comparable) statistics indicate a high incidence of CSR activity, too:

- 90 % of those Belgian enterprises formally disposing of a mission statement are referring to CSR (De Vos et al., 2006).
- Over half of the Top-100 enterprises in Ireland are operating active CSR portfolios and the same share of Australian businesses is setting aside special money for CSR (Business Council of Australia, 2007).
- In Austria or Denmark about 65 % - 75 % of the companies are engaged in CSR. (Deuerlein et al., 2003; Wiener Gruppe für Integritätsmanagement und gesellschaftliche Verantwortung, 2006)
- Recent research for Germany even suggests that practically all SMEs from the manufacturing industry at least sporadically use instruments that are related to CSR (Wallau et al., 2007).

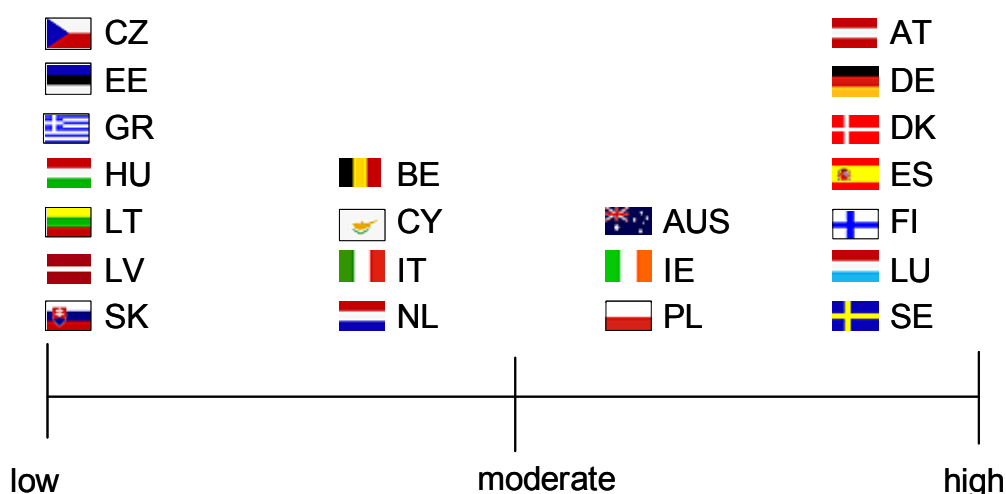
However, there are also countries where the reluctance of companies to engage in CSR seems rather high. For example, in Latvia only 18% of the enterprises know what CSR stands for and 22 % do not know anything about this concept. In the 2001 UN Global compact movement 50 Latvian enterprises participated but only 9 (large, international) companies signed - and even of those little progress can be observed yet. In the framework of a prize award of the Association of business consultants in co-operation with the chamber of commerce 84 % of the SMEs stated that they do not want to participate⁶¹.

⁶⁰ In France, the law on the new economic regulations (2001) even requires companies listed on the stock exchange to give social and environmental information (e.g. employee related information, degree and ways of collaboration with local stakeholders, environmental protection aspects) in their annual reports.

⁶¹ Source: <http://www.biznesam.lv/upload/4a2f339449cf49f01b8edd05be6e91cb.pdf>

In general, a certain relationship between companies' willingness to engage in CSR and the time since when the concept is a subject of public or political discussion can be observed. So, for example, in Lithuania where the issue was brought on the agenda rather recently (see above) CSR activities are not that widespread whereas countries with a longer tradition (e.g. Austria, Denmark, Finland) show a considerably higher share of enterprises active in CSR.

Figure 4 Companies' Engagement in CSR in selected European Union Member States and Australia⁶²



Note: Information not available for all of the analysed countries.

Source: Austrian Institute for SME Research

There is no standard or typical **CSR measure**, but the concrete **design** of the individual initiatives varies considerably, depending on the motivation and the characteristics of the company and the target group and general framework conditions (e.g. legal regulations, stakeholder expectations, characteristics of the labour market, the social or environmental system etc.). Nevertheless and as already mentioned in Chapter 2, CSR activities may be classified according to the target group orientation followed (whereby in many cases not a single target group is addressed but rather comprehensive approaches are taken in practice).

The analyses of CSR activities in the European Union's Member States, Australia and Canada pinpoint the finding that one of the most important CSR field of enterprises are measures for the benefit of the companies' own employees. An overview of respective activities (mainly dealing with training and equal opportunities) can be found in Table 1.

Next to employee-oriented CSR initiatives, measures targeted at the (local) society are an important field of activity for companies' socially responsible acting. In some countries financial contributions/donations seem more prevalent (e.g. Hungary, Poland, Slovenia or the Slovak Republic) while in others active contribution such as employer-supported volunteering is more common (e.g. Ireland, Malta, Sweden). In Portugal, France or the United Kingdom respective activities are often targeted at the Third World rather than at the local community.

⁶² For Country Codes see Annex III.



CSR activities may also aim at the environment, for example, if dealing with waste management or recycling. In many cases it is rather the large companies that are engaged in this field.

Last, but not least, CSR activities may also address the market place in terms of early payment of suppliers or supporting business partners in the application of quality standards. Again, it is rather larger companies that become active in this field, which is kind of 'natural' against the background of their higher 'market power' (and the thereof resulting better possibility of driving standards through the value chain). Furthermore, also initiatives targeting at the improvement of customer services are part of this category.

Table 1 Examples for Companies' CSR Activities in the European Union Member States, Australia and Canada

CSR Orientation	Examples
Employees	<ul style="list-style-type: none"> – (Innovative) training programmes for up-skilling (addressed, for example, by about 72 % of German manufacturing SMEs or 18 % of Greek SMEs) – Scholarships, internships – Re-skilling of displaced workers – Career enhancement (e.g. 79 % of Dutch SMEs with 5 - 99 employees try to meet the professional ambitions of the employees) – Gender equality/equal opportunities (e.g. dealt with by about 29 % of German manufacturing SMEs and Luxembourgian enterprises with more than 10 employees as well as 22 % of Greek SMEs; almost 2/3 of Spanish enterprises have plans for women's integration at directive level; more than 90 % of Dutch SMEs with 5 - 99 employees address equal payment), also addressing returning after maternity leave – Employee participation in decision making or profit distribution (addressed, for example, by about 60 % and 19 %, respectively, of German manufacturing SMEs) – Offering of medical services – Supporting the healthy way of life, nutrition – Offering of cultural/sport activities – Work life balance (addressed, for example, by more than 75 % of German manufacturing SMEs; almost 80 % of Dutch SMEs with 5 - 99 employees allow employees' influence on the distribution of work, almost 90 % allow time work and 70 % allow flexible work) – Phasing out of labour
Society	<ul style="list-style-type: none"> – Employment pathways for ethnic minorities/ageing/disabled population (e.g. about 46 % of Spanish enterprises support socially excluded groups, almost 30 % have plans for the integration of migrants into the workforce and more than 20 % integrate handicapped people) – Employment pathways for local inhabitants (e.g. 86 % of Dutch SMEs with 5 - 99 employees employ personnel from the region) – Restoration of historic buildings – Financial support to sports/culture/health organisations – Employer supported volunteering, e.g. in refugees' homes, planting trees, cleaning the environment – Financial support of students or support of initiatives aiming at reducing the rate of school drop-outs – Support of the Third World



CSR Orientation	Examples
Environment	<ul style="list-style-type: none"> – Environmental management (e.g. 70 % of Spanish enterprises dispose of a plan in environmental management; 55 % of large Dutch enterprises address climate change), including recycling/waste disposal (e.g. 70 % of Dutch SMEs with 5 - 99 employees have measures to reduce waste) – Energy management and eco-energy – Sustainable building
Market	<ul style="list-style-type: none"> – Product innovation/customer service (addressed, for example, by 55 % of German manufacturing SMEs; 73 % of Dutch SMEs with 5 - 99 employees provide the clients more guarantee, services and reparation than obliged), customer communication (e.g. 71 % of Dutch SMEs with 5 - 99 employees have and follow a procedure for complaints) – Early payment of supplies (e.g. 75 % of Dutch SMEs with 5 - 99 employees pay their suppliers in line with their terms of payment) – Evaluation of suppliers to safeguard quality levels (e.g. almost 70 % of Dutch SMEs with 5 - 99 employees regularly evaluate suppliers on their performance) – Stimulation of the local economy, e.g. by local contracting (e.g. about two thirds of Dutch SMEs with 5 - 99 employees focus on local suppliers) or by supporting business start-ups

Sources: National Statistic Institute (ISTAT), 2003; Wallau et al., 2007; National and Kapodistrian University of Athens, 2006; Foretica, 2006; EIM, 2007; FML, 2001; National and Kapodistrian University of Athens, 2006

Against the background of the European economy being dominated by small and medium-sized enterprises (more than 99 % of all private companies) mainly conducting business operations focussing on the local or regional market and depending on the local community in terms of employees, clients and suppliers suggests that a significant share of CSR engagement should relate to the company's local community. Business success is often dependant on a fair treatment of local customers and employees, environment protection and the engagement in the local society. In many cases also social relationships exist among local people and the entrepreneur living close-by the company.

A study of the European Foundation for the Improvement of Living and Working Conditions on the local perspective of CSR (Møller/Erdal, 2003) has shown that businesses have an impact on the communities in which they operate, not only by employing local inhabitants and co-operating with local companies but also through voluntary interacting with the community in a number of ways that are not directly related to the core business activities (e.g. sponsoring local sports or cultural events or supporting local schools). The study identified three methods of enterprises' local community involvement (i.e. community giving, employee involvement and entrepreneurship/employability) which are realised through a 'multi-facetted picture' of initiatives.

This obviously suggests the integration of private businesses' voluntary activities in (public) LED strategies. Indeed, following the trend towards multi-stakeholder and partnership approaches in local development (see Chapter 4), LED strategies are increasingly linked to the private sector in many countries. However, with few exemptions such as the 'Business in the Community' initiative in the United Kingdom, little is known about the characteristics of such joint activities of public and private actors for the benefit of the local area, their effects on the involved stakeholders and the local community as well as the success factors and bottlenecks influencing these initiatives.



In the United Kingdom, the Conservative government of the 1980s encouraged the '**Business in the Community**' initiative⁶³, bringing together local businesses and local authorities on a voluntary basis to explore joint interests in terms of supporting companies in integrating responsible operations in their business activities to have a positive impact on society. The initiative provides strategic advice to the enterprises on how to integrate responsible business practices, an award scheme for responsible businesses, a CR index for benchmarking purposes, a national campaign to engage employees in their communities through volunteering, high visibility exhibition stands illustrating the impact businesses have on the environment as well as various networking events for exchange and information. By now, more than 850 member companies (representing about 20 % of the UK private sector workforce) are thereby engaged in responsible business programmes having a positive impact on the society and the environment. Further 3,000 companies are engaged through programmes and campaigns operated by the initiative through a local network of more than 100 business-led partnerships.

This lack of information is a result of two aspects. On the one hand, generally no systematic/structured monitoring of the activities and effects of LED initiatives based on enterprises' CSR activities takes place in the analysed countries. The implementation and performance of LED initiatives in the public domain is well monitored and there also exist some rating tools for the companies' CSR engagement (e.g. the Corporate Responsibility Assessment Tool in Québec/Canada, the Social Index in Denmark, RepuTex Social Responsibility Rating in Australia or the Responsible Competitiveness Index⁶⁴ at supra-national level). However, a combination of those two types of instruments is hardly ever applied.

On the other hand, local employment development initiatives being based on companies' CSR activities are very different in terms of their geographic dimension, degree of formality, involved actors, addressed target groups, objectives followed, instruments applied etc. This makes it almost impossible to draw up an exhaustive list of initiatives.

On the basis of the general context analyses conducted in the EU-27, Australia and Canada (Québec) as well as the in-depth analysis of 25 illustrative examples⁶⁵ of local employment development initiatives taking into account companies' CSR activities the following pages provide insight into the characteristics of respective instruments, their outcomes for the different involved parties as well as favouring and hindering factors.

⁶³ Source: www.bitc.org.uk

⁶⁴ See www.accountability21.net

⁶⁵ It is to be pinpointed that the analysed initiatives constitute qualitative 'case studies' that do in no way claim to be representative for the wide spectrum of possible instruments. Rather, they represent selected possibilities of contents covered, instruments applied and organisational structures involved to give an idea how such initiatives may be designed and implemented.



5.2 Categories of LED/CSR Initiatives

5.2.1 Overview

Investigating the nature of LED/CSR initiatives along CSR domains reveals that employee and society oriented initiatives are most prevalent throughout the analysed examples, but also environmental and market-oriented activities could be identified. The latter ones, however, have been observed to have rather indirect and long-term effects on the local employment situation.

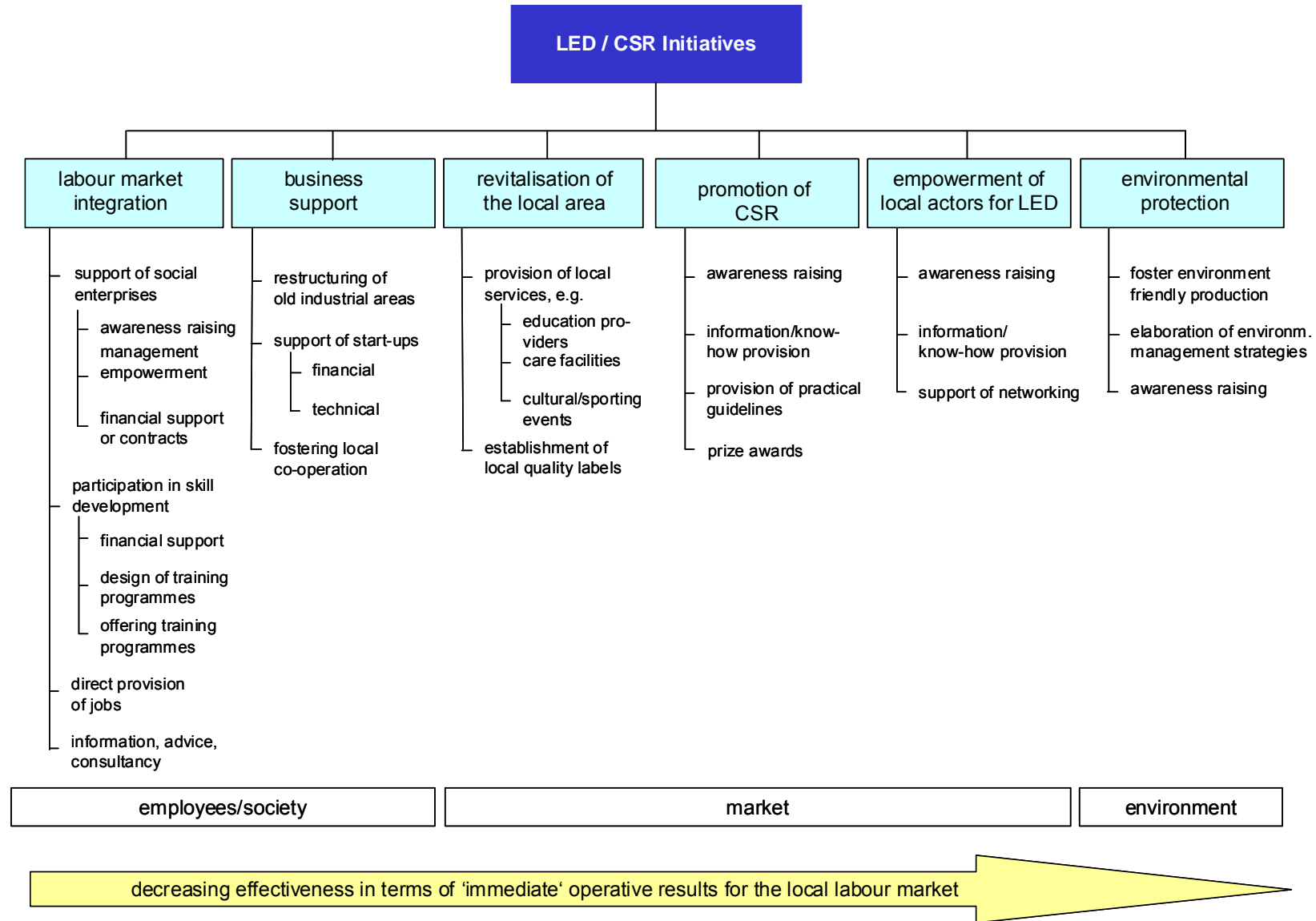
On the basis of the analysed case studies of LED initiatives it turned out that in many cases the enterprises' CSR activities are characterised by a **strong orientation on the businesses' core activities or other aspects directly related to the business**. The firms, for example, become engaged in competence development of local inhabitants for their specific field of activity, support public programmes by putting at disposal their business or technical know-how or donating their products for societal purposes.

A different type of initiatives is those in which a **wide field of different social objectives** are followed and which rather work as a sort of 'investment club' for CSR activities. This means that companies provide contributions in kind or in financial means that are pooled, and a centralised body - often an entity specifically established for that purpose - administers the means and distributes them to individual social projects. Especially **financial institutes** and **banks** are engaged in such general societal issues rather than in initiatives directly linked to their core activities.

In any case, an important **classification element** of joint LED/CSR initiatives constitutes the **objectives** followed with and policy **instruments** applied in the measures. The analyses conducted in the framework of this study revealed the following fields of activity (see Figure 5). It shall be noted that with each type of measure a wide spectrum of **target groups** may be addressed, such as unemployed, elderly, youth, low-qualified, women, migrants/ethnic minorities, previous drug addicts or prisoners, homeless or disabled persons. However, the initiatives may also focus on supporting companies (existing enterprises and/or their employees or founders), NGOs/NPOs or local public authorities.



Figure 5 Categories of LED/CSR Initiatives



Source: Austrian Institute for SME Research

In practice, in the minority of cases only one objective is followed. Rather, a bundle of related aims were to be achieved by a combination of various instruments - which may also be attributed to the efforts of balancing and integrating different interests of the various involved stakeholders.

The French Suburbs' project (Projet Banlieues) was initiated following the riots that took place in French suburbs in November 2005 and aims at job creation, social cohesion, (re-)inclusion and fight against discrimination. Against this background, the project has three main focuses:

- Promoting business and job creation via micro-credits through a partnership with ADIE (association pour le droit à l'initiative économique, a micro-credit NGO): ADIE provides micro-credits to unemployed who want to set up their own business. Beneficiaries are assisted by staff members of the banking institute having initiated the measure (BNP Paribas).
- Tutoring and mentoring of pupils through a partnership with AFEV (association pour la fondation étudiante pour la ville, a popular education NGO)
- Enabling local associations to develop economic activity, aiding youth insertion and promoting social cohesion by funding individual local projects

In the framework of the project, 400 companies have been founded that created 480 jobs. Furthermore, more than 900 pupils participated in tutoring/mentoring and 83 local associations have been supported in the fields of education and vocational training as well as professional inclusion or inclusion via sport and culture.

5.2.2 LED/CSR Initiatives on Labour Market Integration

Obviously, the objective to foster the labour market integration of the local⁶⁶ population is the most prevalent in joint LED/CSR initiatives as this is the most important objective of labour market policy as well as the most important field of CSR among the (European) enterprises. The collaboration of public and private actors is seen to result in a relatively high effectiveness and sustainability as the activities are on the one hand backed by governmental authorities from a political perspective and on the other hand directly implemented in the private sector (e.g. in the form of creating or offering jobs or the participation in the design of training curricula according to the needs of the local economy). In most cases it is motivated by high unemployment in general or of **specific groups of inhabitants** (e.g. women, elderly, youth, low-qualified, previous prisoners or drug addicts, disabled, migrants/ethnic minorities etc.) and a resulting lack of (skilled) workforce for the enterprises. The measures, on the one hand, refer to upskilling and/or the provision of (temporary) jobs, but, on the other hand, also to raising the awareness of both, the target group as well as employers of the target groups' potential contribution to the work process. The focus on individual groups instead of the total local population provides the possibility of designing relevant measures specifically taking into account the situation and needs of the target groups. This seems to be particularly important as these groups can be considered to be detached from the labour market and often face problems with regard to the transition between their former whereabouts (i.e. education, unemployment, maternity leave, prison etc.) into the regular labour market.

⁶⁶ For a discussion on the understanding of 'local' in LED/CSR initiatives see Chapter 5.3.



The National Australia Bank (NAB) partners with Reconciliation Australia (a representative body specifically created to help indigenous and non-indigenous people and businesses to work together) in offering a range of LED programmes which are focused on providing development opportunities to indigenous Australians:

- In its Aboriginal Employment Strategy (AES), NAB is offering traineeships for students in school years 10 - 12 through its retail network in New South Wales. These traineeships provide work experience and education support via a 2 year programme.
- Indigenous scholarships and cadetships to complete tertiary business graduate and post-graduate degrees are offered.
- Employee placement in the Torres Strait to provide business expertise support to indigenous islanders

The German WABE gGmbH⁶⁷ which was established by owners of private businesses, representatives of the municipality of Waldkirch and a registered non-profit organisation (NPO) as a partnership for the benefit of job-seekers in the area distinguishes and focuses its services on 4 target groups: The young and the elderly job-seekers form separate target groups because of their stage of life and the age-related problems to enter and re-enter the labour market. A third group is formed by job-seekers with relatively limited vocational skills regardless of their age. The fourth group is made up of job-seekers who carry substantial skills but had been hindered in their career because of personal circumstances such as a longer lasting maternity break etc. For each group specific training opportunities and support measures have been developed.

In Ireland, the 'Marks & Start' initiative⁶⁸ of Marks & Spencer in co-operation with 2 NGOs targets homeless persons and one-parent families, both hugely under-represented in the labour force (employers are understandably wary of employing 'homeless' applicants, and a 2004 EU SILC study showed that a person is 3 times more likely to live in poverty, if she/he is a member of a one-parent family). The target group is provided training as well as a work experience placement phase.

Combined LED/CSR instruments that are based on the public sectors' or NGOs'/NPOs' initiative to foster the labour market integration of the population often take a rather strategic form, e.g. by engaging with **social enterprises**⁶⁹. In general, such initiatives show a tight relationship (formally or informally) to public policies (i.e. objectives of the labour market policy). The analyses conducted in the framework of this study have shown that the LED/CSR initiatives in favour of social enterprises include one or several of the following mechanisms:

- Raising the awareness of employers, employees and the general public of the economic and labour market potential of disadvantaged workforce groups (but also their specific needs) by means of publicity but also the establishment of direct contacts to social enterprises

⁶⁷ For the full description of this initiative see Annex I.

⁶⁸ For the full description of this initiative see Annex I.

⁶⁹ Social enterprises are here understood as market- and business-oriented entities that have been established with the main objective of following social purposes (e.g. the labour market integration of detached groups). In general, they do not follow a profit maximising strategy which does not mean, however, that no profits must be accrued. Rather, realised profits are reinvested in the company or distributed for (other) social purposes.

- Empowerment of the management of social enterprises in terms of familiarising them with business and market know-how, e.g. by know-how transfer from company representatives
- Providing social enterprises with financial means to run their activities for the benefits of the target groups also without the pressure of covering the associated costs, e.g. by sponsorships or donations of companies
- Facilitating their market-based activities by contracting them for service or product delivery on an ongoing basis

The Pendelfietsen initiative⁷⁰ - in the framework of which the Belgium ColruytGroup provides its employees with free-of-cost bikes to commute from the train station to the company - co-operates with the employment centre Jobhuis Halle-Vilvoorde which is a regional social enterprise. The bikes that are used in the project are maintained and repaired in a local bike workplace at the Jobhuis Halle-Vilvoorde, thereby providing practical training for vulnerable employment groups such as youth and people without qualifications. The project enables them to find their way back to the regular employment market.

In the Czech Prazdroj Enterprise Development Programme (Prazdroj - Podnikatelský rozvojový program) constituting a partnership initiative between the company Plzenský Prazdroj and the NPO NESsT (Non-profit Enterprise and Self-sustainability Team) the capabilities of civil society organisations are to be developed and the start-up of social enterprises is to be supported. The main phases of the process of social entrepreneurship development include:

- Phase 1: Assessment of the civil society organisation's organisational readiness for a self-financing activity
- Phase 2: Pre-implementation study of one or two ideas submitted
- Phase 3: Implementation study of a business idea (or expansion of an existing business activity)
- Phase 4: Elaboration of a business plan for idea implementation

During a period of 6 to 9 months, NESsT provides continuous technical assistance and advice and helps organisations during the entire selection procedure. The organisations obtain tools for and training in preparation for social entrepreneurship, business plan development and long-term planning. To achieve this objective, Prazdroj in co-operation with NESsT is investing financial and human resources to develop social businesses to help the local community.

The initiative 'Town Hall Open Markets - Support for Protected Workshops' (Radničkine trhy - podpora chránených dielní)⁷¹ in the Slovak Republic was launched by Inklúzia, a NPO supporting disabled people, specifically their employment and social integration. It organises the project in co-operation with the Bratislava municipality and several large banks, companies and media. Participating banks and companies provide financial resources for organising this event as well as for supporting protected workshops.

⁷⁰ For the full description of this initiative see Annex I.

⁷¹ For the full description of this initiative see Annex I.



In an annual event usually more than 30 exhibitors (i.e. sheltered workshops) offer their products to the general public to present results of the work of health disabled people and to cultivate public opinion about abilities and skills of disabled. The main aim is to raise awareness about protected workshops, and to advertise their production and present them to companies as an alternative for fulfilling the legal obligation of employing disabled persons. By increasing the demand for products of sheltered workshops the employment opportunities in these entities are improved. As employers are not sufficiently informed about protected workshops and about possibilities of supporting them the project includes awareness raising activities (e.g. an information bulletin including basic information on sheltered workshops and social service centres which is published by one of the participating banks).

A most common instrument in joint LED/CSR initiatives is the **provision of education/training measures**. Companies may become involved by either offering (financial) support to existing or newly established training providers, including schools or universities (as is, for example, rather common for multinational companies in Hungary as well as in Irish or Latvian enterprises) or more directly contribute to the design and delivery of education programmes (e.g. by discussing the curriculum or offering training to detached groups to facilitate their labour market integration). Education/training programmes directly offered by companies can be assessed to be particularly advantageous as they include 'real work life' parts (e.g. in the form of internships, training on the job) and are oriented on local business needs so that the learned capabilities immediately can be applied in practice. In this way it is safeguarded that companies receive the skills they need while at the same time the trainees do not become frustrated because of non-usable competences. Furthermore, trainees are often integrated into the companies' workforce, in some cases with the assistance of a mentor or coach, which is an important benefit for detached groups that have not been included in daily working life for a while. The provision of practical training can therefore be seen as an **effective field for employee volunteering**.

Regarding the learning contents covered, next to industry specific knowledge and skills particularly know-how in the fields of information technologies (basic computer skills, internet use, but also more advanced instruments) is covered in joint LED/CSR initiatives to adapt the local inhabitants to the modern labour market's requirements.

The Austrian Initiative REA - Regionalentwicklung Außerfern⁷² (Regional development Außerfern)⁷³ was initiated by the Economic Chamber of the Federal State Tyrol and involves all 37 municipalities of the district Reutte, the four tourism boards of Außerfern, the district office of the Chamber of Agriculture, the Chamber of Labour of Tyrol as well as several companies (including large banks). With the aim of strengthening the economy of Außerfern in an ecologically sustainable, safeguarding equal opportunities and integrating disadvantaged groups, REA has realised a cross-border training course (with Germany) in politics (especially for women), a qualification campaign regarding customer orientation in tourism (especially for family businesses in tourism) and trainings for project tutors in regional development.

⁷² For the full description of this initiative see Annex I.

⁷³ See <http://www.allesausserfern.at>

One of the fields of action refers to basic education (particularly for women and pupils) in the fields of information technologies as well as practical application of new IT knowledge in local companies. Furthermore, with the help of REA, job matching processes have been started: Companies offer placements, visits etc. to get in contact with potential job candidates (pupils, apprentices, trainees).

The large slaughterhouse Danish Crown⁷⁴ initiated a project ('Induction to new jobs - at Danish Crown in Grindsted' - 'Projekt Jobindsusning - Danish Crown i Grindsted') for the integration of long-term unemployed, including people with a criminal record, mental problems or problems with alcohol and substance abuse, in co-operation with the local authorities, the local unemployment agency, the adult education centre, and the local language-training centre. The company was interested in the project because its location in a remote part of Denmark made it hard for Danish Crown to attract workers. The local municipality rents an office in the factory for a social worker and pays her salary. The social worker is in charge of organising the programme which, in addition to teaching factory cutting techniques and anatomy lessons, includes subjects such as personal hygiene and personal interaction, regular exercise and language training. Since several of the participants have a criminal record and economic problems, the social worker at the start of the project calls a meeting with the local police department and the relevant banks in order to help the participants sort out unsolved problems prior to starting the job. Participants are required to show up for work every day and if they do not arrive, the social worker picks them up at home. If a person is absent twice, the social worker can cut off the social welfare check. This approach is called 'no hands, no cookies'. The final result is that 70 % of those who go through the programme receive a regular job offer from Danish Crown. Others find jobs elsewhere, go back to school or find flexible work. The failure rate is about 12 %.

The Greek Eurobank EFG Group with the support of the Ministry of Education and Religious Affairs launched the initiative 'The Great Moment for Education' (Η Μεγάλη Στιγμή για την Παιδεία) bestowed awards to graduates that achieved the highest grades of their schools at the pan-Hellenic university admission examinations. Each award is accompanied by a € 1,000 prize, deposited in a Eurobank EFG account in the name of the distinguished pupil. Furthermore, Eurobank EFG awards the High School that produced the graduate who achieved the highest grade in each Prefecture at the pan-Hellenic university admission examinations with a commemorative plaque and a state-of-the-art computer, thus contributing to the improvement of school infrastructure. Since the implementation of the programme in 2003, the Bank has rewarded almost 3,500 students. Eurobank EFG is currently designing a process to involve the rewarded students in a number of activities (mainly social and cultural) implemented by the Bank. The motivation to initiate the program was to enhance the skills and competences of students who are considered as the future employees of the bank.

In Luxembourg, characterised by a high importance of the financial sector, a training program ('Tremplin pour l'emploi' (stepping stone to employment pilot programme))⁷⁵ for unemployed persons striving to work for investment funds was launched on the initiative of the KNEIP Communications company in co-operation with a foundation being in charge of vocational training in the sector and establishments of the French public national education system.

⁷⁴ For the full description of this initiative see Annex I.

⁷⁵ For the full description of this initiative see Annex I.



The participants follow 400 hours of customised training (professional training for becoming accountant and transfer agent, English, excel, soft skills) and do a 4 weeks internship in one of the participating banks or fund administrations.

In the Slovak Republic, the Scholarship Programme of U.S. Steel Košice (Štipendijný program, U.S. Steel Košice)⁷⁶ aims at supporting university studies for talented students from children's homes and socially disadvantaged families from the Košice and Prešov regions. In October 2007, the programme was expanded to talented children of U.S. Steel Košice full-time employees. The Scholarship programme is characterised by financial support for university studies in Slovakia or abroad. There are scholars not only in the technical branches but also physicians, lawyers, priests, teachers, artists etc. Since the programme's launch in 2004, 148 students from a socially disadvantaged environment received the chance of full-time studies at universities in Slovakia or abroad. The scholars are often involved also in the charitable activities of the company and create a deeper feeling of mutual fellowship.

As to this regard, companies can also be seen to realise two of the major components of the **flexicurity** concept⁷⁷ (comprehensive lifelong learning strategies to ensure the continual adaptability and employability of workers as well as effective active labour market policies that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs) through the training opportunities created by firms for the benefit of local inhabitants. Via co-operation between companies, the civil society and public bodies not only internal (within the enterprise) but also external flexicurity (transition from (sheltered) job to job) is promoted.

Education/training measures in LED/CSR initiatives may, however, also refer to upgrading skills that are not directly related to work, but to help the local inhabitants in mastering/organising their life in general. Examples as to this regard are language and communication training, empowerment in the fields of social skills, motivation and confidence training for coping with daily challenges, but also job application training.

To introduce job-seekers successfully into the regular labour market, the German WABE gGmbH⁷⁸ which has been launched on the initiative of a local multi-stakeholder group simultaneously addresses and resolves social issues and develops the individual skills to raise the employability of its clients. Stable human conditions and skill development are understood to be critical pre-conditions for employment. In order to insure both requirements, WABE gGmbH provides practical support and guidance in all aspects of life and offers educational services to shape the individual skills of the job seekers. Examples include measures to support work-life balance, job application training for young persons, motivation training for elderly, coaching for single parents with high vocational skills or social work assistance for low qualified inhabitants.

⁷⁶ For the full description of this initiative see Annex I.

⁷⁷ See <http://ec.europa.eu/social/main.jsp?catId=117&langId=en>

⁷⁸ For the full description of this initiative see Annex I.

Another possibility of companies' contribution to the local population's labour market integration is the **provision of (temporary) employments** with the aim of familiarising the beneficiaries with recent working methods. At the same time, companies intend to increase the diversity among their workforce in order to mirror the heterogeneity of the (local) society. Such 'working-learning' places are, for example, often offered in the Netherlands to integrate persons with a distance to the labour market. Thereby, companies apply CSR by offering jobs to disadvantaged labour market groups. This may require particular efforts as the newly employed persons have to be slowly integrated into the team and acquainted with the company-specific working practices. In order not to leave the complete burden on the enterprises, the public sector may financially (e.g. wage subsidy) or technically (e.g. by mediating between employer and employee) support the job placements.

The French rail transport company SNCF⁷⁹ (in co-operation with municipalities, PES and local NGOs in charge of re-inclusion, sports, culture, educational aid etc.) launched the initiative 'Equality and skills meetings' (Les rendez-vous égalité et compétences) aiming at increasing the recruitment of employees originating from so-called sensitive areas of urban suburbs (ZUS). As it was realised that inhabitants of these regions hardly ever apply for jobs with SNCF it was decided to organise recruitment forums at the very heart of ZUS. In order to reach a real effect and not to generate useless frustration, these forums should not be of an 'open to every one type' but reserved to people that met the pre-required needs to apply for the jobs proposed. To ensure efficiency and professionalism for this task the co-operation with local stakeholders disposing of expertise and experience in this field was chosen. 4 weeks before a forum takes place in a ZUS, human resources managers of SNCF organise a meeting with local actors (municipality, local PES and NGOs) to present them the type of jobs that will be proposed as well as the profiles required in terms of competences and experiences. On this basis, local actors identify potential applicants that are invited to the forum. There, applicants have a face-to-face interview of 15 to 25 minutes with recruitment responsables and - if they qualify themselves - an appointment for an in-depth interview is fixed.

The Latvian Employment Measure 'During the Summer Holidays' (Nodarbinātības pasākums vasaras brīvlaikā) was set up by the State Employment Agency (SEA) and involves the corporate sector, schools as well as local and regional youth related NGOs. This initiative primarily was developed in response to the need to establish a system where young people can gain practical work experience in summer, and thus achieve greater competitiveness on the labour market when they start to search for a job. During this employment pupils are working together with a work instructor who educates them about the job specifics and introduces them to the profession. Companies invest in the training through providing the instructor and covering half of the trainees' wage (the other half is subsidised by the state budget).

In Malta, the Job Experience Scheme aims at facilitating the school-to-work transition by providing new labour market entrants aged 16 and over with no or limited work experience in their field of job preference an inkling of the world of work, thereby assisting and easing their integration into the labour market. Participants' employability is improved through breaking the vicious circle of 'no job, no experience; no experience, no job'.

⁷⁹ For the full description of this initiative see Annex I.



Job Experience Scheme participants undergo a combination of in-house training and on-the-job work experience provided by participating companies (at least 20 hours per week per person for a period of up to 13 weeks). Ultimately, the initiative helps the target group to integrate into society, while at the same time creating prospective recruitment opportunities for the organisations involved as it offers employers the opportunity to evaluate a potential employee prior to employment.

However, not in all cases thorough education/training initiatives or job placements are necessary for a successful labour market integration of the local population. In many cases it is more crucial to provide a target group with **information, advice or consultancy** as a step-stone to realise their own plans. This may refer to legal or administrative issues, information regarding public support instruments or the provision and characteristics of education/training measures, but also to alternative streams of income generation (such as the establishment of an own company, see below).

In general, it is important that the information/advice provided is practice-oriented and targeted at the addressed groups in terms of the 'media' used (e.g. personal information versus leaflets or internet) and the way the information is edited (understandable language). The information should be provided by persons experienced with the subject of advice but also familiar with the specific challenges the target group is confronted with.

With the aim of providing young people between 15 and 29 years in difficult conditions and at risk of social marginalisation with individual career plans to safeguard their labour market integration, the banking institute UniCredit Romania offered the following services to this target group:

- Information on the dynamics of the labour market (trades in demand, available jobs, labour legislation)
- Advice on establishing an individual professional plan (assessment of potentials, training in looking for a job - CV, application letter, interview - improvement of the communication skills, analysis of the employee status)
- Financial support for attending professional training programmes for professions in demand on the labour market and in accordance to the young people's options and skills
- Facilitating the establishment of contacts (accompanying them to a job fair, monitoring in the initial hiring stage, opportunities of practical trainings in firms)

In the framework of the programme, the information services assisted 185 young people, 130 received counselling, 28 attended professional training courses and 46 were offered labour market mediation services.

LED/CSR initiatives may, however, also be **targeted at the company's own employees** in terms of providing them with work-oriented skills but also training that is not only oriented on the company's needs but on a wider perspective. This is contributing to the employees' general employability and 'value' on the labour market (e.g. personal/'soft' skills, environmental or health issues).



Furthermore, initiatives to improve a firm's working conditions are making existing employments more sustainable. Respective examples include the offering of flexible working time (e.g. part-time for parents with small children or other persons with caring duties) or the free choice of the working place. So, in the Netherlands actions in the field of mobility of the employees are set, e.g. facilitating working at home. This may especially be interesting for employees that are less mobile (e.g. handicapped) or those having to commute (e.g. Maltese workforce living on the 'sister island' Gozo).

A Belgian laundry company wanted to make the workforce as diverse as the municipality's population as it realised that most clients had a cultural diverse background. The personnel mainly originated from a Belgian background. Hence, it engaged in professionalising the internal HR policy, in particular with regard to equal participation and diversity on the work floor (with a focus on women, ethnic minorities, people with a handicap), by setting up concrete action plans and targets. The initiative was possible due to the Flemish Community's funding. By now, the company functions as an example within the Brussels' context. In past years it received prizes and recognition for its efforts in the field of diversity management.

The Maltese Bank of Valetta provides a variety of courses aimed at equipping employees with the required skills to carry out their duties. However, the Bank's training programme not only targets at skill development related to the individual jobs but also aims to provide certain competences that help people in their everyday lives. For example, courses dealing with effective negotiation skills, written and verbal communication skills, coaching, first aid or Euro changeover seminars were offered.

The managers of the Canadian company Cascades⁸⁰ are convinced that the employees form the basis of the enterprise's success and are, therefore, always eager to improve the safety of workplaces, pay attention to the health and well-being of employees (e.g. sporting memberships, inter-company sporting tournaments), try to offer them competitive working conditions (e.g. an advantageous vacation system, promotion possibilities, phased retirement) and remuneration as well as fringe benefits such as a complementary retirement plan, study grants or education allowances and have established a profit sharing scheme since the foundation of the company.

5.2.3 LED/CSR Initiatives on Business Support

Many LED/CSR initiatives in various ways focus on support to businesses. In some cases this is motivated by the need for **restructuring of old industrial areas**, i.e. ways are sought to counteract a negative economic and labour market situation following from out-migrated (or closed) enterprises or because of structural change. It is rather rural than urban areas that are faced with this problem. Thereby, companies in co-operation with PES or local authorities try to find new (employed or self-employed) job opportunities for the released workforce, either by placements in other employments or by supporting further education/training (also with the aim of self-employment). This can be done in the form of financial or technical (e.g. know-how transfer) support by the involved companies.

⁸⁰ For the full description of this initiative see Annex I.



Another field of activity in this context refers to attracting new businesses or NGOs/NPOs to use the premises of the closed plant(s) in order to avoid deserted industrial areas. As to this regard the private sector may support the public sector by assisting in publicity measures and putting at disposal existing business relationships/networks to disseminate the information about the location possibilities.

In many cases these voluntary activities of the enterprises are triggered/encouraged by the public authorities that are interested in avoiding out-migration of the local population due to reduced employment opportunities as well as of other companies due to reduced business opportunities. This kind of initiatives (including, for example, complete re-skilling programmes, renovation activities or promotion campaigns for the business location) need to be of long-term character.

In Australia, it is very common for governments and the departing industry to jointly fund employment generation, if plants exit the community. Funds allocated as factories close are mainly used for re-skilling workers in job-related skills. This often includes IT training for previously manual workers. For example, recently⁸¹ two major car plants have announced their intention to close: the Mitsubishi factory in South Australia and the Ford factory in Geelong. In South Australia, a joint Mitsubishi State and Federal government fund for workers was announced to support LED in the local area. The AUS\$ 40 million fund will comprise AUS\$ 27.5 million from federal government, AUS\$ 7.5 million from the South Australian government and AUS\$ 5 million from Mitsubishi Motors Australia⁸². Similarly, when Ford Motor Company announced it would be closing its Geelong factory in 2010, the state and federal governments announced a joint government-company fund to promote industry in the region of AUS\$ 24 million⁸³.

The Austrian initiative 'Steinbacher Weg' - Wertorientierte Gemeindeentwicklung ('Steinbach Approach' - Value-oriented Community Development)⁸⁴ was established as a response to a massive economic and psychosocial crisis caused by the closure of an important local company in the 1960s, resulting in the loss of about 200 jobs. Overall, 60 local projects were carried out, aiming at the sustainable development of Steinbach. The catalogue of measures contains the following topics:

- Re-organisation of the development plan, including the revitalisation of the historical centre. This helped to strengthen the centre and avoiding splinter development.
- Restructuring of the old rectory ('Alter Pfarrhof') in order to create living space as well as location for training purposes, project development and cultural events.
- Renovation of the buildings of the closed company in order to rent them to other enterprises.

⁸¹ Status spring 2008

⁸² Source: <http://www.drive.com.au/Editorial/ArticleDetail.aspx?ArticleId=48222>

⁸³ Source: <http://www.abc.net.au/news/stories/2007/07/18/1981686.htm>

⁸⁴ See <http://www.spes.co.at/gemeinde/index.html>



Local companies provide support in restructuring the municipal power supply and sewage disposal as well as in the creation of closed economic cycles. Since 1986, 28 new companies have been established which doubled the number of existing local enterprises. Furthermore, five biomass energy local heat networks have been installed, and the number of agricultural enterprises has been stabilised. The joint activities created around 160-170 new jobs. The unemployment rate decreased (from 9 % to 3 %) and the outward movement of labour could be stopped.

When the Danone⁸⁵ production plant located in the Ultzama Valley (Spain) closed, the company in co-operation with the local and regional government as well as various union groups established a foundation for the development of productive activities in the Valley. Danone was interested in avoiding a solution based solely on redundancy payments for the displaced workers (174 persons) in part for financial considerations as well as social and brand image considerations.

So, a Social Plan was elaborated to deal with those employees that wanted to move to another Danone plant that replaced the Ultzama plant production or to search for new jobs in other local companies. Furthermore, an Industrial Plan dealt with the following actions:

- Looking for a company interested in occupying the former Danone premises
- Identify and help new or existing business projects in the Valley of Ultzama that could make use of the facilities, basically through offering start-up capital to former employees of the plant to become self-employed
- Attract diverse industrial projects and investors from outside the region

The search for new employment and the launch of self-employment was aided by professional assistance supported by Danone. For the self-employment option, Danone included an offer of start-up capital to help launching the new enterprises as well as a commitment of assistance to those in need for the following 3 years. The results of this initiative proved quite positive, with a total of 13 companies re-locating to the former Danone facilities, leading to the creation of 335 jobs (in comparison to the original 174 displaced workers).

However, there also exists a comparatively wide range of instruments aiming at generally encouraging business activity by **supporting individuals that want to become self-employed**. This is done through advice, education, access to finance, subsidies etc.

An increased level of entrepreneurship not only means employment for the new entrepreneurs but may also have effects on the wider community as the established companies at some stage may create further employment opportunities and contribute to the community by paying taxes. Furthermore, new firms may raise the degree of competition in the local market, bringing gains to consumers and young companies may also push innovation and be particularly responsive to new economic opportunities and trends which, in turn, can foster the local area's image beyond its boundaries. (Arzeni/Mitra, 2008)

⁸⁵ For the full description of this initiative see Annex I.



Joint public-private education/training initiatives may provide knowledge in the field of starting and/or running a business in order to equip prospective entrepreneurs with the expertise necessary to become self-employed. The involvement of experienced business practitioners is an asset as it ensures the provision of 'real life information' that is practically applicable. Specifically in the New Member States where the 'entrepreneurial spirit' is comparatively young and private business entities still have to cope with challenges of the economic transformation direct experience with entrepreneurial activities, familiarity with business practices and related tacit knowledge is important to help new firms establish and develop. This all the more, as the connection between formal educational curricula and local economies and business communities are in many of the New Member States far from optimal. (Blokke/Dallago, 2008)

Particularly for specific sub-groups of the labour force self-employment may be a good alternative to dependent employment. This holds true, for example, for elderly that are hard to place in employment because employers often see them as more expensive and less productive than younger ones. But they dispose of considerable know-how and experience that can be well used for economic purposes. Another example refers to persons with caring obligations who need to have flexible working times and - ideally - workplaces (i.e. have the possibility to work at home). However, while there is a multitude of business start-up initiatives targeted at the youth, women or migrants/ethnic minorities, elderly do not seem to constitute a specific target group for such initiatives. This may be explained by the fact that the difficult labour market situation of young persons, women and migrants/ethnic minorities (i.e. higher unemployment rates, lower qualification levels, disruptions in the employment biography etc.) is much longer on the policy agenda than the issue of the ageing workforce is⁸⁶, particularly in the New Member States. (Mandl et al., 2005)

Entrepreneurship initiatives may not only focus on bringing hard-to-place persons into self-employment but on generally creating a positive image of entrepreneurship within the local area and/or create willingness among youngsters (young adults or even school children) to become self-employed.

In this context, the CSR contribution of the firms can either be financial (e.g. by providing cheap loans or subsidise entrepreneurship education or the business set-up) or 'in kind' in terms of providing business knowledge (through employee volunteering) or facilities/premises to the new companies. Particularly the enterprises' contribution of expertise is enriching start-up support programmes. The practical orientation is assessed to be an important value-added and positively influences the sustainability and survival of the start-ups. As to this regard, it is also essential that the support does not end as soon as the company is established but accompanies the young entrepreneurs throughout the first phase of the companies' existence.

⁸⁶ Discussion at European level started 'only' around 1990.

The Body Shop Australia⁸⁷ formed a partnership with the Federal Government to provide free-of-charge education and training to mothers of all ages being not in formal education or in the active workforce and wishing to start their own business. The partnership aims at assisting them in developing alternative income streams and re-engagement in local communities. The intention is to help them identify business opportunities and develop personal and business related skills for establishing their enterprise. The project has drawn upon Body Shop facilities, utilising its training centre for the workshops and the input of The Body Shop team in terms of presentations at workshops and expertise within the company that can be applied to a business problem being faced by a client of Bizness Babes. The programme ('Bizness Babes') is offered 5 times per year and includes about 10 workshops about entrepreneurship (business ideas, business planning, communication, sales basics, negotiation, market research, target markets, personal strengths, taxation, financial planning, action planning and trends). It runs inside school hours and provides childcare support within the training premises. Intense support and encouragement continues beyond the end of the formal workshops and is available for up to 4 months. The intention is to help women over the initial business challenges they face via coaching and personal support.

On completion of the course, participants are eligible to apply for interest free micro loans of up to AUS\$ 5,000 from American Express (being a joint sponsor of the programme). Several micro-enterprises were founded, lessening the participants' dependence on welfare. Another outcome was an increased level of self-confidence among the women and many participants entered some form of paid work or education after the programme.

Michelin Poland⁸⁸ (in co-operation with other foreign investors, the local government, banks, universities, NGOs etc.) founded the Fundacja Rozwoju Michelin with the aim of increasing the technical and organisational level of SMEs, stimulating the development of SMEs in the Warmia-Mazury region and the creation of new, stable workplaces. The initiative offers two forms of support: economic (loan guarantees for investment loans for companies) and technical (free consulting services). Since the beginning of the initiative in 2004, 14 companies from the region have been assisted financially, and as a result 155 durable workplaces have been created. At the same time 14 sessions of technical assistance have been conducted within and outside the Michelin factory.

In Slovenia, the initiative 'Junior Achievement - Young Enterprise, Institute for entrepreneurship education of young people' (Junior Achievement - Young Enterprise, Zavod za podjetniško izobraževanje mladih)⁸⁹ performs and develops business and entrepreneurship education and training for young persons at elementary and secondary schools in co-operation with business and education organisations and public institutes. The main topics of so far conducted programmes are creativity, independency, team work and responsibility for businesses, economy, careers' development and entrepreneurship. Programmes are performed by business people (volunteering in terms of conducting training sessions) in co-operation with teachers.

⁸⁷ For the full description of this initiative see Annex I.

⁸⁸ For the full description of this initiative see Annex I.

⁸⁹ For the full description of this initiative see Annex I.



The initiative provides several programmes on entrepreneurship (JAMP - my enterprise, Economics for success, Summer camp of entrepreneurship, competitions and trainings) which are mainly very practically oriented. Programmes are performed in co-operation between teachers and advisers. A business adviser (so called mentor entrepreneur) is a special guest and expert in a specific field. His/her role is to introduce a specific topic to the total education programme. All education programmes are free of charge. Participants are motivated directly in schools, by organising round tables, conferences and seminars, as well as by publicity (articles in national and local newspapers, short broadcasts on radio and TV). At the local level the Institute tries to co-operate with the local economy and communities to jointly promote the initiative and to include local needs into the programmes. Since 2004, more than 2,000 young people participated in the programmes. The network has 60 partner secondary schools throughout Slovenia.

CSR activities in the field of business support also refer to fostering **co-operation among local companies**. Through local collaboration (instead of working with, for example, international companies) economic sustainability may be enhanced in the local area which, in the longer run, safeguards and/or creates jobs. These types of LED/CSR activities are initiated by a single or few firms and over time expanded to numerous other companies in the local area.

The concrete approaches of such LED/CSR initiatives include know-how transfer among local enterprises, joint tendering, co-operation in the marketing of regional products, and sub-contracting at local level or the joint development of products.

The Australian BHP Billiton Iron Ore launched the Indigenous Contracting Initiative the objective of which was to mentor indigenous owned companies (and businesses which have significant levels of indigenous employment) in the fields of the commercial contracting process in order to create independent and sustainable businesses. Eligible businesses need to demonstrate that they have genuine representation from the local indigenous community either in ownership, management or employees and have business objectives aligned to BHP Billiton's corporate commitment to this community. Local indigenous businesses are given practical guidance, training, tools, skills development and mentoring to empower them to participate in tendering procedures. BHP Billiton has also reviewed its approach to standard procurement to identify opportunities for indigenous contracting businesses. Opportunities identified include:

- Sole sourcing of goods and services rather than competitively tendering
- Isolation of separable portions of work within projects that could be sole-sourced to indigenous contracting businesses
- Utilisation of different cost structures so that BHP Billiton Iron Ore is absorbing more risk
- Providing positive weighting in tender evaluations
- Increased internal effort and commitment to the management of the post award relationship
- Taking into account performance differences in some circumstances



5.2.4 LED/CSR Initiatives on the Revitalisation of the Local Area

Many initiatives aiming at **providing local services/infrastructure to improve the local quality of life** do not necessarily show an immediate link to the employment situation. On the one hand, for example, efforts to offer more or better **education providers** (or support their activities by financially backing their infrastructure) or **communication infrastructure** are linked to a better labour market integration of the local population. Such initiatives influence local inhabitants' employability on the labour market which consequently becomes more attractive for businesses to locate there.

The Polish Grupa Lotos⁹⁰ supports the local high school by equipping its chemical laboratory upon request of the school's headmaster. The support had a form of donation for which a formal agreement has been prepared. The school had to create a report confirming the proper usage of the received donation. Modernisation of the laboratory resulted in improved quality of teaching that many pupils took part in. Furthermore, Grupa Lotos co-operated with Politechnika Gdańska in launching a new specialisation: Technology of Refinery and Petrochemical Industry. The classes are held by company's employees who use their experience for preparing lectures, laboratory classes and student apprenticeships. Students who graduate will have a chance to find employment in company laboratories and technological units. Although no promotional activities were undertaken, the specialisation met significant interest of students and during the recruitment procedure the number of candidates was higher than the number of offered places. The initiative also allows employees of Grupa Lotos to gain new experience connected with teaching.

In 2005, Orange Romania⁹¹ joined the National Regulatory Authority for Communications and the Ministry of Communications and Information Technology in an effort to facilitate the access to information for people living in rural areas. Development of telecentres is intended to establish infrastructure 'bridgeheads' in the areas with extremely low coverage or with no coverage at all and, therefore, to stimulate future market supply, facilitating natural rollout of telephone networks. At the same time, deployment of telecentres helps educating consumers to use the electronic communications services, which would consequently increase future market demand in the rural areas. The company became involved in the projects 'Universal Service' and 'Knowledge-Based Economy' as it considers it important to contribute to community development also by means of its technology. In the framework of Universal Service telecentres being equipped with at least 2 phones, 2 computers connected to the internet and a fax machine were deployed in 5 Romanian villages (further ones are planned). All inhabitants may use this technology to communicate domestically and internationally and to become familiar with the new technologies. The project Knowledge-Based Economy deals with the implementation of Local Community Electronic Networks in regions with comparatively poor information access. These networks connect the main social, economic and educational institutions in the local communities - the school, the city hall, the library - and the Internet Public Access Point. So far, 9 networks were established (6 with the contribution of Orange; to implement these networks, Orange provided both reductions for complex services and free services.).

⁹⁰ For the full description of this initiative see Annex I.

⁹¹ For the full description of this initiative see Annex I.



In the Spanish Valdorba Valley the private enterprise Energía Hidroeléctrica de Navarra (EHN) in co-operation with the municipal authorities of the Valley's villages, the regional government and public educational institutions engaged in several initiatives intended to boost the social and economic welfare of the area. For example, a windmill park was established that allowed an important inflow of financial resources to the area. Furthermore, a local job-creation company (Orbalan SL), intended to generate employment and retain the population in the local area has been created. Orbalan SL focuses on the recruitment of people from underprivileged groups (women, young people, people over 45). The joint activities resulted in enhanced business activities in the region and a considerable improvement of the labour market situation.

Similarly, **care facilities** for children and elderly (becoming increasingly important) are **a pressing issue** (traditionally particularly for women, but nowadays also for lone parents). In many European countries, care facilities are not (or not to a satisfying extent) offered by the government - opening the floor for respective initiatives of the employer. This holds particularly true for small municipalities that do/can not offer such infrastructure due to their limited budget and the comparatively low demand. Nevertheless, a company needs to have attained a certain size in order to dispose of the necessary financial resources and a minimum demand by the employees.

Support of cultural, environmental or sports events/organisations can indirectly benefit the local employment situation as it may improve the quality of life in the local area. This, in turn, may raise the willingness and ability to work of the local workforce as well as attract additional workforce into the region which is an important precondition for enterprises to settle there and create further jobs.

Companies' CSR contribution to such local programmes of public authorities or NGOs/NPOs may have the form either of financial donations or of active involvement in terms of employees' volunteering or provision of materials needed to realise the envisaged measures.

The Canadian financial cooperative Desjardins⁹² operates an assistance fund ('Fonds d'aide au développement du milieu') to favour the growth of projects with structural and catalytic effects on the region, i.e. projects that promote sustainable development and social responsibility. From the creation of the fund in mid 2002 up to June 2008, Desjardins gave nearly CAN\$ 750,000 to 85 different organisations in the region of Matane to promote projects with a promising outlook for the community. The target groups are diverse: young people, the elderly, ecological and environmental projects, and various economic, social and community stakeholders in the region. The areas of activity are greatly varied: education, sports and leisure, heritage, health and social services, cooperative and community development, and arts and culture. The initiative 'On the border'⁹³ (På Gränsen/Rajalla) was established in the Swedish/ Finnish border region and deals with the erection of a joint centre in between the two participating cities Haparanda (Sweden) and Tornio (Finland) where one can find - besides commercial services - also apartments, educational possibilities, jobs, culture and free-time options.

⁹² For the full description of this initiative see Annex I.

⁹³ For the full description of this initiative see Annex I.

One of the aims of the project was to create the pre-conditions to further develop service and accommodation for the inhabitants in the region to increase the quality and comfort of the local surroundings. To achieve these goals, public authorities approached the furniture company IKEA to invest in the region in terms of locating a new store in the border area which, in turn, was supposed to attract further investors. IKEA took the decision on a market based calculation based on research that the area could attract about 2 million customers annually. After the IKEA decision to invest, many local actors that previously were afraid of enhanced local competition changed their mind and became more positive and followed up to make investments in the local area. The effect of the measure manifests itself, among others, in an increase in the number of municipal inhabitants (opposing a previous out-migration tendency), a decrease of unemployed, price increase in land and property goods, improved optimism among the inhabitants as well as an ameliorated business climate.

Quality labels pinpointing the service and product quality of a local area may be used as supra-company marketing tools and enhance the regions visibility and appreciation beyond the area's borders. In some cases it may be challenging to convince local enterprises to participate in the image creation and dissemination in co-operation with their direct or indirect competitors, but normally the companies understand the potential that is inherent in such joint activities, particularly if they are organised, managed and monitored by an objective third party (e.g. a NGO/NPO or the local government).

Quality labels, hence, may foster local co-operation and, consequently, economic cohesion while at the same time improve social cohesion and the commitment of the local inhabitants towards their place of living.

In 2003, products of the Czech Tesco⁹⁴ home-brand have been officially recognised for their quality and their quality-control system. Thus, they became a part of the government's programme aiming at supporting good quality local goods called 'Czech Quality'. Its goal is to create a united system that will enable to point out trustworthy and independent Czech trademarks, based on objective examination of the quality of the products or services by a third party. Trademarks admitted to the programme have the right to use, together with their own logo, also the logo of 'Czech Quality' that shall become an orientation point for the customers and a proof of the trustworthiness of the given trademark. Tesco participates actively in the 'Czech Quality' programme by evaluating new products that aspire to be admitted under the Tesco trademark. These products are checked for all required quality criteria - the Tesco trademark is granted only if all the quality criteria are met. In this way, Tesco contributes to governmental programmes for the enhancement of quality production by supporting competent food producers and suppliers. The activities have been permanently developed and modified according to the actual situation and needs, particularly of the community and consumers. In this way, local producers were supported to increase their competitiveness. This was also fostered by an information campaign of Tesco in co-operation with the Ministry of Agriculture of the Czech Republic (i.e. information stands have been established in several Tesco markets) to improve consumers' awareness of the programme, focusing on the support of Czech products.

⁹⁴ For the full description of this initiative see Annex I.



5.2.5 LED/CSR Initiatives to Promote CSR

Some LED/CSR initiatives work on a meta-level and aim to promote CSR in the local business community. This includes, for example, the production of **practical guide-lines/handbooks** on how CSR may be implemented. As to this regard, the active involvement of companies already experienced in CSR is a key factor as they have thorough insight into the business case of CSR and can give hints and tips to other companies. CSR lead firms can participate in public awareness raising and/or information campaigns by providing **know-how transfer** to other local enterprises. The know-how transfer may either be done by making accessible the gained CSR knowledge to a wider target group (e.g. by contributing to web-based CSR platforms or CSR events) or in a more bilateral form of a kind of 'CSR coaching/mentoring' between two enterprises.

The Canadian company Cascades⁹⁵ makes it a point of honour to share its know-how in sustainable development and continuously seeks new ways of doing more in this area. Consequently, Cascades is present at many events devoted to this theme. In 2007, it proudly supported the Tremblant Forum on Corporate Social Responsibility and sustainability organised in Montreal by Unisféra. Cascades has also collaborated in the University of Sherbrooke's International Forum on Applied Sustainable Development. In its fourth edition in 2004, this forum gathered 140 participants coming from different companies interested in social responsibility, NGOs, governmental organisations as well as academics⁹⁶.

The main objective of the Portuguese 'Oeiras PRO - Organisations Social Responsibility Project' (Oeiras - PRO: Projecto de Responsabilidade Social das Organizações)⁹⁷ led by the Oeiras Town Council chairing a group of partners operating in the Oeiras municipality is to promote and implement CSR. An analysis of the local area has shown that companies are not familiar with the concept and its potential benefits while, however, the local community would need such engagement by the enterprises. Consequently, it was envisaged to put in place a system aiming at promoting, developing, sharing, and disseminating CSR practices in the county and, simultaneously, increasing the employability of the socially vulnerable groups of the local population. For this purpose, the following activities have been set:

- Creation of a Centre for Organisational Responsibility and Innovation (CRIO) aiming at developing, testing and disseminating management tools designed to facilitate the implementation of CSR
- Creation of a Corporate Social Responsibility Local Observatory to follow up CSR activities in the municipality with the aim to interpret and analyse the methods and systems used and their transfer to other organisations
- Creation of a Communication and Corporate Social Responsibility Knowledge Platform and Communication Plan
- Creation of a Corporate Social Responsibility Manual and a Corporate Social Responsibility Kit
- Setting up of consulting panels with the project beneficiaries
- Creation of a Corporate Social Responsibility Communication Manual

⁹⁵ For the full description of this initiative see Annex I.

⁹⁶ See http://www.crsdd.uqam.ca/Pages/docs/pdfAccueil/Communique_tremblant.pdf

⁹⁷ For the full description of this initiative see Annex I.



The activities are partly funded by the CSR budgets of private firms. Local organisations with CSR practices shared and disseminated their practices to be transferred and experimented in other organisations. Furthermore, co-operating large and medium-sized enterprises are supposed to provide free services to local social enterprises which is normally carried out through volunteer work of employees of the profit oriented companies (e.g. one firm, the Lisbon underground, sent a team from its purchasing department to develop and install an inventory management system in a home for elderly and activity centres for the elderly).

Increasing the visibility of firms' CSR activities is helpful to enhance their motivation to become engaged in initiatives. Indeed one of the most important driving factors for CSR engagement is a company's intention to improve the corporate image. Such efforts may refer to support in marketing the enterprises' CSR involvement (e.g. by assisting the elaboration of CSR reports) or actively promoting them (e.g. by **prize awards**).

Three of the five Annual Awards of the Bulgarian Business Leaders Forum (BBLF) (Годишни награди на Българския форум на бизнес лидерите за отговорен бизнес) for Responsible Business are granted to activities/projects which have a direct impact on local economic and social development:

- Investor in Community - promoting leaders in responsible business practices that benefit long-term social development and well-being
- Investor in Environment - recognising the achievements of companies who pioneer environmentally friendly policies and products, and encouraging others to follow their example
- Investor in Human Capital and Working Conditions - acknowledging the successes of companies striving for sustainable development through encouraging the continuous professional growth of their employees and performing practical steps for improving the working conditions for their employees

The companies applying for the awards should have initiatives/projects meeting the following criteria:

- Benefit for society
- Work in partnership with other organisations
- Engagement of the whole company in the implementation of the project/s
- Duration and consistency of the initiatives
- Innovativeness
- Public evaluation

The main objective of the awards is to give credit to companies with considerable record in the field of Corporate Social Responsibility and encourage other business leaders to start or further develop socially beneficial activities.



In March 2004, the French Minister for Equal Opportunities introduced the 'Equality Label' to boost equality and professional diversity in companies and public administration. The equality label - the result of work carried out with social partners - is not a certification scheme like ISO but a means of recognising organisations that wish to publicly demonstrate their long-term commitment to gender equality in the workplace to their employees, customers and shareholders. Companies striving to obtain the label must submit an application to an independent body (AFAQ-AFNOR⁹⁸).

This body decides whether to award the label after consulting a committee made up of 5 government representatives, 5 representatives of employees' organisations and 5 representatives of employers' organisations. The label is awarded based on requirements in three areas:

- Measures undertaken to promote professional equality, including activities to inform and raise the awareness of managers and employees of diversity and equality
- Policy towards human resources and management, including measures to ensure equal access for both genders to vocational training or the analysis of indicators regarding the general employment and training conditions of men and women in the company
- Encouraging a good balance between professional and family life

In March 2006, the set of requirements was scaled down for companies with less than 50 employees in order to take into account their constraints. The equality label is awarded for 3 years and is subject to verification after 18 months to ensure the company continues to meet the criteria.

In practice, however, consumers often are not willing to pay higher prices for 'CSR products or services' and/or do not see the value-added of voluntary activities of the companies. Hence, this may result in a situation in which CSR active companies realise a competitive disadvantage compared to other enterprises. The suspect or ignorance of clients and consumers can be overcome by more actively involving them into the companies' responsible actions. Hence, instruments by which public and private actors jointly promote the idea of CSR and as much as possible involve the inhabitants in their activities may raise their awareness about local problems and result in new ideas about how to solve them.

In Spain, saving banks ('Cajas de Ahorros') are by law obliged to devote about 30 % of their profits after tax to social activities ('Obra Social'). In general, it is the governing body that decides about the main beneficiaries of these important resources. Caja Navarra (CAN)⁹⁹, however, since 2004 gives its clients the possibility to decide who the beneficiaries of the social investment should be (through the initiative 'You Choose: You Decide'). Every client that is contracting a financial product or services with CAN is requested to decide the way he/she would like the 'social' money to be invested, from a list of eight main areas of action (disabled people, co-operation, research, employment and entrepreneurship, welfare, sports and leisure activities, patrimony and heritage preservation, culture, environment). The amount of money devoted depends on the products/services and amount the client has contracted with CAN. Since 2006, clients may also choose concrete projects the money is devoted to and take part in them via voluntary work.

⁹⁸ See <http://www.afaq.org/web/afaqinstit.nsf/volfr/serlab>

⁹⁹ For the full description of this initiative see Annex I.



5.2.6 LED/CSR Initiatives for Empowerment of Local Actors

LED/CSR initiatives may also follow objectives only indirectly benefiting the local employment situation. One of these objectives refers to the empowerment of local actors for local employment development. As shown in Chapters 3.1 and 4.3, the multi-stakeholder approach in LED is a relatively new instrument which is not yet that widely applied as it could be. This may be explained by reluctance of potential partners to co-operate, but also by a lack of information/know-how why and how such collaboration could be organised to be mutually advantageous. Consequently, initiatives **raising** relevant stakeholders' **awareness** about the possibilities to co-operate as well as the potential benefits for all involved parties can be seen to be an important pre-condition for the establishment of multi-stakeholder partnerships. However, in some cases this may need to be accompanied by **information and know-how provision** about working methods, co-ordination procedures, monitoring systems etc.

These types of initiatives are valuable if both, public and private actors of the local community are addressed; the knowledge transfer is oriented on practical information and conducted by peers that can report about their own experiences. Respective empowerment does not only increase partners' willingness to co-operate but can also be seen as an important success factor in the implementation and execution of joint LED initiatives (also see Chapter 7.5).

The Bulgarian Local Economic Development Partnership (Българско партньорство за местно икономическо развитие) aims at capacity building of Bulgarian local governments to implement a systematic and sustainable approach to local economic development. In this context, participating municipalities are certified as 'Ready for Business'. Basic LED training for municipal LED professionals was provided by U.S. practitioners (in former times) and the Bulgarian Foundation for Local Government Reform (FLGR) (nowadays). FLGR administers a certification process to verify that a municipality and its staff are dedicated and prepared to assist existing businesses and potential investors by establishing fair, open and applicable business friendly approaches. The certification includes the maintenance of an extensive inventory of sites and buildings available for development, the preparation of a detailed workforce analysis and development programme and its implementation, the development of a long-term strategic economic development plan, the maintenance of an online database of industries and distributors as well as the establishment of an Economic Development Advisory team of key businesses and citizen groups. In this context, local businesses are co-operating with the local authorities to approach and solve local economic development problems. Thus, the local policy becomes more transparent and less vulnerable to corruption. In addition, by realising and exploiting the potential for local development the commitment of enterprises towards improvement of the local environment (environmental protection, improvement of infrastructure, education and social care) is increased. The success of the programme has resulted in a change in the mindset of many mayors and other local government officials of Bulgarian municipalities who now recognise the key facilitating role of local governments in fostering LED and understand the value of the professionalism to sustainable economic growth. Economic Development Advisory committees have been established in most municipalities of the network. They regularly include local businesses representatives. The German State Initiative Enterprise CE [Enterprise's Civil Involvement] (Landesinitiative Unternehmen BE [Unternehmen bürgerschaftlich engagiert]) aims at enhancing companies' community involvement.



This is to be done by promoting and disseminating concepts, practices and tools among enterprises to build co-operations with actors of the civil society to mutually solve societal problems and to develop collective CSR strategies. Besides other CSR issues, one objective of the project is to improve the social and working conditions in the region. A report on selected network examples was published, describing cross-sector learning experiences on how to install and organise co-operations as well as how enterprises can profit from such networking initiatives. Outcomes are: active participation in tackling problems at local level, knowledge of citizens that companies do contribute to social and cultural welfare, publicity for actively involved businesses, contacts between different companies, e.g. in the field of apprenticeship, visibility as an attractive employer because of community involvement practice.

Also instruments facilitating **networking with various stakeholders** are an important type of joint LED/CSR initiatives. Networking may be effected among various private actors or between public and private actors, including NGOs/NPOs. At the same time, to avoid 'lock-in effects' it is important to develop networking across the borders of the local area (i.e. exchange with other localities, but also internationally).

Green Net Finland provides solutions for environmental problems through building focused environmental business clusters where the resources and expertise of large companies are linked together with those of SMEs and public organisations. Based on the needs assessment conducted among the companies and other organisations active in the environmental field, the network was set up to provide a forum for co-operation in business, marketing, education, product development and information sharing. Green Net Finland has about 60 member organisations including Finnish SMEs and other companies, education, training and research as well as other public sector organisations. The activities carried out mainly refer to networking, co-operation and exchange of know-how as well as promotion of the development of the environmental technology field to support local enterprises to market their products adequately. The results are more work possibilities via the increase of the number and the growth of companies.

5.2.7 LED/CSR Initiatives on Environmental Protection

Initiatives aiming at environmental protection may either refer to specific activities to **foster the sustainability of the physical surrounding** or to a more general approach in terms of jointly elaborating **environmental management strategies**. They can be seen to contribute to local employment development in a three-fold way - all of which are indirect and materialise in the long-run:

- Firstly, environmentally friendly production practices result in a higher sustainability of the natural resources and, consequently, in the business activities being based thereon. This, in turn, safeguards the jobs in these companies. Environmentally friendly production can also lead to new and innovative business models with considerable growth potential.
- Secondly, environmental protection contributes to the quality of life in the local area, making it more attractive as a place for living and, hence, attracting workforce to the area.



- Thirdly, if the initiative reaches a 'critical mass' in terms of making the local area visible as an environmental friendly business location and this is used as a marketing tool to promote local goods and services, this may attract enterprises and/or counteract delocalisation tendencies leading, in turn, to the maintenance or creation of employment.

Initiatives dealing with environmental management and the implementation of **environmentally friendly production** processes are rather pursued by enterprises active in sectors exploiting natural resources (e.g. wood/paper) or subject to production processes that are characterised by a comparatively higher level of environmental pollution. In many cases it is a larger company that - not at least due to the pressure of the end consumer to act environmentally responsible - continuously strives to improve the production process in terms of environmental sustainability. This, in turn, requires 'environmentally friendly supplies' of raw materials, hence the established standards are disseminated to and expected from suppliers and other business partners. However, respective activities may also be driven by small companies and spread across the whole local area as the following example shows:

The Austrian 'Bioregion Murau'¹⁰⁰ which is based on the initiative of a small bakery, a small plumbing company, an organic farmer as well as a rural development agency has as objective to develop the regional economy and to stabilise agriculture in order to increase the regional value-added. Co-operation and networking between agriculture and tourism shall stimulate tourism as well as create and safeguard jobs. In more detail, the development objectives set by the initiative refer to:

- Use of renewable energy (biomass, solar etc.) up to a level of 100 % by the year 2015
- Raising the share of organic farming from 25 % to 30 % (average in Austria: 11 %)
- Maximum possible use of natural resources like wood
- Preserving ecologically valuable living environment
- Raising the supply of organic food in the Bioregion Murau in the framework of direct marketing up to 100 %
- Informing and awareness raising of the local population regarding the origin of food
- Establishment of value added partnerships in the field of (organic) farming, economy and tourism through expedient co-operations

Information provision or **awareness raising campaigns** on environmental issues may be started by Public-Private Partnerships, addressing the general public, the customers or the employees of the participating enterprises. Companies' activities in this field mainly refer to financial donations as well as supporting NGOs/NPOs in the environmental field, e.g. by employer supported employee volunteering in information events.

¹⁰⁰ For the full description of this initiative see Annex I.



With the aim of motivating employees to refrain from using their cars to come to work the Belgian company ColruytGroup¹⁰¹ decided to provide their employees with bikes that are stalled at the train station and that can be used to reach the site ('Pendelfietsen' initiative). By doing so, some 200 employees have switched from car to train and bike to come to work. ColruytGroup has broadened its commuting policy making it accessible to more employees. It has received extra funding from the Flemish government for that purpose. For ColruytGroup the initiative further enhances its positive image established through its CSR policy.

In the last few years, the Canadian paper company Cascades¹⁰² has oriented its CSR initiatives on donations and sponsorships toward the environmental sector. Furthermore, Cascades has associated with Équiterre, a well known ecological organisation to which it supplies the paper required for all its promotional tools. In 2007, company employees participated in a number of waste reduction activities in the framework of the Québec Garbage Reduction Week. Cascades also co-operates with Earth Day, an association which has helped advance the 'Porteurs d'espoir' (Bearers of Hope) recognition programme aimed at rewarding a person who stands out through his or her environmental contribution.

The Greek Piraeus Bank launched the initiative GREENbanking (Πράσινη Τράπεζα) which in the meantime has been extended from firm-level to supra-firm level with the aim of benefitting the local economy and community. The purpose is to promote, both to customers and the broader public, the opportunities provided by Piraeus Bank for investments in clean technologies and new services that are also beneficial to the environment. Specifically, visitors to the GREENbanking branch may:

- Become acquainted with the environmental policy of Piraeus Bank and how it is realised in practice
- Learn what the Ecological Footprint of a company is, how this affects the environment and society and what benefits emanate from its reduction
- Be informed of how climate change can be a risk to businesses and how this risk can be successfully addressed
- Find out about the European Union's environmental policies, the trends, the obligations and the new opportunities to invest in renewable energy and clean technologies
- Learn how they may benefit from reducing energy consumption or by building according to bioclimatic principles
- Benefit from the green products Piraeus Bank has designed and discover how these products help society in general

¹⁰¹ For the full description of this initiative see Annex I.

¹⁰² For the full description of this initiative see Annex I.

5.3 Geographic Orientation of the Initiatives

As mentioned in Chapter 3, there does not exist a standardised definition of 'local'. Consequently, the existing LED initiatives integrating companies' CSR activities in Europe, Australia and Canada (Québec) also differ with regard to their geographic orientation. In any case, it has to be kept in mind that any 'local' area (independently of its geographic scope) is linked in myriad ways to wider social, economic and political processes and that the boundaries of 'the local' may shift during the lifetime of a LED/CSR initiative if the instrument is expanded or reduced in terms of involved public authorities, NGOs/NPOs, companies or target group members. (Goodwin/Painter, 1996)

The locality of implementation may vary from being focussing on a local (rural or urban) area to regional, national or even cross-border areas. The initiative may be targeted at specific administrative units (e.g. municipalities, provinces, federal states) or use other spatial criteria, such as a certain labour market area (determined, for example, by the geographic commuting areas) or the geographic extension of business activities of the involved enterprises.

To give just a couple of examples regarding the understanding of 'local' in the framework of LED/CSR initiatives, the following geographic boundaries of the analysed case studies can be mentioned:

- While the Austrian case studies refer to administrative districts of about 1,300 km² with slightly above 30,000 inhabitants, one of the Australian case studies targets at a similar population size (about 39,000 inhabitants) within an area extending to almost 508,000 km².
- In contrast to that, for Portugal case studies have been found that focus on a local area of less than 50 km² with, however, as many as 170,000 inhabitants.
- One of the French initiatives does not address one specific local area, but focuses on all 751 so-called sensitive areas of urban suburbs (ZUS). These are characterised by particularly problematic labour market situations, e.g. high unemployment rates among young people.
- Initiatives going beyond national boundaries refer, for example, to the Austrian 'Regionalentwicklung Außerfern'. In this region, cross-border collaboration has a longstanding tradition as one of the Austrian municipalities can only be reached from Germany, solely, and within the whole region there exist 7 open border crossings to Germany while there is only one road link to the Austrian central region that is accessible throughout the whole year.
- An even more emphasised international approach can be found within the initiative 'On the border' aiming at building a centre for commercial services, housing, education and leisure activities in the middle of the border line between Sweden and Finland (cities of Haparanda and Tornio). The administrative border has been felt as 'unnatural' for 200 years as the sister cities have historically been a natural region of trade and exchange, including a lot of commuting.

These examples show that an important pre-condition for establishing a LED/CSR initiative is the clear understanding of what should be achieved with the initiative. In some cases it will be more appropriate to focus on administrative units, particularly if taking into account responsibilities and possibilities of (local) governmental authorities. In other cases an orientation on the economic coherence, the labour market region (e.g. commuting areas) or restrictions of service provision may be better.





6 Organisation of LED/CSR Initiatives

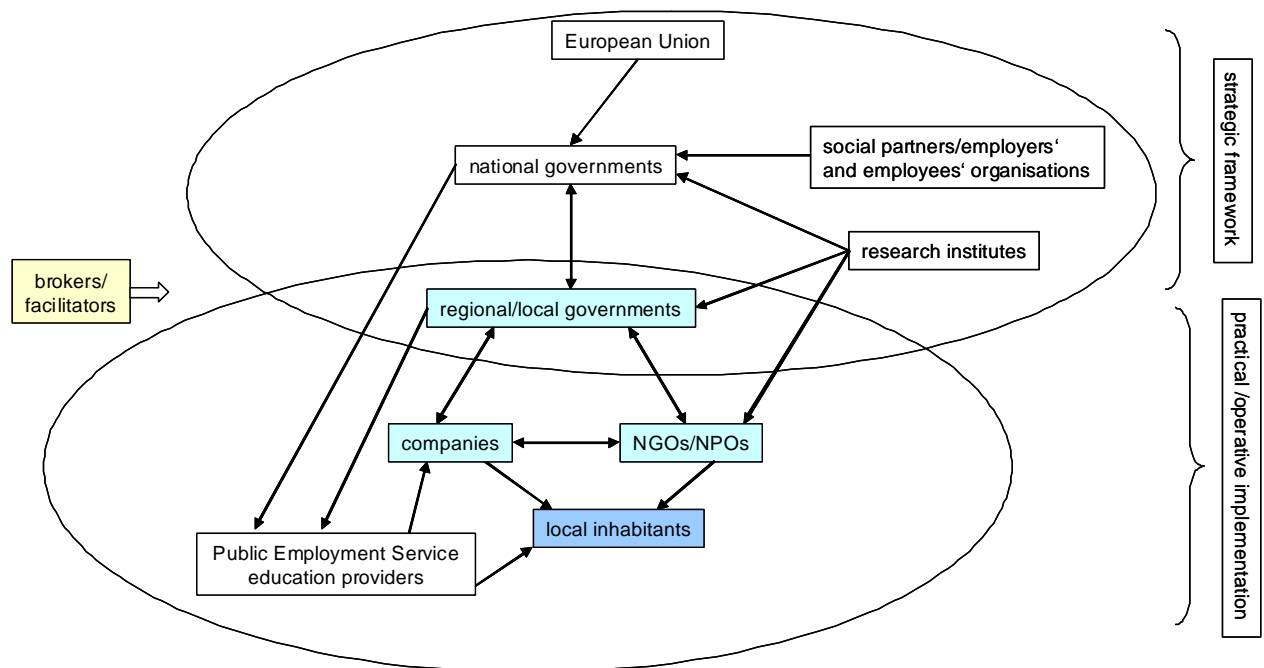
6.1 Involved Stakeholders and Their Roles

6.1.1 Overview

Local employment development initiatives in general and those with a strong CSR component in particular are regularly characterised by a multi-stakeholder approach with the participation of a multitude of different types of actors stemming from the public, private or third sector.

The most important **parties initiating and/or involved** in LED/CSR initiatives are illustrated in the following figure. Companies, the third sector as well as regional/local governments constitute the core players and most important actors in those initiatives having as a direct or indirect aim the labour market integration of the local population. National governments, social partners, PES, education providers and research institutes influence the framework conditions and/or support the practical implementation of the instruments. Brokers and facilitators are neither directly nor indirectly involved in the initiative but influence their establishment and success by contributing to appropriate pre-conditions for implementation.

Figure 6 Overview on Most Common Actors and Their Roles in LED/CSR Initiatives



Source: Austrian Institute for SME Research

6.1.2 Patterns of Engagement of Companies

Through their CSR activities **private enterprises** are certainly key partners in joint LED/CSR initiatives. Basically, a firm's CSR contribution to an initiative can be **financial**, i.e. provision of money, or **non-financial** including e.g. the provision of jobs, the offering of education/training measures, provision of consultancy and technical assistance, making available their products and services, participation in the curricula development or other forms of employee volunteering. Another lever for a firm to pursue social goals is through **sub-contracting** and placement of orders.

When searching for case studies of local employment development initiatives being based on enterprises' CSR activities a certain dominance of **rather large (and often multi-national) companies** can be observed. However, this does not necessarily mean that small business entities do not become involved in such initiatives. By contrast, previous research has shown that also **small companies are highly active in CSR** due to the personal feeling of entrepreneurs that also businesses should act socially responsible (Mandl/Dorr, 2006), and that their CSR activities are often **focussed especially on the local level**. However, their involvements and contributions may not be as visible as that of larger enterprises as their (financial or non-financial) contribution - obviously - will be more limited compared to large firms. Furthermore, smaller companies do not tend to use their social responsible acting as a marketing tool, resulting in a lower degree of communication and publicity about their activities. However, as SMEs constitute the vast majority of European enterprises and generally dispose of a good awareness about their social responsibility, particularly at the local level, their role in and contribution to local employment development must not be neglected in overall terms. This not at least as CSR activities of smaller businesses are not only targeted at the local level in most cases, but is also often related to the core activities of the firms (i.e. accruing the profits in a socially responsible way rather than spending the profits for societal purposes). This makes these CSR activities less dependent on the economic situation of the firm.

This seems to hold particularly true for **family businesses** that constitute the majority of European enterprises (about 70 % - 80 % according to estimations). Family businesses are prevalent in all size classes and across all economic sectors and especially the smaller ones attribute considerable importance to aspects like norms, values, trust and social engagement. Furthermore, in order to uphold the company's good reputation (that is often linked to the family name) and their social networks within the local community (among which the family often also lives) they are often very inclined to become involved in CSR activities, particularly in activities targeted at benefiting the local population.

From the analysed case studies across Europe, Australia and Canada it can be concluded that it is almost always individual enterprises which link with a LED/CSR action, due either to their own initiative or as they are approached and asked for co-operation by (local) governments or NGOs/NPOs. Only in very rare cases already existing **enterprise networks or clusters** are involved in the measures. Rather, the establishment of sustainable alliances follows from collaboration of private and public actors in the frame of a LED/CSR initiative. However, among the LED/CSR initiatives no example has been found that can be referred to as a 'cluster' as understood in the narrow sense, i.e. horizontal as well as vertical formal and informal relationships among companies following a joint development of vision for business growth and including a common enterprise support structure such as a formal cluster management (Porter, 1999 or Cooke, 2000).



Enterprise networks do develop within LED/CSR initiatives, if local 'lead companies' (i.e. the most important local businesses in terms of size, position in the value chain, popularity etc.) participate in the initiative from the very beginning on. In this case, three different mechanisms of attracting additional companies to the initiative can be observed:

- Companies that are sceptical concerning the participation in publicly led programmes or that are not sure about the benefits of the investment (in terms of financial means or human resources) become less reluctant to join the initiative, if important market players are already involved as these are often referred as a kind of 'role model'. This holds particularly true, if the activities transparently show the positive effects for the lead company. Examples of such can be found in the Estonian initiative 'Youth to School' or the Swedish/Finnish initiative 'On the border'¹⁰³ for which the person in charge of the programme noticed a considerably higher willingness of other enterprises to become involved after one important market player (Hansapank in Estonia, IKEA in Sweden/Finland) had joined the initiative.
- Key players, on the other hand, often have the 'local power' of forcing other companies to become involved. Such may either be realised formally, e.g. by establishing codes of conduct that need to be followed by local enterprises, or informally, by communicating that no co-operation will take place unless the other companies conduct socially responsible business activities.
- Also the third mechanism is an informal one and may be referred to as 'peer pressure'. If some of the local enterprises participate in LED through their CSR activities, other companies may 'have to' join respective initiatives, too, as otherwise - against the background of local competition - they may face a loss of prestige since clients may expect such responsible behaviour. This holds particularly true, if the local economy is much concentrated in few sectors of activity as is, for example, the case in Luxembourg. In the framework of establishing a joint public-private education programme for unemployed persons who wanted to become active in the investment fund sector, the CSR culture was disseminated among the companies by appealing on their social responsibility ('Can investment funds that develop so successfully in Luxembourg stay indifferent to the situation of the environment to which they belong, especially if they can in the end benefit from it by reducing their workforce shortage?').

Particularly in the case of SMEs the **formation of company groupings** may be of relevance in LED initiatives as in this way the above-mentioned comparatively small contributions of each individual business can be accumulated and result in a more important impact for the local community. At the same time, costs/efforts for the companies could remain small and, therefore, acceptable.

¹⁰³ For the full description of the initiatives see Annex I.



In the Portuguese 'Oeiras Solidarity'¹⁰⁴ initiative the Town Council envisaged to tackle local social problems by channelling financial and in kind support derived from the CSR programmes of private companies. This programme operates as a social responsibility investment club following a 'cafeteria' approach. Under the chairmanship of the Oeiras Town Council the participant corporations make the individual decision to participate in specific social projects selected from a list drafted by the Town Council. The corporations, besides selecting the projects to be sponsored, also define the kind of contribution they will be providing (financial, in kind, volunteer work etc.). The programme is flexible allowing corporations to start or discontinue their participation at their own will. Between 2004 and 2007, the number of participating enterprises has grown by 4 - 5 times, involving now about 50 companies.

With regard to the better integration of both, employers' organisations and cluster organisations as intermediaries to foster companies' CSR activities at local level, it may, for example, be drawn on the findings of the project 'CO.OPE.R.A.T.E'¹⁰⁵ which has been funded by the European Commission, DG Enterprise and Industry in the framework of the 'Mainstreaming CSR' programme. The project aimed at promoting and diffusing the concepts, practices and tools of CSR in SMEs operating in clusters, by relying on the role of intermediary institutions.

It is self-suggesting that those **sectors** showing higher willingness to engage in CSR in general are also more represented specifically in LED/CSR initiatives. These are, on the one hand, sectors that generally suffer from a rather negative image in the society due to activities that are assumed to harm the workforce or the environment (some manufacturing industries or industries exploiting natural resources) or because they are said to be purely profit-oriented (like, for example, the banking sector). On the other hand, the more active sectors include industries that offer consumer related products and hence, have to safeguard their competitiveness in a mass market (e.g. retail trade).

In Denmark, for example, particularly the **finance community** is growing in importance as contributors to LED initiatives by focusing more and more on employing people with reduced capacity for work. In Bulgaria, the banking sector is increasingly involved in LED on an ad-hoc basis in form of financial donations for social purposes. In Australia, next to the financial sector also the **mining sector** is triggered to participate in LED due to an increased public scrutiny. With reference to the banking sector in general, examples from Canada show that institutions organised as cooperatives are more interlinked with a local community and their CSR activities are therefore primarily locally oriented.

The analyses conducted in the framework of this study showed that there are some countries in which the **reluctance of companies to participate in LED** through CSR activities is rather high. In Poland, for example, it is reported that public actors are better represented in local partnerships than private ones whereby particularly companies show little interest to participate (which, in turn, is regarded as one of the main weaknesses of these partnerships in terms of a suspected lack of adequacy or durability of the measures)¹⁰⁶.

¹⁰⁴ For the full description of the initiatives see Annex I.

¹⁰⁵ See <http://www.cooperateproject.sssup.it/index.htm>

¹⁰⁶ Nevertheless, following specific requirements of the programmes funding local initiatives (e.g. LEADER) there also exist instruments in which companies are involved or which are even launched by enterprises.



Also Hungarian businesses - as they are rather young and hence, more interested in survival than in 'business social awareness' - often lack the strategic vision to see the benefits or to have the motivation to become engaged in local employment development. The shadow of the black or grey economy is cited in Hungary as a deep-seated obstacle to employer participation, although moves to reduce bureaucracy in employment laws are expected to reduce this hurdle.

Hence, although in an important number of initiatives analysed in this report enterprises have been the driving force (or at least one of them) behind the establishment of the measure, there also exist many examples showing that the private sector is rather difficult to convince about the mutual benefits of such shared activities. This is to be attributed to the fact that in general they prefer to dilute their money in their own company (e.g. for the benefits of their own workforce or the improvement of stakeholder relations or product improvements) than to invest in wider community concerns.

6.1.3 The Role of NGOs and Social Enterprise

In many cases community support is widely carried out by **civil society organisations** (e.g. NGOs/NPOs or the church), e.g. activities to foster labour market integration of disadvantaged or detached groups, tackling environmental issues, fostering culture or sports etc. Therefore, the third sector often becomes the **driving force** in LED/CSR activities, lobbying for their fields of interest and thereby raising awareness of the general public, private enterprises and the public sector for specific societal and environmental issues.

The third sector often tries to convince both, potential public and private partners to participate. NGOs often act as a bridge builder between the public and the private sector and take charge of the design, implementation and co-ordination of the individual measures, thereby also managing the diversity of objectives/motivations among the involved stakeholders. In other settings, NGOs/NPOs are involved in a joint initiative of governmental authorities and enterprises to use their **specific expertise about the local area** and its characteristics, the individual **field they are active in** (e.g. disabled, female workforce, youth, elderly, environmental protection etc.) and/or their **closeness to the target group** addressed, making it easier to approach these groups and convince them to participate. This is an important function, particularly if 'problematic' target groups are to be involved (e.g. persons with a criminal record, previous drug addicts, homeless persons etc.) as they are in general not familiar with the procedures related to support initiatives and may, furthermore, be characterised by a certain degree of mistrust towards public authorities and private enterprises. Moreover, in cases in which the CSR activities are not directly related to the businesses' core activities NGOs/NPOs may fulfil the role of a facilitator or intermediary for the realisation of the initiative as the firms lack the distinctive know-how necessary for the implementation of the planned activities.



In Australia, for example, charities and NPOs have an important part in LED as they create a wider community role for CSR by finding greater efficiencies in the ways in which corporate contributions are delivered. Thereby, the boundaries between the two sectors (i.e. private and third sector) have become more porous. There is a greater level of interaction and mutual support between businesses and NPOs, often referred to as 'community-business partnerships'. (Zappalà, 2007) It is estimated that almost one in five businesses in Australia engages in some kind of partnership with NPOs.

The 'driving force' of the third sector can also be shown in Belgium where CSR initiatives are often highly formalised and do not always originate from individual organisations but are often established within or resulting in the creation of specific organisations to deal with CSR (e.g. structured partnerships or NPOs).

In general, most NGOs/NPOs are oriented on **specific target groups** (e.g. women, lone parents, disabled, previous drug addicts etc.) and develop/offer services fostering the labour market integration of these groups. For this purpose these third sector organisations approach (local) governments as well as enterprises to attract funding for their initiatives which are based on their substantial know-how about the target group in general and its local situation in particular.

As a synopsis and typology, the following overview depicts **firms' principle local CSR approaches** with reference to roles of and co-operation with third sector organisations.

Table 2 Modes of Co-operation between Companies and the Civil Society

	Direct contribution	Indirect contribution
Financial contribution by firm	<p>firm gives e.g. prize money; financial support for students; start-up capital</p> <p><i>this may be technically supported by NGOs</i></p>	<p>firm financially assists NGO or other organisations and their projects</p> <p>funding of one NGO/project vs. a variety of NGOs/projects</p> <p>more firms may pool their funds (e.g. SMEs)</p> <p><i>social activities carried out by NGO</i></p>
Non-financial contribution by firm	<p>firm provides e.g. jobs, training, technical assistance and consultancy, its products and services, other forms of volunteering</p> <p>firms may also found a separate social enterprise to do this</p> <p><i>this may be technically supported by NGOs</i></p>	<p>firm provides technical assistance, consultancy, other forms of volunteering, its products or services to NGO</p> <p><i>social activities carried out by NGO</i></p>
Sub-contracting	Placement of orders according to social criteria (e.g. to social enterprises)	

Source: Austrian Institute for SME Research



First, a company may provide *money* to *directly* support a specific target group. For example, the Slovakian company U.S. Steel Košice provides scholarships to talented students, thereby enabling them the access to university studies. As the accepted students are free to choose between studies in the Slovak Republic and abroad, the NGO SAIA assists the company with regard to university exchange programmes. In many cases, the effectiveness of this type of CSR activity is, however, disputable.

Alternatively, a firm can *indirectly* dedicate *money* to social purposes by financially assisting (projects of) specialised NGOs disposing of relevant expertise in the intended areas of social intervention. A respective example constitutes the Canadian company Cascades that financially supports the ecological organisation Équiterre. A different approach has been chosen by the Spanish bank Caja Navarra that annually devotes about 30 % of their total profits after taxes to a large number of different local NGOs (e.g. more than 2,000 in the year 2007).

Third, an enterprise's social contribution can be *direct* and of a *non-financial* nature, which e.g. includes the provision of work experience, training (on the job), volunteering, or making available the firm's products/services. This type of activity is often co-ordinated with external organisations, frequently NGOs, and here the firm regularly brings in its original core competences which ensures a significant value added for the initiative. Such is, for example, been done by Marks & Spencer Ireland that offers job opportunities for homeless persons and lone parents. Thereby, it is supported and advised by local NGOs focusing on these target groups.

Finally, a company's *in-kind contribution* may be '*indirect*', too, as it can be in support of a relevant NGO working for local social aims. The Czech company Plzeňský Prazdroj, for instance, contributes to the development of management capabilities of civil society organisations and supports the start-up of social enterprises (through business plan development).

Social enterprises may constitute an important lever for companies' CSR activities, especially through **sub-contracting** and order relationships. In Australia, a certain degree of reluctance from government to directly co-fund programmes of LED based solely on corporate CSR is assumed. Government is assessed to prefer funding and supporting social enterprises which maintain business partnerships. In this way government is enabling businesses to participate in the process without supporting profit-making directly. As an example, the Queensland government focuses much of its employment generation on social enterprises with the aim of providing disadvantaged job seekers with skills and experience needed to fully participate in the labour market. In Québec (Canada), each local development centre (see above) disposes of three funds, one of which is devoted to the expansion of social enterprises. In Europe, the majority of social enterprises are locally rooted and are acting at a local level (Heckl et al., 2007).

However, there also exist examples showing a rather **limited role of the third sector** in local employment development. In Denmark, for example, LED initiatives primarily have a public authority at regional or local level as the key provider of services for the unemployed. Civil society, such as the established church, NGOs or NPOs, has no significant role. Furthermore, the activities of the third sector are also hampered where these entities heavily depend on public funding and are hence strongly exposed to changes in national policy.



6.1.4 The Role of Government

Regional and local governments first of all take an **active role** in LED/CSR initiatives by acting as (funding) partner in the initiatives. In cases where they are responsible for the organisation and implementation of the measures they are also engaged in marketing activities to increase the community's awareness on the social, labour market or environmental problem and to enhance the visibility of the individual initiative.

In the Portuguese Oeiras municipality the Town Council is, among others, responsible for two local employment development initiatives integrating enterprises' CSR activities (Oeiras - PRO: Organisations' Social Responsibility Project and Oeiras Solidarity). The Town Council actively approaches potential partners and asks for co-operation, often based on longstanding previous collaboration. Furthermore, the Town Council identifies, assesses, documents and regularly submits projects of social development to be supported by taking advantage of inputs from local NGOs. Information about future and ongoing actions is disseminated and formal as well as informal contacts to local companies are established. With regard to individual projects, the Town Council is conducting a follow up of the execution (i.e. monitoring of the outcome).

Secondly, they are involved in the measures from a more **strategic** point of view. They are providing their local expertise to the national government in the framework of the design of policies, strategies and instruments. Thereby, they also contribute to the design of the work programmes of public education providers or the Public Employment Service. Furthermore, they adapt the general political strategies to the regional/local environment. Consequently, many LED/CSR initiatives are embedded into a wider policy framework in terms of aligning to strategies elaborated by the national, regional or local government (e.g. equal opportunities, diversity management concerning youth, elderly, women, migrants, disabled). This is mainly found in initiatives launched by governmental bodies, but also in third sector instruments that orient themselves on the wider framework to safeguard the allocation of funds. In the framework of the analyses for this project also initiatives could be identified that do not explicitly refer to public policies but are implicitly oriented on them in terms of addressing the same issues covered there. However, also stand-alone measures solely reacting to a specific need of the initiating organisation or the region where it is launched without any policy orientation can be found. This will often be the case in measures driven by private companies.

The **national government** in most of the cases sets the general framework strategy under which the individual initiatives are designed and elaborated (including the above-mentioned work programmes of public education providers and the Public Employment Service) and provides the financial means for their practical implementation (see also Chapter 4.2). So, for example, in the Czech Republic the central government considerably influences individual LED/CSR initiatives. It aims at fostering the participation of enterprises and social partners in national policies for solving local employment problems by offering grants to companies and NGOs to be invested in projects dealing with education, human resources' advice, the creation of training opportunities or similar.

Activities of the national government may also be focused on specific **priority issues** in the field of LED and/or CSR. So, for example, for the last two decades the Australian government has developed laws to recognise native title, i.e. the recognition and acknowledgement of the rights and interests of indigenous people under their traditional laws and customs under Australian law. Against this background also the Western Australian government has set a focus on the support of indigenous people, and consequently, the company BHP Billiton¹⁰⁷ was triggered to establish an Aboriginal Affairs unit within the company dealing with activities to encourage the indigenous communities to actively engage with the company and the offering of programmes of employment, education, training and culture.

6.1.5 Other Actors: Social Partners, PES, Education and Research Institutes

Social partners or employers' and employees' organisations contribute to the development of strategies and programmes through consultation with national, regional and local governments. As they are often active at all administrative levels (i.e. national, regional, and local) they contribute to ensure the coherence between the different strategies and facilitate both, the top-down as well as bottom-up approach.

Furthermore, they play the role of a mediator between public and private organisations or fulfil their representation task and, thereby, pool individual company's or employee's power in influencing public policies. In the operative execution of the LED/CSR initiatives they are, however, hardly ever involved.

Public Employment Services, education providers and research institutes may be considered as facilitators in the practical implementation and execution of the LED/CSR initiatives. They support the public and private partners by offering services ('delivery brokers') in their specific line of action (i.e. matching on the labour market, provision of education/training measures, provision of local information), thereby contributing to the efficiency, effectiveness and professionalism of the initiative. In some cases they are sub-contracted for their services, in other cases they are - similarly to the private and civil sector - participating on a voluntary basis, triggered by their social responsibility.

So, for example, in the initiative 'Pendelfietsen'¹⁰⁸ of the Belgian ColruytGroup, dealing with the provision of bikes for commuting employees and the maintenance of these bikes through a local social enterprise, the target group of the social enterprise is addressed through the Public Employment Service.

The same approach is also followed in the German WABE initiative¹⁰⁹ to ensure that the target groups are easily made aware of the offered services.

¹⁰⁷ For the full description of this initiative see Annex I.

¹⁰⁸ For the full description of this initiative see Annex I.

¹⁰⁹ For the full description of this initiative see Annex I.



In Luxembourg's initiative 'Tremplin pour l'emploi'¹¹⁰ co-operation is even taken one step further as the Public Employment Service not only approaches the target group but also is responsible for the pre-selection of candidates. The organisation in charge of supplying vocational training specific for the investment fund industry supplied the training courses in the framework of the initiative and was also responsible for the management of financial aspects.

The initiative includes a cross-border component as an establishment of the French public education system provided general education such as Excel, English and soft skills training. The involved company which was the driving force behind this initiative was in charge of the overall co-ordination of the programme.

6.1.6 Intermediary Organisations as Facilitators and Brokers

Next to the actors discussed above also intermediary organisations may play an important **facilitator or broker** role in LED/CSR measures. They are not directly involved in the initiative as such but substantially influence the pre-conditions for its formation. For example, specialised CSR organisations assist companies in the design or implementation of their CSR activities and, thereby, ensure the pre-conditions for the realisation of such measures (namely, the willingness and ability of enterprises to engage in CSR). Furthermore, **established intermediaries can act as a platform for dialogue** among the different stakeholders and so provide a 'safe place to collaborate' between businesses, NGOs/NPOs and (local) governments.

Similarly, the (local) media acts as a crucial information broker by disseminating information about LED/CSR initiatives. In this way, potential participants become aware of the project and may join the network. Furthermore, often enterprises favour to participate in measures for which information is spread as this enhances their popularity and image within the (local) community.

Body Shop Australia, in the framework of its initiative 'Bizness Babes'¹¹¹ aiming at empowering women for self-employment initially intended to establish the contacts to the target group through welfare agencies. However, it turned out that women involved with welfare agencies tended to be in crises and not interested in starting a company. Advertising in local community newspapers was the alternative approach and proved very successful. Media coverage has been extensive. In particular, a daytime television appearance resulted in a large number of enquiries.

The Austrian 'Bioregion Murau'¹¹², having been established by few small enterprises with the aim of achieving social, economical and ecological sustainability of the local area participates in events and fairs and presents its visions and tasks on an own website¹¹³. In 2005, in the framework of the TV programme 'Aufgegabelt' (engl. 'taking a forkful') two episodes were produced which were broadcasted several times in German speaking countries. Since 2005, the magazine 'Aufleben' (engl. 'to liven up') is published quarterly as Sunday supplement of the daily newspapers 'Kleine Zeitung Steiermark' (engl. 'Small Newspaper Styria') and 'Presse' (engl. 'Press') in Vienna, providing information about the initiative.

¹¹⁰ For the full description of this initiative see Annex I.

¹¹¹ For the full description of this initiative see Annex I.

¹¹² For the full description of this initiative see Annex I.

¹¹³ <http://www.bioregionmurau.at>



6.2 Working Processes and Ways of Co-operation

The co-operation and working procedures among the different parties varies considerably from initiative to initiative, not only as regards the involvement of the various types of actors and their roles but also concerning the **formality of their collaboration**. While in other examples the collaboration is rather informal, the Australian partnerships between companies of the mining and banking industry, community groups and NGOs are established with clear, contractual agreements that specify mutual objectives and ensure clarity of roles and responsibilities. It can be observed that with increasing complexity of the initiative (e.g. with regard to the number of involved stakeholders, the necessity to establish formal partnerships due to the funding programmes' requirements etc.) the degree of formality increases. In some cases, even an individual entity (often a foundation or a NGO/NPO) is established to 'represent' the initiative as such.

To systemise and optimise the charity work of various regional players, including enterprises and the local government, in the framework of the German WABE¹¹⁴ initiative a registered non-commercial association (social enterprise) has been founded to create objective and sustainable organisational structures to conduct the envisaged activities. This organisation improves and systemises the dialogue between the public and private sector, facilitates the exchange of knowledge and experience and offers the opportunity to find new and collaborative solutions to integrate the so called hard-to-place job-seekers into the primary labour market.

In order to deal with the restructuring process resulting from the closure of a Danone¹¹⁵ plant in Spain, a specific foundation for the development of productive activities in the concerned valley was set up. Relevant actors within this foundation included Danone itself, the regional government, the City Hall and, finally, the unions active in the plant (4 separate union groups). The leading role within this foundation was assumed by Danone itself, which was successful enough to convince all parties about the interest of becoming part of this foundation. This was especially difficult with workers' representatives as they were very sceptical about the success of the initiative in the initial steps.

The analysed case studies have shown that - due to the heterogeneity of involved stakeholders, resulting in a diversity of different interests followed - a **co-ordination unit** is necessary to balance the varying ambitions of all partners and ensure a sustainable and shared vision of the initiative. In practice, this is done by establishing an independent body or by launching a decision making forum in which all stakeholders may participate. This may be formal or informal, with more general duties or oriented on specific tasks. Furthermore, in some cases permanent structures were established while in others temporary units have proven to be more successful. While rather informal and ad-hoc structures often show the advantage of quick decision making they pose the risk that the taken decisions are not borne by all stakeholders of the initiative as they were not asked about their opinion. In contrast to that, the establishment of thematic working groups linking experts in the thematic field of the initiative is advantageous as it results in slim decision making structures while at the same time ensuring necessary competences and also commitment.

¹¹⁴ For the full description of this initiative see Annex I.

¹¹⁵ For the full description of this initiative see Annex I.



An important aspect is, however, that the local focus must always be included. So, the responsible co-ordinator (of working groups as well as the initiative as a whole) has to have good insight into the local challenges, needs and institutional structures as well as to have a good standing within the local community. Nevertheless, in order to avoid lock-in effects an external consultant supporting the initiative with a 'bird's eye's view' can be recommended.

The consortium of the Austrian 'Bioregion Murau'¹¹⁶ consists of 3 working groups (organic farming/products, gastronomy/trade/tourism, energy). Each working group consists of a manager (speaker) and approximately 7-10 members such as farmers, representatives of agricultural organisations, tourism boards, enterprises, or public organisations. The tasks of the working groups include the co-ordination of the implementation of measures and safeguarding continuity in terms of further development. Decisions are made with consensus between the project manager of the overall initiative, the speakers of the working groups and the external project consultant.

The cities involved in the Swedish/Finnish initiative 'On the border'¹¹⁷ have since the start led the project in form of an official project team with a designated project leader. Nevertheless, the project team is an ad-hoc organisation and changes depending on what issue is involved. Which additional partners should be included is decided informally upon the project leading team and the project leaders as well as the chair of the municipality board, the environmental board, the local government commissioner and formally the board of the municipalities.

The team could consist of the staff of the municipalities that have been involved together with the social agency, technical units, external consultants who are experienced in international work and have knowledge of both countries' laws together with the Swedish road administration. According to the project leader it has been a great asset to have the road administration as part of the team as an important part of the initiative dealt with road infrastructure improvements.

Co-operation within the initiatives follows **network-like modes** rather than more institutionalised procedures or top-down decision making as the latter would incur considerable transaction costs and curtail the autonomy of the involved organisations. Nevertheless, with a growing number of participants a higher level of institutionalisation is needed to ensure transparency, accountability and formal representations.

Although key partners (e.g. the mayor of the municipality or the local market leading enterprise) may be considered to dispose of more influence regarding the design or implementation of the initiative, the **use of power is actually limited** as members would leave the network, if they are forced to act against their will or have the feeling that their (pecuniary and/or non-pecuniary) cost-benefit-ratio is not acceptable any more. Hence, joint decision making and management of the initiatives seems to be the only way to safeguard the sustainability of the instrument.

¹¹⁶ For the full description of this initiative see Annex I.

¹¹⁷ For the full description of this initiative see Annex I.

This also pinpoints the role of **social capital** and other **intangible assets** (such as a shared vision or common values) for a LED/CSR initiative's progress. As to this regard, Lowndess and Wilson (1998) mention that the 'health' of social capital in local areas is affected by the design of non-elected and elected agencies as well as the formal and informal institutional arrangements that link different bodies involved in local decision making and service delivery. Thereby, social capital is seen to be particularly established through face-to-face interaction and informal networks and contributes to the pursuit of shared goals. This, again, shows the important role of the third sector in LED/CSR initiatives as these often link the public and the private sector organisations - which is the pre-condition for the development of local social capital. Consequently, the public sector - by deciding upon the level of support of NGOs and NPOs - has an indirect influence on the creation of social capital, but also on its mobilisation (e.g. in terms of fostering the population's engagement in civic activities).

As an example for the importance of social capital, for the Austrian 'Regionalentwicklung Außerfern'¹¹⁸ (REA) it can be observed that the way of working is mainly based on trustworthiness, know-how transfer and communication between all relevant stakeholders of the managing board. Besides the formal meetings, REA also has working groups, project groups and informal meetings.

Similarly, for the German WABE¹¹⁹ initiative communication plays a decisive role. Informal contacts based on social cohesion as well as the strong commitment of the persons involved are considered to be important pre-conditions for the success of the WABE initiative. The combined management of high-ranking representatives of the municipality and the local economy does not only increase the legitimacy of the project. By bringing together different players, competences were combined and bridging effects were achieved between the private and the public sector.

LED initiatives being based on companies' CSR activities succeed in a combination of functional and territorial modes of **governance**. The initiatives are centred on a specific problem or task (e.g. the labour market integration of certain groups of inhabitants, revitalisation of the local area etc.) while at the same time strongly depending on territorial interaction in terms of the local community being the common denominator to organise co-operation. However, the conducted analyses lead to the result that LED/CSR initiatives 'only' contribute to its enhancement in a consultative way. This means that local actors provide their expertise and advice to public authorities but are not really involved in the process of designing policies or strategies. Third sector organisations, for example, may receive financial support from local authorities and are drawn at for information about the local labour market situation, but institutional arrangements do not allow them to access the policy making process.

Furthermore, it has to be considered that local areas are neither autonomous nor isolated from wider administrative structures (often with regard to both, public as well as private actors) and related processes and links (also see Goodwin/Painter, 1996). So, local authorities have to orientate their activities on the strategies defined by the regional, national or even European level and also local branches of multinational companies have to follow the instructions of their headquarters. This, naturally, limits the scope of actions - also in terms of local governance. This is particularly true in countries with centralised systems of public administration (e.g. the United Kingdom).

¹¹⁸ For the full description of this initiative see Annex I.

¹¹⁹ For the full description of this initiative see Annex I.



6.3 Motivation of Companies to Engage

The decision of companies to participate in multi-stakeholder partnerships for the benefit of local employment development is strongly related to the advantages the potential parties expect for themselves. For all involved parties the **requirement for multi-stakeholder partnerships** of European (e.g. LEADER) or national programmes providing funds certainly constitutes an important driver.

Public authorities generally want to involve the private sector in local employment development for **social or economic reasons**. On the one hand, the participation of enterprises in LED might immediately improve the labour market situation (e.g. due the reduction of unemployment if jobs are offered to disadvantaged groups) or in a longer-term perspective the quality of life in the region benefits as living standards increase (resulting, in turn, in a higher purchasing power, a better social welfare level, the reduction of crimes or suicides etc.). On the other hand, economic motives refer to additional financial funds made available by the companies (also involving the possibility of sharing risks) or the expectation of an economic up-turn of the region due to enhanced or qualitatively improved business activity (e.g. if start-ups are fostered or labour force is up-skilled). This can lead, in turn, to an increase of the taxes paid to the government. Furthermore, public actors want to involve companies because they dispose of experiences and know-how in the design, implementation and management of specific complex tasks.

The general objectives of UK local partnerships (e.g. Coventry, Southampton or Telford and Wrekin Partnership) are to co-ordinate local public and voluntary services dedicated to resolving problems of employment and social exclusion. The private sector is included, partly because of its involvement in public service delivery nowadays, and partly because government wants to use its advice in improving public services. Also, there is some hope by central government that, through CSR, firms might become involved in funding and leading social policy initiatives.

From the viewpoint of the municipality and its administrative bodies the German WABE¹²⁰ initiative provided the opportunity to invest in firm-owned training entities with the intention to further professionalise and to improve the productivity of the LED projects. One aim was to improve and systemise the dialogue between the public and private sector, to facilitate the exchange of knowledge and experience and to find new and collaborative solutions to integrate the hard-to-place job-seekers into the primary labour market.

The motivation of the **enterprises** to become engaged in local community issues can range on a spectrum from '**obligation**' (the company's discretion to participate in CSR is for any reason limited) to '**philanthropy/altruism**' (an intrinsic desire of the entrepreneur/manager to become engaged in respective activities for social/personal reasons)¹²¹. **In practice, however, not a single motivation but a bundle of motives will be the basis for an enterprise's engagement in CSR.**

¹²⁰ For the full description of this initiative see Annex I.

¹²¹ In a similar way Møller/Erdal (2003) refer to 'need orientation' vs. 'opportunity orientation'.

In Slovenia, companies are joining the educational measure 'Junior Achievement'¹²² for several reasons:

- They are aware of their Corporate Social Responsibility
- They know that by participation at Junior Achievement programmes young people get information and knowledge useful for their life
- Through their funds Slovenian pupils are enabled to get free of charge entrepreneurship education
- They could find potential employees who are interested in entrepreneurship and already have some knowledge about it
- Participants are able to join the company faster and more successfully, what is very important for companies in a dynamic environment

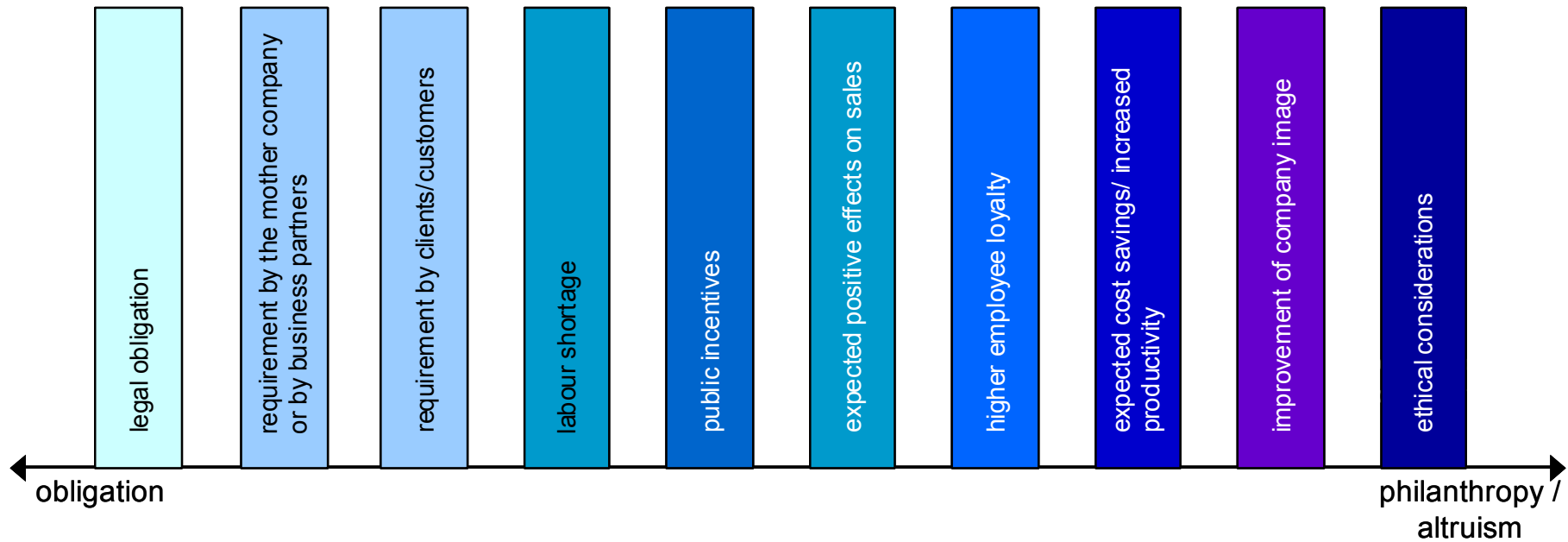
Furthermore, the transition between these two extreme positions is rather fuzzy and a respective classification may also depend on national framework conditions. So, for example, while labour law in the former EU-15 requires companies to set specific measures, similar (or even the same) activities may constitute voluntary/philanthropic measures in less regulated countries of the New Member States¹²³.

¹²² For the full description of this initiative see Annex I.

¹²³ An example is obligatory employment quotas for persons with disabilities, which do not exist in all countries.



Figure 7 Companies' Motivation to Engage in LED through CSR Activities



Source: Austrian Institute for SME Research



In general, it should be assumed that the decision to engage in CSR lies in the sphere of the ethical/moral standards of the decision makers in the organisations. Compared to the United States, for example, Europe is, however, often propagated to be characterised by a lower degree of **philanthropy**. This may be rooted in the more sophisticated and elaborated systems of social welfare established in Europe over centuries as well as the higher level of taxes laid upon enterprises and individuals to provide for public services. Furthermore, Europe disposes of a long tradition of donating to social organisations (e.g. NGOs/NPOs, the church), discharging enterprises and individuals from additional activities for the benefit of the (local) community.

Nevertheless, it can be observed, for example in Austria or Ireland that **altruistic** reasons or the personal feeling of social responsibility is the main driver for launching CSR activities. This seems to be particularly true for smaller companies and family businesses in which the owner has a strong commitment towards his/her local surrounding due to comparatively close relationships to the local community (customers, employees, partners, neighbours).

For example, the motivation for Marks & Spencer¹²⁴ Ireland to provide training and job opportunities for homeless persons and lone parents is predominantly altruistic. Marks & Spencer Ireland is inundated with job applications and is in no way dependent on extending their recruitment to marginal groups.

In contrast to that, such an altruistic motivation seems more limited in e.g. Poland, Romania or Spain. Here, **economic objectives** are most prominent in the CSR decision making process. In Denmark, the ethical and the financial motive are almost equally important: A positive influence on the enterprise's **financial result** (achieved by higher sales, a larger clientele, realised cost savings or an increased productivity, for example) may well be cited as the justification for the CSR activities of 56 % of enterprises while 69 % give ethical and moral reasons (including, however, the reputation of the enterprise and attracting and retaining employees) as the primary motivating factors behind CSR.¹²⁵ Similar can be observed in the Netherlands where about 41 % of SMEs (5-99 employees) engage in CSR because they think it is paying and about 38 % because they have the feeling that 'they should do so' (EIM, 2007).

Important drivers for CSR are the wish to **improve the companies' image** and to **fulfil clients' expectations**. This is particularly true in countries where the population is comparatively well informed about socially responsible acting and, hence stakeholders (customers, employees, investors, communities and governments) have respective expectations towards the suppliers of products and services. Such can be observed in Australia, particularly for the mining and the banking sector (Anderson and Landau, 2006), but also in many European countries.

Next to that also workforce oriented objectives are relevant. CSR is undertaken to achieve a **higher loyalty of incumbent employees** or a status of an enhanced team building / a better work atmosphere. Also reducing workers' absenteeism is a frequently cited motive. Companies may also be driven to engage in activities dealing with the social inclusion of detached groups or providing employment and training opportunities for disadvantaged groups in order to realise a workforce diversity that reflects the diversity of the local community.

¹²⁴ For the full description of this initiative see Annex I.

¹²⁵ Source: http://www.ec.europa.eu/enterprise/csr/documents/mainstreaming/ms_sme_topic2_people.pdf



This is not only done because of a felt moral obligation but also in order to attain higher competitiveness. The local community also constitutes the firm's clientele and for local minorities it may be more convenient to be serviced by employees disposing of similar cultural background and language.

In Australia, Latvia, Lithuania and the Netherlands, for example, companies set employee oriented CSR activities to **attract personnel** on a highly competitive labour market characterised by **labour shortages** or a lack of potential employees with the skills needed. This leads to the willingness to deal with instruments favouring the employment of those with reduced skills to fill the personnel gap, particularly if access to public funds is safeguarded by participating in support programmes.

An example for this kind of motivation constitutes the slaughterhouse Danish Crown¹²⁶. The company faced persistent recruitment problems because the factory's location in a somewhat remote part of Denmark made it hard for it to attract workers. Through close co-operation with the local municipality they were able to launch comprehensive training programmes that served their needs. They were able to reintegrate long-term unemployed persons who had nearly been given up by the social system. Another reason for engaging in the project was a sense of obligation towards employees as well as the local community. It was important to them that the Danish Crown workforce reflected the surrounding society. Finally, it was important for Danish Crown to communicate both internally and externally to customers that they, as the fourth largest company in Denmark, were a socially responsible company.

Similar holds for the Hungarian company DENSO. In 2007, the company erected a new plant within the region the enterprise was already active in and hence, needed additional employees with specific skills. Consequently, the engagement in local employment development in the form of participating in educational initiatives was seen as an investment in the future of the enterprise with the advantage of having the possibility of influencing the curriculum, the subjects covered or the extent of practical working knowledge included in the training.

Luxembourg is the world leading place for investments funds. This economic sector has recorded a constant growth for the last 15 years and needs to recruit many significantly qualified people but faces a workforce shortage. The problem is that Luxembourg's education system does not provide training programmes adapted to this situation. Therefore, KNEIP¹²⁷ (supplier of investment funds' industries) had the idea to develop a specific training programme for unemployed in order for them to acquire key competences for specific jobs in investment funds: funds accountancy, bookkeeping or transfer agents. The initiative 'Tremplin pour l'emploi' ('Stepping stone to employment') involves the elaboration of the curricula, the selection of trainees as well as theoretical and practical training in investment funds or banks (including internships) whereby each trainee is supported by a mentor. Mentors are acting on a voluntary basis and have been trained to their role which is to give advice to and encourage their 'godchildren'. The rule is that the mentor should not work in the enterprise where his/her 'godchild' will have his/her internship in order that dialogue with trainees is easiest.

¹²⁶ For the full description of this initiative see Annex I.

¹²⁷ For the full description of this initiative see Annex I.



To improve the overall infrastructure and attractiveness of a community is another motive for companies to invest in projects to the benefit of this community. Enterprises expect a positive repercussion on their own business situation, e.g. more consumers.

In large enterprises, decisions to engage in CSR are often **'pressed' by the head office** of the multinational companies having branches in the countries (i.e. a top-down decision making process onto which the national subsidiary is bound). Nevertheless, in many cases not the specific field of activity is stipulated but rather the general directive to conduct CSR as well as a budget line. The local branches, then, are free to choose their individual activities according to the local surrounding's conditions and needs. Consequently, they are also free to decide whether or not to participate in local employment development projects and co-operate with other stakeholders.

The Michelin Company¹²⁸ has established foundations for socially responsible activities in different European countries. The initiative in Poland has been founded on 29 June 2004 and was the first one in the Eastern European states. It has been initiated by the central headquarters of Michelin in France, but Michelin Polska was its main founder. The individual support is assigned by the Polish board of supervisors which acts in agreement with the management of the foundation and is accepted by Michelin headquarters in France (their opinion, however, is not decisive).

In a similar way, also important market players (clients, competitors) can make other enterprises acting socially responsible by familiarising them with respective measures or by obliging them to engage in CSR through formal or informal codes of conduct.

Enterprises can be attracted to engage in CSR by **public incentives**. In many countries there exist prize awards appreciating companies' activities, for example in the field of the physical environment, working conditions of employees or diversity management/equal opportunities. Furthermore, there exist public support, subsidies or tax incentives for financial support to NGOs, initiatives for social inclusion of detached population groups (e.g. unemployed, disabled, young, migrants) or the implementation of environmentally friendly production processes (e.g. support for technical advice about eco-efficiency in Québec/Canada¹²⁹). Tax laws may, however, limit tax benefits on donations to only certain organisations like federal institutions or scientific organisations (e.g. in Austria). Consequently, private NGOs/NPOs are less attractive as a target group for donations.

Some public incentives may, furthermore, have certain adverse effects. So, in many cases the wages paid to the target group will be limited to the possible minimum amount (i.e. the wage subsidy), resulting in the creation of low paid, low value adding jobs that are most subject to structural change in an environment of automatisisation and skill enhancement. Furthermore, employing respective staff may become part of the employment strategy of the companies with the aim of reducing corporate costs. This may result in the exploitation of these workers (willingness to accept the low wage, minimum working conditions or longer working hours).

¹²⁸ For the full description of this initiative see Annex I.

¹²⁹ Source: http://www.ic.gc.ca/epic/site/csr-rse.nsf/fr/h_rs00073f.html



Also in Australia, public incentives are provided for enterprises to take up their social responsibility on a voluntary basis. However, this is done by a completely different approach than offering financial incentives. To promote CSR and entrepreneurial partnerships (also with governmental authorities or NGOs) three strategy streams were identified and followed: 'Advocacy' refers to the articulation and promulgation of the business case for CSR and the community case for individual social responsibility, i.e. the provision of information why and how co-operations at community level could take place and what the mutual benefits might be. The second stream, 'facilitation' deals with the provision of information and an extensive programme of workshops, seminars and conferences. Alliances and networking with relevant Australian and international organisations were part of this strategy stream. The third pillar, 'recognition' is to be achieved by promoting individual and corporate social responsibility, including for example prize awards.



7 Effectiveness and Outcome of LED/CSR Initiatives

7.1 General Considerations

LED/CSR initiatives involve a multi-stakeholder approach and can, therefore, be considered to constitute networks being grounded on voluntary co-operation with the members having the opportunity to opt out any time. Consequently, each member will co-operate only as long as his/her **individual cost-benefit-ratio is perceived to be positive**. However, this does not necessarily need to be understood in monetary terms (e.g. higher sales for enterprises, lower social costs for the government). Rather, more 'soft factors' (such as the improvement of the image) will be considered, too.

In general, it can be concluded that the analysed initiatives in the **long-run** lead to a **win-win situation**, i.e. a positive result for the involved companies, local authorities and the local community/inhabitants. **Otherwise the initiatives would not be continued**. This means that integrating CSR in LED *can* be effective but does not have to be. Nevertheless, it can be observed that the **effects** are assumed to be **intangible, long-term and indirect**. This can be explained by two factors. On the one hand, the outcome of respective initiatives is not always easy to measure as it, for example, also refers to the personally felt improvement of the employment conditions or the quality of life for the inhabitants or the perceived image among customers for the enterprises. Furthermore, even if only 'hard facts and figures' (such as the development of the employment rate or of sales) are observed it has to be noted that such are influenced by numerous other factors. On the other hand, effects need time to materialise as the involved parties will be cautious with their engagement as long as they do not completely trust their partners. So, time for the development of social capital needs to be encountered.

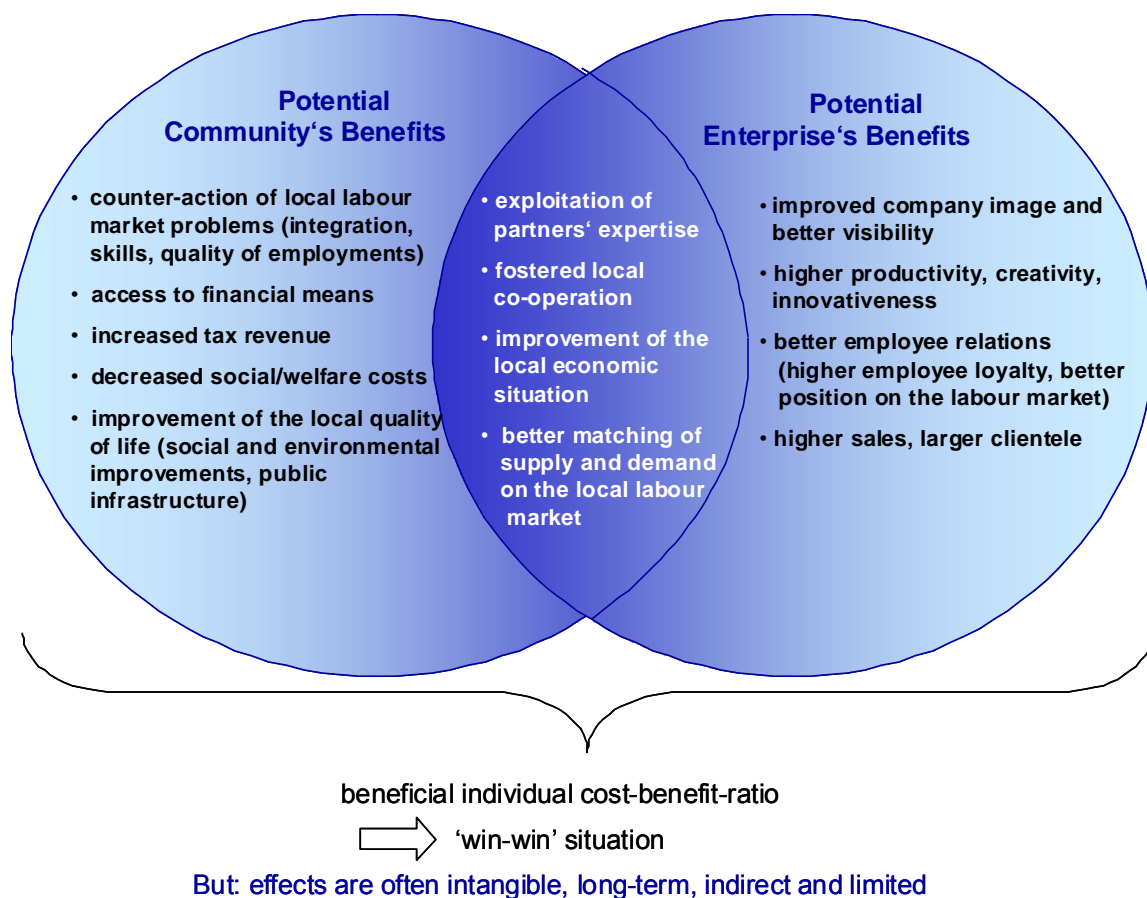
Furthermore, it has to be acknowledged that - depending on the specific characteristics and design of the instruments - the resulting **effects may be rather limited**. In many cases a single measure is not enough to counter-act the deficiencies and satisfy the needs of the society, i.e. ad-hoc or even habitual CSR activities will often not be in a position to change the local employment situation sustainably. Even programmes supported by large enterprises will in most cases involve a limited number of target group members as the involved costs for covering a larger number exceed companies' CSR budgets. As an example, in the training measure 'Marks & Start' of Marks & Spencer Ireland, about 40 persons are supported per year. Although this number is very small in comparison to the potential target group (homeless people and lone parents in the Greater Dublin City Area) and having in mind the company's characteristics (being a multinational with 760 stores in more than 30 countries around the world) it must not be forgotten that for the individual participant the instrument has enormous effects and that the success rate (in terms of completion of the programme) is very high. Similar results can be found for most of the analysed case studies.



It has to be kept in mind that local employment development is an important part of public labour market and economic policy, and that **CSR activities of private enterprises cannot substitute public intervention in the local economic development domain**. Instead of requiring that enterprises replace public activities, the companies' CSR activities need to be considered as a value-added to the instruments of public or third sector actors in terms of reinforcing the effects of these instruments.¹³⁰ Furthermore, the multi-stakeholder co-operation results in a pooling of the different kinds of available resources (financial, technical or human capacities and competencies/expertise) and in an enhanced visibility of the actions taken.

In the following the most important effects will be highlighted while a differentiation between the outcome for the involved enterprises and the local community is made.

Figure 8 Overview on Potential Effects of Integrated LED/CSR Activities



Source: Austrian Institute for SME Research

¹³⁰ As Theodor Levitt already mentioned in 1958 in his Harvard Business Review article 'The dangers of social responsibility': 'The government's job is not business, and business's job is not government'. (cited in Ludescher et al., 2008)

7.2 Major Win-Win Effects

First of all, all involved stakeholders - and the policies' target groups - benefit from the multi-stakeholder co-operation by **utilising the partners' specific resources and expertise**. This includes financial or human resources, competences and skill as well as the relationships and networks of the involved stakeholders. **Governments**, for example, contribute their know-how about the design and execution of (local) employment programmes, financial means or their 'administrative power' (e.g. binding instructions to public education providers or the Public Employment Service) to the partnership which considerably facilitates the operative execution of the initiative for private actors.

Enterprises not only provide financial means for the implementation of local employment development initiatives but do also **contribute in kind or by employee volunteering**. They are especially 'upgrading' the initiatives through their core competences. This seems to be particularly important in small communities in which limited public and third sector resources are available but a large need for LED initiatives is given (e.g. disadvantaged or remote rural areas). Furthermore, the involvement of companies supplements the initiatives with a 'sense of reality', i.e. the practical orientation on what is needed for an improvement of the local labour market and economy. Last but not least, companies dispose of experts in the management and organisation of projects and organisation which is an important factor for LED/CSR initiatives. Furthermore, some of the analysed case studies have shown that third sector organisations sometimes lack management skills that would negatively affect the measure. The exploitation and utilisation of companies' core competences can probably be seen as one of the most important added values CSR can bring into LED initiatives.

Third sector actors as well as PES facilitate the governments' and enterprises' activities by overtaking a mediating role. On the one hand, they link public and private sector representatives, and on the other hand they establish the relationship between the body responsible for the execution of the initiative and the target group. Furthermore, they have the most detailed and thorough insight into the characteristics of the local labour market and hence, can give the most appropriate assessment regarding the needs and requirements of the local population.

To summarise, each partner contributes his/her core competences to the network which can be considered as a grouping of specialists in different fields. The mutual advantage for all involved stakeholder is that they do not have to deal with issues that are detached from their core business which would be time and cost intensive and in some cases would not be successful at all. Rather, a **local division of labour** takes place, **making available a wide variety of material and immaterial resources to the benefit of all**.



The Portuguese 'Oeiras - PRO: Organisations' Social Responsibility Project'¹³¹ built a bridge between local enterprises and the social organisations of the county in such way that:

- companies could help to improve the performance of social organisations as regards management processes, such as financial management, recruitment and selection of personnel etc.;
- social organisations could help enterprises in fulfilling their CSR objectives by offering opportunities to exercise their CSR programmes, particularly with regard to company volunteering;
- through this co-operation, both sectors could contribute to enhance the integration of disadvantaged groups of the local population as citizens and as members of the working community.

The German WABE¹³² initiative became a key link between partners from different sectors enabling them to better communicate, interact and collaborate. Collaboration enables companies and organisations of civil society to better achieve their own individual objectives through leveraging, combining and capitalising their complementary strengths and capabilities. This support network is based primarily on personal relations and contacts.

The multi-stakeholder co-operation at local level with a shared vision and common objectives also contributes to an **enhanced local cohesion/co-operation**. For the community and the third sector this is positive as it results in a greater commitment of inhabitants and the corporate sector towards the region which, in turn, reduces out-migration (and brain drain) tendencies and increases their willingness to engage in activities for the local area. For enterprises, higher local coherence can result in fostered local co-operation and may create sustainable partnerships that go beyond the initial activity (i.e. the LED/CSR collaboration may result in additional business co-operation later or in the setting-up of further projects for the benefit of the region). This may involve, for example, knowledge or technology transfer across enterprises but may also go as far as realising a reduction of corruption of the shadow economy.

Due to the success of its recruitment practice in sensitive areas of urban suburbs ('Les rendez-vous égalité et compétences'¹³³) the French railway company SNCF organised an additional initiative named 'Train pour l'emploi et l'égalité des chances' (train for employment and equal opportunities). This train travelled throughout France and stopped in 12 cities whereby recruitment sessions were organised aboard the train according the same rules as those prevailing for the original initiative. The initiative has been opened to other potential employers and in fact 10 enterprises and public administrations participated. In total, 15,000 jobs and training periods were proposed. 22,000 applicants have been welcomed on board, and 40 % of them were actually involved in a recruitment process.

¹³¹ For the full description of this initiative see Annex I.

¹³² For the full description of this initiative see Annex I.

¹³³ For the full description of this initiative see Annex I.

The undeveloped infrastructure in Eastern Slovakia has resulted in lower economic activities and lower inflow of foreign direct investments. There is high unemployment negatively affecting living standards of inhabitants. It leads to emigration especially of young and educated people. The education programme of U.S. Steel Košice¹³⁴ contributes to a higher supply of university educated people on the labour market. It helps to offer university education to those who otherwise could not afford it. On the other side the permanent contacts of participants with the company builds closer ties and responsibility to the region. The scholars are often involved also in the charitable activities of the company, what creates a deeper feeling of mutual fellowship.

The Swedish/Finnish initiative 'On the border'¹³⁵ aiming at linking two sister cities in different countries in an economic and social way also resulted in the launch of another project in one of the cities. 'Samverkansringen' (Ring of Co-operation) was set up by the municipal business unit and the municipal business company where local business is co-operating. A large galleria is being built of 40,000 m² where 20,000 m² are for commercial space.

Combined LED/CSR initiatives may also contribute to a **better economic climate** for business activities. Next to the creation of an attractive labour market (due to the availability of an adequate workforce) this may be attained through measures directly aiming at enterprises (e.g. cheap credits for start-ups or support in the field of entrepreneurial education or networking). As to this regard it has to be mentioned that not necessarily the creation of as many jobs or enterprises as possible should be aimed at. Rather, the new jobs and companies should be of sustainable character to avoid frustration in the longer run. Hence, instruments helping potential entrepreneurs in realistically assessing their future market chances are of particular importance in order to avoid the bankruptcy of young enterprises.

The 'Bizness Babes'¹³⁶ company start-up programme of the Body Shop Australia resulted in the registration of more than 25 businesses by now, being active in various economic sectors. Some women have also realised that their business plan is not viable and this has meant that a business has not been established and then failed in its infancy. For women returning to mainstream employment it can be very difficult, if not impossible, to have flexibility around raising a family. This makes starting a business an attractive proposition. Wider benefits have included moving from a situation of social isolation to a more inclusive lifestyle. A number of participants have become friends and meet to discuss their businesses and share childcare. Increased life satisfaction has also been a positive outcome.

The Austrian 'Bioregion Murau'¹³⁷ creates and safeguards jobs in agriculture, trade, energy, gastronomy and tourism. The formation of regional networks and the implementation of the concept 'Bioregion Murau' strengthen the competitiveness of the private businesses. Through establishing platforms for direct marketing, it is much easier for agricultural enterprises to market their products. Meanwhile, Bioregion Murau serves as hallmark for the whole district and is associated with high quality of resources (wood, water) and sustainability (bio-energy).

¹³⁴ For the full description of this initiative see Annex I.

¹³⁵ For the full description of this initiative see Annex I.

¹³⁶ For the full description of this initiative see Annex I.

¹³⁷ For the full description of this initiative see Annex I.



Gastronomy and tourism also benefit from this special position: While gastronomy is in the position to offer high-quality regional (organic) products originating in the Bioregion, tourism can score with the sustainability concept and the label that the people of Bioregion Murau are living in harmony with nature.

As in Slovenia the level of entrepreneurship is relatively low due to an unfavourable opinion on entrepreneurship the initiative 'Junior Achievement'¹³⁸ fosters the recognition and awareness of entrepreneurship among young people who will build their careers in the future. By the initiative young people acquire knowledge important for their careers, change their attitudes towards entrepreneurship and gain insight into business life. The effectiveness of programmes is shown by higher motivation of participants and by acquiring new knowledge. Pupils get a chance to know economics of life and to experience different situations in real business life. Those experiences could not be gained in any formal education in Slovenia.

The Swedish/Finnish initiative 'On the border'¹³⁹ considerably improved the business climate in the region. According to the Confederation of Swedish Enterprise ranking concerning the best municipalities for business, Haparanda, one of the involved cities, recently moved to the 103rd place while before the project it was at around the 260th place.

LED/CSR initiatives targeted at the labour market integration of the local inhabitants may result in a better **matching between supply and demand on the labour market**. Companies are empowered to proclaim their requirements and these are taken into account (e.g. in education/training provision targeted at local business needs or in recruitment procedures by Public Employment Services). The enterprises do not only get (easier) access to the labour force they need (e.g. as the trainees become employees afterwards) but also do so at lower costs (as recruitment procedures are shortened or education/training costs are shared or supported by public means). In particular, the involvement of NGOs (but also, for example, research institutes) is favourable to gain better understanding of the specific characteristics of the local area, with a focus on social problems and the needs and requirements at the local labour market. In turn, the local workforce is better equipped with what the enterprises need and hence, a lower level of frustration, de-motivation and disappointment is experienced.

The German WABE¹⁴⁰ initiative resulted in the establishment of a training unit and a shared tool of human resource strategy of the involved enterprises. Being asked about the motivation for their involvement, the representatives of the firms mentioned that they wanted to attract and retain staff. Getting access to new and highly motivated employees was ensured by the NGO that was set up for this purpose. By offering hard-to-place job-seekers help to solve personal problems (e.g. alcoholism, indebtedness etc.) and providing training to improve their skills, the involved firms can profit from motivated and loyal new staff members. The WABE initiative functions as a contact point as well as a training device where a larger pool of potential job aspirants can be assessed according to their skills and their potential for further development.

¹³⁸ For the full description of this initiative see Annex I.

¹³⁹ For the full description of this initiative see Annex I.

¹⁴⁰ For the full description of this initiative see Annex I.

Within the framework of the recruitment initiative¹⁴¹ in sensitive areas of the French railway company SNCF 12 forums took place in 2006 and 11 in 2007. 8,080 persons attended these forums, out of which 6,300 applied for a job at SNCF Group. On average, a forum gathers from 300 to 500 attendants and 50 % to 75 % of them pass the first phase. The fact that forums are very precisely prepared in terms of profiles required together with organisations that know very well their local situation explains this high success rate. Another important success factor is of course that SNCF has real recruiting needs. 1,034 employees originating from sensitive areas have been recruited by SNCF Group between March 2006 and December 2007, corresponding to about 20 % of all recruitments by SNCF during this time period. From 7 % to 10 % of attendants of a forum are finally recruited (i.e. 30 to 50 recruitments per forum), a rate that is comparable to the average recruitment rate of SNCF.

Local communities benefit from companies' engagement in public LED initiatives as the operative involvement of the business sector results in an **immediate improvement of the labour market situation** in the local area. Having a CSR element involved in a LED project injects - as already mentioned - a **sense of 'reality'** into the situation, particularly where corporate employees are directly involved in on-the-job training or mentoring and where placement with the enterprise(s) is on offer.

The Belgian ColruytGroup's commuting initiative¹⁴² created the opportunity for a local social enterprise to develop a training that does not only respond to the trainees' needs but that also offers an answer to a concrete business need: the maintenance of bikes of an individual company. The trainees involved in the project are offered the opportunity to engage in a larger business project instead of in an abstract training.

Also Danish Crown¹⁴³ provided its training project with a real life workplace which seems to have been an important factor in the efficiency of the programme. The employer participation, therefore, seems crucial when it comes to fighting unemployment and social exclusion at local level because private sector training with a wage subsidy is on average more successful than public sector training or public sector subsidised jobs.

Access to meaningful work experiences in a realistic yet supportive environment is reported by homeless candidates of Marks & Spencer Ireland's 'Marks & Start' initiative¹⁴⁴ as the highlight of the placement. The real-life, customer-facing experiences prove hugely beneficial in challenging their perceptions and employability issues and can provide the trigger to end the cycle of homelessness and social isolation.

In cases where the state is losing the confidence of the citizens to solve social/societal problems, local companies' involvement may contribute to a higher level of people's trust towards the initiative. This holds particularly true, if the engaged firms are strongly embedded at local level and dispose of a good reputation among the local community.

¹⁴¹ For the full description of this initiative see Annex I.

¹⁴² For the full description of this initiative see Annex I.

¹⁴³ For the full description of this initiative see Annex I.

¹⁴⁴ For the full description of this initiative see Annex I.



Direct labour market effects may be realised due to the **creation of jobs** or the integration of detached labour market groups into employment as, consequently, unemployment or precarious as well as inflexible employment relationships are reduced (i.e. due to the improvement of the work environment for employees, the offering of more flexible work arrangements or by allowing a greater workers' participation).

To mention just a few, the following figures from the analysed LED/CSR initiatives¹⁴⁵ can be mentioned:

- In 2007, the Canadian company Cascades gave 822 young people the opportunity to acquire their first real work experience with a big company.
- The example of the Canadian company Desjardins shows that also measures not directly targeting at job creation may have employment effects. Due to the enterprises' engagement in environment oriented CSR local wind energy companies have experienced an enormous growth. In 2006, for example, the town saw three plants installed. These three plants created more than 240 jobs held by people living across the region. In addition, the entire region benefits from spin-offs in the form of goods and services purchased by companies with plants in the local area.
- 72 % out of the 354 people who went through the programme 'Induction to new jobs - at Danish Crown in Grindsted' received a regular job afterwards and are now self-supporting. Among the participants with different ethnical backgrounds the respective share is as high as 82 %.
- The German WABE initiative contributed to the reduction of the rate of unemployment from 8 % in 1997 to less than 4 % in 2007 in the local area.
- The activities set by Danone in Spain in reaction to a plant closure resulted to the relocation of 14 new enterprises within three years of the plant closure, with more than 335 new jobs (in comparison to the original 174 displaced workers).
- The Swedish/Finnish initiative 'On the border' led to a decrease in the unemployment rate from 16 % (2006) to 10 % (2008) which is a remarkable fast decrease as unemployment in Sweden has not decreased as much the same years. Between 1st of October 2005 and 1st October 2006, 240 new jobs were created. In ordinary years before the initiative was launched, about 30 companies would establish in the city, now this figure has doubled or tripled annually. The labour market has also become more differentiated as more qualified labour is demanded and there is also a demand for labour that is not so traditionally dominated by men but more gender neutral, thus leading to a more gender equal labour market.

The integration of CSR in LED - depending on the specific content of the initiative - may also result in a **better skilled workforce**, not only for individual enterprises but for the local area overall. This contributes to a more inclusive society and a greater sense of well-being, but also to an enhanced ability of the inhabitants to adapt to changed economic and labour market requirements (e.g. in technical or technological fields).

¹⁴⁵ For the full description of this initiative see Annex I.

All 14 candidates of the KNEIP company's pilot programme 'Tremplin pour l'emploi' (stepping stone to employment pilot programme)¹⁴⁶ followed the entire programme, although the organisers 'only' expected a rate of 80 % of candidates would follow the programme until its end. All 14 trainees were required to pass every exam of the two certification programmes during their training period. They all obtained the Transfer Agent certification and 12 out of 14 have qualified for the Junior UCI accounting certification, with global average results lying between 76 % and 90 %. The results of the Test Of English for International Communication (TOEIC) are also quite good: an average of 724 points out of 990 has been obtained by all candidates. All 14 candidates were proposed a job in the investment funds industry following the internship whereby it must be recalled that investments funds did not commit themselves to recruit these people. Only one applicant finally refused the job proposal. Out of the 13 people hired, 7 have an unfixed-term contract.

The LED/CSR initiatives accomplished by the Polish Grupa Lotos¹⁴⁷ have both, direct and indirect effects on the local labour market. Activities in the field of education, such as financial support for local schools or scholarships for students do not create workplaces, however, they help young people to develop their interests and as a result it may influence their future careers. The creation of the new specialisation on Politechnika Gdanska not only results in the filling the staff needs of Grupa Lotos as not all graduates will be employed in the company.

Rather, qualifications earned in the course of studies will allow the students to seek jobs throughout the chemistry sector. Since there are few universities in Poland that educate specialists of this kind their acquired knowledge will increase their chances to find an attractive job.

The initiative 'Access to communication'¹⁴⁸ of the Romanian National Regulatory Authority for Communications and Information Technology in co-operation with Orange Romania aims at improving the communication infrastructure and new media literacy of the rural population. It contributes to extend a faster access to the communication and information technologies for rural regions, to improve computers skills, to modernise the educational process in offering information and communication possibilities, and to creating development possibilities for entrepreneurs that can lead to creating new jobs for the inhabitants.

¹⁴⁶ For the full description of this initiative see Annex I.

¹⁴⁷ For the full description of this initiative see Annex I.

¹⁴⁸ For the full description of this initiative see Annex I.



7.3 Further Effects for the Community

In general, the multi-stakeholder approach also results in a wider **access to financial means** for community initiatives. So, the increasing requirement for co-operation to qualify for support of European programmes leads to a higher capital base as long as private enterprises can be convinced to participate via their CSR activities. In a wider sense, the local community also benefits from **increased tax revenues** and **decreased social/welfare payments**, if employment and/or business activity is fostered. Ideally, LED/CSR initiatives lead to increased business activities and higher employment, i.e. higher sales and income tax and - if applicable - also community taxes. At the same time, the higher number of employments or the higher quality of employments (resulting in higher wages) reduces the number of local inhabitants dependent on welfare payments. These additional funds may be invested for the benefit of the community (e.g. improvement of the public infrastructure such as roads, parks, lighting, and maintenance of cultural sites, the establishment of education/ training possibilities or caring centres).

The local quality of life, however, is more directly fostered, if the LED/CSR initiatives include the provision of services for the local inhabitants or contribute to the establishment or up-grading of public infrastructure (e.g. schools, leisure centres, roads).

Tesco's contribution to the establishment and spread of the Czech quality label 'Czech Quality'¹⁴⁹ resulted in a retail landscape in which good quality and good value is available to everyone, whether for food, clothes, TV or home furnishings. Consumers have more choice and shop around more than ever, making at the same time Tesco marketplaces competitive. Furthermore, awareness of issues such as health and nutrition, the environment and ethical trade is growing and customers increasingly want products and information that help them with these issues.

The Romanian initiative 'Access to communication'¹⁵⁰ providing rural areas with modern communication and information technologies contributed to the development of the rural communities by:

- expanding access to information;
- modern communication services (including email, internet, telephone, fax etc.);
- support to business and communities development;
- enhancing tuition received (in schools) by children and youngsters;
- guaranteed access to information for the inhabitants and the companies in the local communities;
- allowing people to get familiar with computers and use of latest technologies;
- access to the electronic services of the public administration, at low costs;
- enhancing the contacts between local SMEs and the national and international business community – building partnerships;
- impelling tourism through a more efficient online promotion;

¹⁴⁹ For the full description of this initiative see Annex I.

¹⁵⁰ For the full description of this initiative see Annex I.

- development of commerce;
- the inhabitants have access to communication services such as: calling the emergency service (112), staying in touch with family and friends that left the locality, access to online information for completing school education, improving access to the labour market.

From a social inclusion perspective the co-operation in the framework of the Swedish/Finnish project 'On the border'¹⁵¹ has increased possibilities for the people as many of the inhabitants can get a better education or a job on the other side of the border. For example, Tornio (one of the involved cities) has an occupational college attended by many inhabitants from Haparanda (the other involved city). Furthermore, before the project people had to buy their goods far away from their place of living (e.g. the closest shopping storehouse was about 45 minutes from Haparanda) while now there is a large supply of daily goods in the local area. Business/market potentials were the driving force for the private establishments.

Within the holistic approach of the Portuguese Oeiras Solidarity¹⁵² project on average more than 20 new local community projects are approved for sponsorship each year. As the nature and magnitude of the projects vary substantially, the target groups and benefits are manifold. So, for example, Microsoft provided computer and internet training for seniors or the organisation My Change supported regular leisure and recreational activities for the elderly, both instruments fostering the quality of life of the older generation. Support of medical check-ups or fitness activities as well as media and outdoor campaigns to prevent alcoholism positively affect the county residents' health status. The creation of a workshop for the manufacturing and restoring of musical instruments not only fostered self-employment in the region but also resulted in training possibilities for apprentices.

Similar can be shown for the 'You Choose: You Decide'¹⁵³ initiative of the Spanish Caja Navarra (CAN). During 2007, 2,133 non-profit-making institutions (local third parties or NGOs) took part in the initiative with a whole of 2,707 social projects supported. The main areas of support have been, in this order, assistance to disabled people (32.4 % of all resources), followed by welfare, sport and leisure activities (18.1 %) and co-operation activities (17.0 %).

Other important supported activities have included research activities (8.7 %), patrimony and heritage preservation and (7.8 %), environment (6.5 %), culture (6.2 %) and support to employment/entrepreneurship (3.3 %). 828 projects obtained 100 % of the requested funding, whereas 1,194 projects received more than 50 % of the requested funding support. In addition to this, the possibility opened up by CAN of voluntary work by clients has been used up to now by 2,307 clients in 2007 (approximately 0.4 % of all clients) who perform voluntary work.

¹⁵¹ For the full description of this initiative see Annex I.

¹⁵² For the full description of this initiative see Annex I.

¹⁵³ For the full description of this initiative see Annex I.



7.4 Further Effects for Involved Companies

The multi-stakeholder approach envisaged for LED/CSR initiatives will only be realised if not only the community but also the involved **companies** have (or at least perceive) benefits from the co-operation.

As for CSR activities in general, enterprises achieve a **better visibility and image** among clients and other stakeholders (e.g. banks or local authorities, facilitating their business activities), fostered e.g. by media articles or prize awards. This can be seen as the most important advantage as a better standing within the community in the longer run leads to **higher sales** through more loyal customers or the development of **new customer groups**, particularly in those segments in which clients expect companies to 'behave socially responsible' (see above). Furthermore, a better reputation among the business community may result in **enhanced co-operation with other enterprises** and **additional business opportunities** with other stakeholders (i.e. public and third sector). The thereby created business networks contribute to the realisation of better business opportunities and competitive advantages.

Among the factors showing that the CSR activity of the Polish Grupa Lotos¹⁵⁴ is bringing results for the company, too, one can mention social acceptance manifesting itself in a significant rise of the company's value which has increased six times during the past 5 years. Another factor showing social recognition of the CSR activity is that Grupa Lotos has received many prizes in the past years which were awarded by independent business and environmental organisations and has also taken high positions in various ratings which included opinions from both professionals and the public.

The Spanish savings bank Caja Navarra recognises that its initiative 'You Choose: You Decide'¹⁵⁵ helps to attract new clients to the bank. Up to 15 % of the new clients have joined the bank 'exclusively' for reasons related to this initiative. Therefore, a substantial part of CAN's current business strategy depends on this initiative.

The Czech Tesco¹⁵⁶ company is of the opinion that supporting competent local suppliers enables these enterprises to introduce new, improved products on the market and to generate job opportunities and profits. Tesco seeks to enhance this as with their development, Tesco develops as well. Thanks to such mutual co-operation, Tesco is able to improve its supply for customers.

An improved corporate image may also be helpful on the labour market in terms of **attracting and/or retaining staff**. This is an important aspect for companies confronted with a labour shortage or a competitive labour market. Particularly smaller enterprises that sometimes have difficulties with attracting employees (less career opportunities, lower wages) compared to larger companies as well as enterprises in remote or rural areas may benefit.

¹⁵⁴ For the full description of this initiative see Annex I.

¹⁵⁵ For the full description of this initiative see Annex I.

¹⁵⁶ For the full description of this initiative see Annex I.

Furthermore, companies often realise an **increased employee loyalty** or a better staff team building. This seems to hold particularly true in cases in which the employees are actively involved in the companies' CSR activities, either by volunteering in the community initiative or by acting as coaches/mentors for the target group. With regard to the latter, especially the elderly workforce disposing of considerable know-how and experience that could be shared with others may be taken advantage of and in this way, appreciated for their efforts.

This, in turn, results in a higher motivation of the workforce and, consequently, **more efficient and productive work processes** (hence, cost savings), often related to a higher degree of **creativity** and **innovativeness**. This is particularly obvious in initiatives in which the involved employees next to contributing to the enterprises' CSR activities succeed in developing additional skills (in most cases soft skills).

The impact of the 'buddying experience' for the volunteer employees of Marks & Spencer Ireland in the framework of the 'Marks & Start'¹⁵⁷ initiative aiming at training provision for homeless persons and lone parents is hugely positive. Buddies questioned about their involvement in the scheme say that they feel it makes Marks & Spencer a better place to work in. The initiative also helps Marks & Spencer unlock the potential of its existing staff. Marks and Start 'buddies' develop team building and interpersonal skills, and their eyes are opened to important social issues. New skills include greater patience and understanding as well as skills in mentoring, communication and leadership.

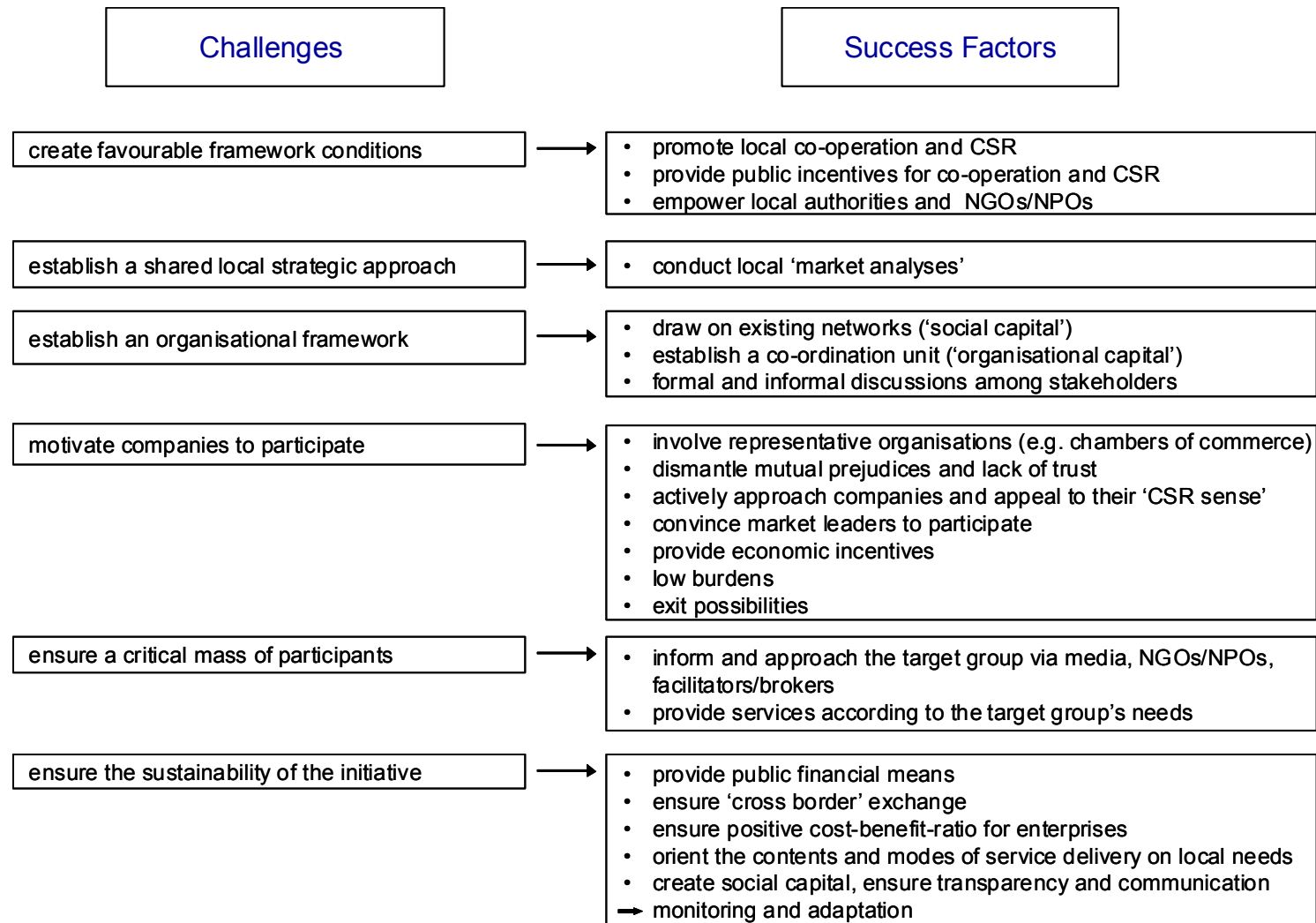
7.5 Effectiveness: Main Challenges and Success Factors

The actual realisation of the positive effects discussed above depends on a variety of factors. In the following, the major challenges/hindering factors that may occur in the implementation as well as execution phase of respective instruments are summarised, and potential 'remedies' are pinpointed. Thereby, it has to be kept in mind that due to the diversity of such initiatives one of the most important issues is to ensure the programme's responsiveness to the local situation, its economic and labour market needs as well as the characteristics of the business, personal and social community.

¹⁵⁷ For the full description of this initiative see Annex I.



Figure 9 Main Challenges and Success Factors in Joint LED/CSR Initiatives



Source: Austrian Institute for SME Research



First of all, there needs to be a **favourable public framework** supportive of multi-stakeholder partnerships as well as the spread of CSR for local benefits. With regard to **CSR** it has to be kept in mind that the majority of initiatives analysed in the framework of this report have been launched since the turn of the century, i.e. in economically stable and 'heyday' times. As CSR activities always constitute an investment for the enterprises (either in terms of financial means or in human resources) it has to be assumed that in economically difficult and downturn times the willingness and possibilities of enterprises to engage in LED/CSR initiatives will be more limited. This assumption is backed by the findings that within several of the measures the motivation of the enterprises was not purely philanthropic/altruistic, but also driven by a kind of necessity (e.g. labour shortages, obligation by the company headquarter etc.) or opportunity orientation (image improvement, marketing).

Nevertheless, the analyses have also shown that the general willingness of companies, also SMEs, to engage in socially responsible activities is given across Europe. However, a **lacking awareness** of the concept as well as modes and ways to implement CSR in the business activities is an important hindering factor.

An important issue hindering the wide adoption of CSR values by Polish companies is their lack of openness and understanding for self-restricting initiatives. This results in a relatively low number of ethical codes adopted by the companies from specific industries. According to the analysed company Grupa Lotos, the most important issue for popularising the idea of CSR activities in business is to receive the support of the state in the form of formal incorporation of CSR into the country's social policy at both, national and regional level. This should be achieved in the course of consultations between environment and business organisations and all kinds of enterprises from different sectors. The possible tax reliefs for entrepreneurs implementing important CSR initiatives have also significant importance.

As to this regard, the following activities are perceived as positive factors for the realisation of LED/CSR activities:

- Familiarisation of private companies with CSR and its application at local level for the benefit of the community and the labour market, e.g. through dissemination of general information, practical tips and Good Practices by governmental authorities, the media and other facilitators/brokers (e.g. chambers of commerce, specialised CSR organisations)
- Focusing on *local* CSR initiatives in public and policy discussion instead of global ones; In Sweden, for example, CSR initiated by the government focuses on global issues (e.g. defeating global poverty, fostering multinational company's codes of conduct in the fields of dealing with human resources, anti-corruption and the environment etc.). Such a focus will only indirectly benefit the local level and is often far from SME concerns.
- Enhancing the third sector's level of actively approaching companies for support. In some cases enterprises are pleased to support NGOs/NPOs in their daily work - but do not know about these organisations or their need for support. Hence, they need to be informed and made aware. Furthermore, NGOs/NPOs need to be given some kind of power to act as a pressure group to make public and private actors engaged in their intended activities.

- Rewarding private enterprises for their community engagement, e.g. by providing public incentives/support for local CSR initiatives or by pinpointing their engagement through prize awards or media articles

With regard to creating a framework which is favourable for multi-stakeholder partnerships, in a first step **awareness** raising measures and the provision of know-how and information about this kind of **local co-operation** seems to be necessary. Both, private and public actors are not fully aware about the possibilities to collaborate and the potential benefits accruing from such joint activities.

In a second step, local actors need to be **empowered for such co-operation**. For local governments, this means that they need to be given the administrative authority to independently decide upon their activities (naturally, within the framework of regional, national and European regulations) as well as sufficient resources (both, financial and adequately skilled human resources) to fulfil their responsibilities. For the third sector, public support (particularly of pecuniary nature) is needed to ensure the sustainability of the work of NGOs and NPOs which have turned out to be the driving force behind many LED/CSR initiatives.

Thirdly - and having in mind the reluctance of many companies as well as public actors to co-operate with other stakeholders - **public incentives for multi-stakeholder collaboration** are deemed essential to overcome this important barrier for the establishment of LED/CSR initiatives. On the one hand this refers to financial incentives (e.g. public support programmes that are only accessible by realising a multi-stakeholder partnership). On the other hand this also includes the theoretical but more important practical local governance structure. As mentioned earlier, although the concept of partnered local governance and the enhanced inclusion of the civil society and the private sector is promoted, in practice governmental institutions limit their influence on policy consultancy and the implementation of strategies instead of 'real partnerships' in policy making. (Local) governments need to be made aware that the inclusion of private actors in local governance does not necessarily weaken their position but 'just' alters the decision making process with the advantage of resulting in a more inclusive society and local strategies that more adequately respond to the local characteristics and needs.

An important hindering factor in the beginning of the Portuguese Oeiras Solidarity¹⁵⁸ project was a rather unexpected lack of acceptance by many staff members of the Town Council. This needed an extra effort by the project management team in conducting a special inducement and persuasion programme (awareness lectures and workshops conducted by specialists) to prevent possible obstructions.

Concerning the enabling and fostering of multi-stakeholder partnerships, a specific challenge is given in the case these collaborations go beyond administrative borders as different local governments are involved, necessitating their agreement upon the provision of financial funds and the division of tasks. This issue becomes even more pressing, if **different countries** are involved as **varying legal regulations and administrative working processes** have to be reconciled. As to this regard, regulatory harmonisation at EU level facilitates the establishment of respective initiatives.

¹⁵⁸ For the full description of this initiative see Annex I.

The project 'On the border'¹⁵⁹ would not have been possible, if not both Sweden and Finland had joined the EU in 1995. Before the free movement of goods that resulted from the EU accession there was a maximum of SEK 1,000 (€ 109) value for exported goods to Finland. This narrowed the local home market to be restricted within the border. Local investors did not see the point in investing with such small market potential and this hindered the development for the cities. Little of real value was accomplished during the first 8 year period of the project as the border remained an obstacle in many ways, although some co-operation was made at municipal level through common waste water purification and water works. The settings for integration was remarkable altered when both Sweden and Finland joined the European Union in 1995. The change in the international and local context with the EU membership meant that new conditions and possibilities took place for integration and this was the start-up for a long process for the search of new strategies to realise what this implication could give the cities in form of development and progress.

One of the most important challenges and pre-condition for success is to develop a **local strategic approach** for the joint LED/CSR initiative that is **shared by the public, private and third sector**. Having in mind the wide variety of involved stakeholders and that their individual aims and motives may diverge - or even be contradictory - this may be a very demanding effort. Private companies could be reluctant to include NGOs or local authorities in their CSR activities as this reduces their autonomy in designing the CSR measures. A **conflict of interest** could emerge especially if a company uses CSR mainly for marketing purposes. NGOs and local government could have other views on what CSR actions should have priority and how they should be implemented. Effectiveness from a social or labour market point of view must not necessarily coincide with effectiveness for a company's image.

As the Belgian initiative Pendelfietsen¹⁶⁰ is structured in a rather informal manner, the key success factor is the collaboration between the two involved organisations, the company ColruytGroup and the social enterprise Jobhuis Halle-Vilvoorde. Such collaboration is not self-evident as the two organisations have, in the end, different objectives (profit at the one hand and employment development at the other). The initiative proves that a successful co-operation between an individual enterprise and a NPO in the field of local employment development is in fact possible. The main pre-condition for success seems to be that both organisations share a same view. The fact that the different organisations in the end have a different objective does not seem to constitute problems that cannot be overcome.

In the analysed initiatives it has turned out that an objective 'market analysis' of the local area has proven to be beneficial. Such an analysis pinpoints the main characteristics of the local area, the specific needs and requirements of the local labour market (i.e. what are the problems and deficiencies, who are the detached groups) and potential 'remedies' (i.e. what kind of initiatives are needed to counteract the local problems). On the basis of these results, a **local vision and mission** can be derived, leading to **common goals** to be followed for the planned initiative. **Aligning private CSR activities with overall local strategies** requires therefore co-ordination by local governments. This again certainly reduces the autonomy of companies' CSR actions.

¹⁵⁹ For the full description of this initiative see Annex I.

¹⁶⁰ For the full description of this initiative see Annex I.



In the framework of the Romanian initiative 'Access to communication'¹⁶¹ aiming at providing rural inhabitants with access to telephone and internet services, the national public authority responsible for the programme, in a first step, identified, based on a study carried out at national level, around 1,200 Romanian villages eligible for the implementation of telecentres. These are communities where telephone services are available on a very limited scale or not available at all and which have a population of at least 400 inhabitants (to ensure the economic efficiency of the telecentres).

Later on, in co-operation with a national ministry and the local administrations an operational mechanism for the introduction of telecentres was developed, in order to stimulate providers' interest in participating in the implementation of universal service. A procedural framework for the establishment of a partnership between the national authority, the universal service providers and local public administrations was thus created.

Furthermore, such an investigation may contribute to uncover **local social networks**, i.e. organisations and individual persons that have important roles in the local community (e.g. as informers, advisors, decision makers, influencers of decision makers etc.). As the commitment of these persons is essential for the establishment and success of the initiative it is important to dispose of know-how about these - often informal - relationships (e.g. by conducting a social network analysis) and take them into account by setting up the LED/CSR initiative. So, it has, for example, turned out to be of particular importance to early involve local key players from the public (e.g. the mayor), private (e.g. local business leaders) and the third sector (e.g. important NGOs) in terms of discussing with them about the envisaged vision, goals and strategies and integrating these stakeholders in the **organisational framework** to be established for the administration of the initiative.

As to this regard it is also deemed advantageous to **draw on existing networks** (among businesses, but also Public-Private Partnerships or the above-mentioned social networks among the community members) instead of 'starting from scratch' as the existing social capital/mutual trust facilitates the implementation and execution of the activities and contributes to a **quicker realisation of first results** which, in turn, may motivate additional parties to co-operate and confirm the already involved partners in their collaboration decision (see below).

The creation of the German WABE¹⁶² initiative had been an organisational challenge for all parties involved. But none of the partners could recall major hindering factors in this founding process. They all agreed that management experience (organisational capital) and the existence of good network contacts (social capital) played a decisive role in the formation of WABE. By concentrating the responsibilities on the heads of the two companies and the office for education and social affairs and by relying on their specific economic and social competences, the founding process of WABE was professionalised, facilitated and accelerated. Decisions were made by mutual consent and under the supervision of a business consultant and a solicitor.

¹⁶¹ For the full description of this initiative see Annex I.

¹⁶² For the full description of this initiative see Annex I.

One of the important barriers for the Polish Michelin¹⁶³ initiative was the lack of a well-developed network of co-operating partners in the region. The flow of information between them was not smooth and the contacts had mainly informal character. In France, the respective initiative is based on a better established co-operation between Michelin, banks and labour offices and this increases the effectiveness of the initiative. In Poland, there is currently no co-operation with labour offices, it is, however, possible in the future. The problem connected with co-operation is the different aims of the involved stakeholders that are not always easy to reconcile.

The Romanian initiative 'Access to communication'¹⁶⁴ aiming at providing information technologies to rural communities was established by the National Regulatory Authority for Communications and Information Technology. The authority subsequently involved local administrations as well as the electronic communications industry for the design of the operational mechanisms for the introduction of so-called telecentres in rural communities. A procedural framework for the establishment of a partnership between these three groups of actors was thus created. Later on, the National Regulatory Authority for Communications and Information Technology conducted information campaigns targeted at the local administrations in charge and informing the inhabitants of the advantages of installing telecentres (i.e. offering to them windows to a wide range of services such as education, emergency calls, employment opportunities, business opportunities, funding etc.).

Within this organisational framework it is essential to come to a clear, transparent and agreed upon understanding of each partner's role and tasks, i.e. the **division of labour**. This is necessary to safeguard the efficiency and effectiveness of the joint activities, to ensure that the available (complementary) competences of all involved partners are used as best as possible as well as a clear picture for each party with regard to the ratio between the efforts necessary and the potential benefits to accrue. For this purpose, a '**central co-ordinator**' disposing of the necessary skills and capacities - in terms of management skills, knowledge about the region and its actors, social competence as well as in terms of financial and human resources available for conducting the required tasks - is essential. This co-ordinator also needs to have a good 'standing' within the local area so that the decisions are borne by all stakeholders and their commitment towards the initiative is ensured. The main task of the co-ordinator refers to the balancing of the different interests of the involved stakeholders and - based thereon - the strategic decision making for the initiative.

Depending on the characteristics of the individual initiative the co-ordinator may be an individual person (belonging to one of the partner organisations or being specifically inserted into this position, on a voluntary or hired basis), a kind of management team (in most cases representatives of all involved stakeholders) or even a specifically established separate entity.

¹⁶³ For the full description of this initiative see Annex I.

¹⁶⁴ For the full description of this initiative see Annex I.



The management board of the Austrian 'Regionalentwicklung Außerfern'¹⁶⁵ (REA) consists of 16 members. These are the district commissioner of Reutte, representatives from the 4 tourism boards and the 4 local planning commissions of Außerfern, representatives from the Economic Chamber of Tyrol, the Tyrol Chamber of Labour and the Chamber of Agriculture Reutte, the mayor of Reutte as well as three representatives from the region. Furthermore, there exists an executive office of six staff members: The chairman of REA who is also the mayor of a municipality, the managing director and the assistant managing director of REA, a project and team assistant, a representative of the Tyrol Chamber of Labour and a representative of an architectural company participating in the initiative. Three staff members are working solely for REA while the other three staff members also have additional jobs.

With regard to LED/CSR initiatives that are mainly based on the initiative of large companies and administered by them it can be observed that the above-mentioned co-ordinating role is often covered by the private enterprise. In this case, project managers, communication officers or specialised CSR teams are responsible for the organisational aspects of the initiative. As the co-ordinator is also powerful in terms of the design of the initiative, the assignment of this role has to be done with care.

The project team being responsible for the initiative 'Bizness Babes'¹⁶⁶ of the Body Shop Australia consists of a project manager who oversees the operation of the project and undertakes some workshop facilitation. This person has a background in leadership development and coaching. There are also three project co-ordinators with backgrounds in retail whose role is to organise workshops, e.g. secure venues and organise childcare and catering support and also to build a strong rapport with workshop participants. There is also a workshop facilitator who uses stories and anecdotes to present business information in a way that strips away jargon and make business concepts accessible. Additionally, there is an independent micro-finance co-ordinator who assists the preparation of business plans for those who apply for a micro-loan. The team are all highly skilled communicators, a requirement if a strong rapport with clients is to be built and sustained.

In April 2007, in the Czech Republic Tesco's CEO has announced a long-term plan which obliged the company to be a good neighbour for communities where Tesco operates and introduced its activities. The plan has been named Community Plan. The public and media have been familiarised that Tesco is going to lead customers to a healthy life through quality food products, to be active in protecting the environment, to support charity and to be more local than before. Internally, the plan has been integrated into an internal tool used by Tesco for performance management of the company, and has become an additional segment which was named the Community. The CSR strategy has been implemented as a regular part into the Tesco business plan. Each project has its own project team having one member of senior management from each local store. This senior manager acts as a link of the Community Plan to the local community and safeguards its implementation at local level.

¹⁶⁵ For the full description of this initiative see Annex I.

¹⁶⁶ For the full description of this initiative see Annex I.



Having in mind that LED/CSR initiatives are not 'constant' over time in terms of the number of participating enterprises and other stakeholders, the funds available and the number of beneficiaries it turned out that many initiatives started as **small pilot projects** that expanded if success was generated and more stakeholders became interested in participation. Regarding organisational capital this posed the challenge that while smaller initiatives do not need so much institutionalisation, **more structures** are needed **if they grow**. Hence, a respective 'monitoring' has to take place to timely adjust the organisational framework of the instrument to sustain its efficiency.

To this day, the Austrian Bioregion Murau¹⁶⁷ has rather acted as a loose platform for exchanging ideas, establishing new contacts and co-operations as well as planning and implementing activities. Due to the fact that Bioregion Murau does not have a clear membership and organisation structure, the initiative faces the challenge to create a structure which safeguards long-term continuity and further development which is not dependent on exceptionally committed individuals who work on an honorary basis. In the year 2008, the consortium will be turned into an association in order to have a stronger organisation structure.

Another very important challenge for the success of joint LED/CSR initiatives is to **motivate local companies to participate in the programme**. The scope of CSR activities may be limited particularly for smaller businesses due to their more limited resources and this may be a reason for them not to become engaged. It seems therefore effective to implement some kind of 'pooling mechanism'. This may be realised by the above mentioned construct of an 'investment club for CSR', i.e. the gathering of company's contribution and the centralised distribution of the resources among various social activities. In a similar way, representative organisations of enterprises (e.g. employers' organisations, interest groups, but also cluster organisations) may be involved. These entities may thereby also act as a pooling instrument while at the same time ensuring that benefits for their members are realised. Any such pooling of course reduces the influence of the individual firm on the social purposes pursued, and the CSR activities carried out may not necessarily relate to the core activity of the firm.

Particularly the mutual perception of the various actors (particularly NPOs/NGOs, public authorities and private enterprises) need to be considered. It may happen that there exist **prejudices** leading to a lack of trust and confidence which, in turn, hinders that local enterprises are approached and asked for participation or that the firms are reluctant to engage in activities with other actors. **To counteract this, initiatives to build social capital** are deemed to be necessary, e.g. by **fostering mutual understanding and communication**.

To encourage the co-operation among various kinds of (local) actors it has proven beneficial in the analysed initiatives, if they were based on or linked to a **public support programme** (either national or European) that required multi-stakeholder co-operation to qualify for the access to the funds. This 'external' financial incentive was an important driver for the decision of enterprises (but also local governments, see above) to participate as it limited the risk of investing much money and efforts in activities with hardly known partners and not definitely predictable outcomes.

¹⁶⁷ For the full description of this initiative see Annex I.



At the same time it is important for the enterprises to have the **flexibility of deciding whether or not to participate**. If they have the impression of a too binding commitment they will most probably refrain from becoming involved as they assume the risk of having to invest financial or human resources even in economic down-turns (when they need these capacities for the enterprises' survival). Moreover, for enterprises the participation in such support programmes is only interesting, if they are **not related to considerable bureaucratic/administrative obligations** as these curtail the capacities of the businesses which is a particular problem for the smaller companies.

Another barrier for becoming involved in a combined LED/CSR initiative is the **intransparency of the initiative** per se as well as of its **potential outcomes**, i.e. that the companies do not dispose of any information about the initiative and/or do not discern their benefits stemming from the co-operation. As to this regard the **relevance of intermediary organisations** (e.g. specialised CSR bodies or employers' organisations) must not be neglected as they may be used to approach companies and inform them about their possibilities and potential advantages. Similarly, the **media** may contribute to raising awareness about the social or environmental problem underlying the LED/CSR initiative and thereby, create a wider willingness of various actors to become involved. Furthermore, the media may be an interesting partner particularly for the private sector as it could be used as a marketing tool to disseminate the information about the companies' engagement for labour market, social, societal or environmental issues and, hence, contribute to ameliorating the enterprises' image.

It seems, furthermore, crucial to plan the initiative in a way to **implement pilot programmes** which comparatively **quickly show results** to convince the local community (and firms in particular) about the usefulness of the initiative.

Another factor in making enterprises join public initiatives is to **convince local business leaders** to participate and rely on their formal and informal power to attract other companies. On the one hand this can be realised by codes of conduct or similar that are driven through the value chain by the companies with higher market power. On the other hand, large companies may act as role models onto which other enterprises orient their business decisions.

The main problems in the implementation process of the Austrian Bioregion Murau dealt with getting enterprises, farmers and people engaged in the initiative and trying to convince them to implement the principles of sustainability and organic production in their business policy. By and by, the core group of Bioregion Murau succeeded in attracting new members through directly approaching eligible companies and farmers. Thus, the establishment of the consortium Bioregion Murau was time consuming and cost intensive. In the course of the evaluation it became clear that the main challenge of Bioregion Murau is that there have to be business opportunities for the involved firms. Otherwise, any idealism will end up soon. The challenge is to find advantages and benefits for the companies. The activities have to have financial results. Public attention is an important success factor to bring enterprises and other actors on board. Among others, the first activities received strong and positive response in the local media (e.g. via newspapers).

In some cases it is important to **ensure a critical mass of participants/beneficiaries**. As to this regard, the analysed case studies pinpointed the following problems the responsible persons for the initiatives were confronted with:

- First of all, there needs to be a clear vision about who should be addressed with the initiative and **how many potential participants should be served**, also in connection with the efficiency of the initiative. The initiative of the Polish Michelin¹⁶⁸ company, for example, aiming at providing technical and financial support to local companies faced the barrier that the number of good projects applying for the support was relatively small due to the small target group (manufacturing enterprises in a particular region), the pre-requirements for eligibility (the projects must create new workplaces that have to be sustained over time, and the company has to prove that it is able to repay the credit rates) and the unfamiliarity of the companies to file project proposals. On the contrary to this, the Portuguese Oeiras - PRO¹⁶⁹ initiative focused its activities to the companies engaged with the programme's incubator in spite of the initial vision to approach local SMEs in general in order to ensure the efficiency of the pilot project.
- Due to a **lack of transparency/visibility** of the initiative the intended target groups were not aware of the offer of the initiative or of its specific contents and, consequently, showed no interest in participation. By **using wider information dissemination channels** the administrators succeeded in approaching potential participants and made them join the initiative. Thereby, particularly local media, word-of-the-mouth communication, the local Public Employment Service as well as specialised NGOs/NPOs already having contacts to the target group proved to be good mediators. To involve the most appropriate brokers, however, it is important to have a clear picture of the potential beneficiaries in order to engage the right media (e.g. if approaching the elderly, internet/e-mail may not be very efficient), a target group oriented language (e.g. when dealing with migrants/ethnic minorities) and the most adequate contact points (e.g. if the initiative deals with fostering self-employment of women approaching them via welfare organisations is inappropriate as these women are hardly ever interested in entrepreneurship due to pressing personal and social problems; after these are solved they refrain from linking with the welfare organisations).
- **Drawing on existing 'Good Practices'** (like those that have been analysed in the framework of the study on hand) regarding the contents, modes of delivery and design of LED/CSR initiatives constitutes a good basis for generating ideas for respective initiatives. It is, however, important to **adapt these practices** to the local situation and the specific characteristics of the local businesses and community. So, it was learned, for example, that for LED/CSR initiatives dealing with the provision of education/training programmes or temporary jobs the duration of the programme is of considerable importance. The Irish 'Marks & Start'¹⁷⁰ initiative extended the initial training for homeless people of 2 weeks to 3 weeks as the fortnight period turned out to be insufficient for acclimatisation of this detached group to 'normal working conditions'.

¹⁶⁸ For the full description of this initiative see Annex I.

¹⁶⁹ For the full description of this initiative see Annex I.

¹⁷⁰ For the full description of this initiative see Annex I.



For the second target group - lone parents - a respective extension would also be favourable but cannot be realised from the viewpoint of the target group as they face the challenge of organising and financing childcare during the training period. An aspect that also has to be considered is to design the instrument in a way so that the participants do not lose their entitlement for unemployment or social welfare benefits.

Not only in the preparation and inception phase of LED/CSR initiatives, but also throughout the execution of the measures specific challenges have to be mastered for a sustainable success and durable effects.

An important factor influencing the 'survival' of the initiative is the **sustainable availability of financial means**. Both, LED and CSR activities may be characterised by a 'project-character' in terms of being stand-alone instruments not continued any longer after completion of the initial strategy - mainly due to lack of additional money to further the first activities. Consequently, it is of importance to ensure the availability of **public means** on an ongoing-basis while at the same time providing for sustainable **contributions of the private enterprises**. While the first is an issue of local, but also national and European policy making (i.e. planning and devoting financial resources to the local level) the latter can only be safeguarded via positive effects for the enterprises (e.g. by actively rewarding their efforts in the form of publicity). Nevertheless - and as already mentioned above - it must not be forgotten that LED/CSR initiatives always comprise a policy element and hence, the **full (financial) responsibility must not be transferred to the private sector**. This would impose the risk of pursuing public policy aims being fully dependent on companies' good will and also counteract the European-wide efforts to lower enterprises 'public burdens' (e.g. taxes or in the field of administrative issues/red tape). Moreover, relying on private means and action only can lead to reinforcing economic imbalances, e.g. in regional terms.

Financial reasons hampered the establishment of the Austrian 'Regionalentwicklung Außerfern'¹⁷¹ (REA) until a sponsorship by a bank (€ 25,000 - € 30,000) was the first step to get the initiative operationally started in 1997 (2 years after the official set-up). In the years 2000/01, due to financial problems, REA nearly had to be liquidated. Only after Außerfern became a LEADER region the initiative could assure its financing at least for the period 2001 - 2006 and recently also for a second LEADER period 2007 - 2013.

For the initiative 'Tremplin pour l'emploi'¹⁷² (stepping stone to employment pilot programme) aiming at providing education/training for unemployed intending to start a career in the investment fund sector in Luxembourg it is assessed that it is important that public authorities finance such initiatives as the cost is considered too high for enterprises to take it in charge entirely. Public authorities must take their responsibility towards the target group, i.e. unemployed. In the end, when unemployed are hired, this will result in a decrease of unemployment allowances paid by public authorities. However, the financial commitment of private actors certainly contributes to the success of such a programme. As they pay they do not realise a pure 'altruistic' action but target a 'return on investment'.

¹⁷¹ For the full description of this initiative see Annex I.

¹⁷² For the full description of this initiative see Annex I.

Another important challenge in the execution of LED/CSR initiatives is the continuous **establishment and further development of local/regional social capital** as this can be seen as one of the major pre-conditions for on-going successful co-operation, particularly if a diversified group of partners is concerned. Thereby, existing relationships should be taken advantage of and a **permanent communication flow** should be established among the partners. This may take various forms (informal or formal, personal or via communication media (including IT), bi-lateral or multi-lateral) and cover different contents (organisational/managerial issues, decisions about financial investments, communication about the projects' results, well-coming new participants etc.) and should be oriented on the characteristics of the individual initiative and the target groups. The constant communication flow is also essential to counteract any frustration or decreasing motivation of all stakeholders as well as to ensure that still the initially envisaged shared goals are followed.

The LED/CSR initiative related to the closure of one of the Spanish Danone¹⁷³ plants was subject to a number of difficulties, especially at the beginning when it was required to explain to employees the new situation and the need to close down the factory within a high degree of scepticism about the success of the initiative in the initial steps. The fact that the target group was informed since the beginning about the initiative, as well as the active and credible involvement of the Danone Group helped to reduce this scepticism among workers.

During the development of the Swedish/Finnish initiative 'On the border'¹⁷⁴ sometimes some of the working groups saw little use of their work until it came into the right context, as some ideas could be realised somewhat late in the process when other issues needed to be arranged first. The reference groups had a common pool where they solved problems together in a dialogue with the local business.

It is essential that the partners trust each other and do not perceive themselves as main contributor while others are free-riding. A good discussion (and also 'quarrelling') climate needs to be established in order to provide all stakeholders the opportunity of presenting their arguments and points of view without structurally over-ruling 'weaker' partners. Such might, for example, also be fostered by conducting social events not directly linked to the initiative but aiming at familiarising the involved parties with each other. Examples of such refer to informal meetings between company employees/managers and participants in education measures to talk about working practices and employment characteristics in the industry, joint lunches or dinners of representatives of companies, local governments and NGOs/NPOs, sporting or cultural events organised by local enterprises.

At the same time it is critical to **avoid lock-in effects** in terms of sticking to traditional fields of activity and ways of service delivery without responding to changes occurring on the local labour market or business environment as well as in larger administrative settings (e.g. at national or European level). This can be realised by drawing on **experts** external to the initiative or **exchanging information** with similar instruments in other regions and/or economic sectors, also across national borders. The latter may also contribute to a higher attractiveness of participation for local enterprises as it broadens their trading area.

¹⁷³ For the full description of this initiative see Annex I.

¹⁷⁴ For the full description of this initiative see Annex I.



The principal actors of the Irish 'Marks & Start'¹⁷⁵ initiative (Marks & Spencer as well as 2 NGOs) actively work on avoiding the lock-in of the established practices of the local network. For example, they are constantly on the lookout for new partners and are now extending the initiative to another target group (disabled clients next to the initial homeless persons and lone parents) through partnership with DisabledGo, a UK internet service organisation for disabled persons. The 2 NGOs are actively canvassing other sponsoring businesses to replicate the Marks & Start initiative. They are also lobbying policy makers to improve the statutory services for their clients, and scrutinising emerging EU social policy for potential new supports.

Another relevant factor refers to the initiative's **adaptability to changed framework conditions**. In order to achieve the intended results it is necessary to conduct a continuous **monitoring** of the adequacy of the implemented instruments for the specific purpose as well as a '**market analysis**' to investigate whether or not the initially identified local problems are still the most relevant that should be addressed. This could be done by employing continuous feedback instruments to collect the experiences of the involved stakeholders - with a particular focus on the companies and beneficiaries.

The Australian company BHP Billiton¹⁷⁶ launched a programme for labour market integration of indigenous inhabitants of the region which is realised in co-operation with various NGOs and governmental agencies. The company developed an online reporting system to allow tracking of progress against each contractor's contractual commitment concerning indigenous employment.

In the Irish 'Marks & Start' programme¹⁷⁷ intending to foster labour market integration of homeless persons and lone parents all actively involved partners are constantly monitoring the impacts of the initiative on their respective stakeholders to explore how things might be streamlined and what new services could be added. The fundamental indicator is the number of candidates who proceed to access sustainable employment as a result of the initiative. Candidate's feedback is used to fine-tune the initiative process, e.g. refinements in 'buddy' training, awareness training of staff members, most useful business areas to provide work experience, and, very importantly, after-initiative services (tracking, guidance and job placement).

To conclude, it can be mentioned that for most of the analysed examples of LED initiatives integrating companies' CSR activities it was assessed that they may be well **transferred** to other regions or countries. However, at the same time it needs to be pinpointed that the general framework conditions (such as the economic and social state of the country/region/locality, the political and financial power of local authorities, the engagement of social partners, the availability and support of NGOs etc.) considerably influence the potential of realising such initiatives. Furthermore, it has to be taken into account that each local area is specific, being confronted with individual challenges. Hence, **it is indispensable to adapt the concrete elements of such initiatives** (e.g. objectives, instruments and target groups addressed) **to the specific local situation**.

¹⁷⁵ For the full description of this initiative see Annex I.

¹⁷⁶ For the full description of this initiative see Annex I.

¹⁷⁷ For the full description of this initiative see Annex I.

8 Conclusions and Recommendations

8.1 General Considerations

During the last two decades, not only the concept of the multi-stakeholder approach in local employment development gained in importance, but also companies' engagement in social and societal issues gained momentum. With regard to CSR activities a specific focus on local initiatives can be observed - particularly as far as smaller companies are concerned. An integration of firms' CSR activities and (public) LED initiatives seems therefore logic and consequent.

Not only politics but also academia pinpoints the importance of combining the efforts from a multitude of stakeholders, e.g. by highlighting the concept of **New Governance** where policy is formed and executed through voluntary interaction of various societal actors instead of a strict top-down ('command-and-control') process. (Lepoutre et al., 2007) To include more actors in the design and execution of policy goals, an extended responsibility of businesses in the political and social domain is seen to be required, hence, enterprises' CSR engagement is assessed to constitute a pre-condition for the multi-stakeholder approach in local employment development. A major challenge is, however, how to acknowledge the *voluntary* nature of CSR in the policy context and address the uncertainties CSR brings about (e.g. concerning the social fields addressed by the measures or the regularity of conducting it).

A straightforward discussion about (and even more an analysis of) the integration of company's CSR activities into public LED initiatives is made difficult due to the following inherent characteristics:

- There does not exist a common understanding of both concepts (CSR and LED) which becomes particularly obvious when dealing with different kinds of actors (public as well as private ones) and countries.
- Each CSR activity is unique for the operating enterprise, as is each LED initiative for the individual region, resulting from the wide variety of different motivations behind these measures.
- Even where the same or similar challenges are addressed, the chosen way for solution may vary considerably due to differences concerning involved actors, and the characteristics of the region or company.

Hence, there does not exist any standardised, generally applicable approach to integrate LED and CSR. This requires the investigation of individual approaches on an exemplary basis, which has been done in this project by analysing both, the general framework of LED and CSR in the Member States of the European Union, Australia and Canada as well as concrete LED instruments being based on companies' CSR activities. On the basis of this, and in spite of the heterogeneity of such instruments, specific characteristics could be identified, and some **major obstacles and success factors** could be pinpointed. These factors can be taken into account in order to realise the potential benefits inherent to LED/CSR activities and due to the **value-added that CSR constitutes for (public) LED instruments**.



In the following, the conclusions derived from the analysis are summarised while differentiating between strategic policy recommendations targeted at the European level as well as national governments (i.e. strategic lines for creating an environment favourable for effective LED/CSR initiatives) and recommendations concerning the operative execution of initiatives (addressing the individual stakeholders involved in such measures, e.g. public organisations, enterprises and the civil society).

8.2 Strategic Policy Recommendations to European Level and National Governments

The analysis of the local employment development policies throughout Europe has shown that although there is a tendency for decentralisation it is rather a **top-down** than a **bottom-up** process that is applied. However, as local areas are very heterogeneous in terms of the characteristics of the economic structure, the population as well as the social and labour market problems, more attention and power should be given to local actors to influence local policies. Integrating local firms' voluntary activities requires even more flexibility in local policy design in order to meet the specific views and interests of companies and to take advantage of what they can offer. Therefore, the European Commission should put more emphasis on the operative implementation of the concept of **New Governance**, also at local level. For this purpose, awareness raising and information provision targeted at local actors (governments, enterprises, NGOs/NPOs) is needed, as is their **empowerment** to actively participate in the policy making process. The latter refers to both, organisational/management skills to administer and become engaged in such multi-stakeholder approaches (including the identification of potential fields of action and favourable mechanisms to support the local labour market) as well as financial means and formal autonomy to be able to act comparatively independently within the framework set from higher administrative levels. The first may, for example, be achieved by **disseminating Good Practices** of respective procedures to local actors by **providing handbooks and organising events (like conferences)** for the exchange of know-how and experiences, e.g. by taking advantage of already established structures such as the Linking Local Actors initiative of the European Commission. This can also be **organised by national governments with the assistance of the European Commission**. Thereby, the structure and contents may be oriented on similar measures that have already been organised in related fields. So, for example, the European Foundation for the Improvement of Living and Working Conditions in 2006 organised a European conference on 'Social capital and job creation in rural Europe'¹⁷⁸. After generally familiarising the audience with public measures taking advantage of social capital for improving the employment situation in rural areas in a plenary session, several parallel workshops offered the possibility of getting detailed information of such measures that were presented by their representatives and discussed afterwards. The discussion results were afterwards not only reported in a final plenary session, but also written down and made available via internet.

At the same time, mutual trust/social capital among the various local stakeholders needs to be created. With regard to the provision of financial means for the empowerment of local actors for active contribution to New Governance, European funds may be allocated for this purpose.

¹⁷⁸ <http://www.eurofound.europa.eu/events/2007/confisbon081107/index.htm>

Next to that it seems, however, important to provide **incentives for multi-stakeholder partnerships** in order to overcome the actors' reluctance to co-operate with other kinds of organisations. So, for example, the requirements of public (European or national) **support programmes** to establish partnerships between local governments, enterprises and/or NGOs/NPOs (such as LEADER or EQUAL) was observed to be an important motivation for the concerned parties to become involved in joint LED/CSR initiatives. In this context, an additional criterion to **include a 'social responsibility element'** in joint initiatives could be formulated to encourage enterprises' CSR activities in these partnerships. Thereby, it needs to be observed that the administrative burdens - particularly those laid upon the involved enterprises - are kept to a minimum in order not having to devote much of the available financial and human resources foreseen for administrative purposes.

At the same time, the establishment of co-ordination mechanisms to bring together public initiatives and private enterprises' CSR activities seems to be necessary in order to **align strategic and long-term oriented LED measures with often ad-hoc and unsystematically conducted private CSR**. This alignment could be achieved by **taking advantage of intermediary organisations** (e.g. cluster organisations, family business organisations, NGOs/NPOs - see below) or by **introducing pooling mechanisms** (such as 'social investment clubs' - see below).

Also the power of the third sector is of particular relevance. NGOs/NPOs often are an important mediator between the public and the private sector and - due to their familiarity with the local situation and closeness to the target group - are ensuring the successful realisation and effectiveness of LED/CSR initiatives. However, caused by a lack of financial means and/or political rear cover it may happen that they do not have enough influence to convince other local actors about their views. Hence, **support of NGOs/NPOs** in financial terms, but in particular with regard to competence development for fulfilling their intermediary role is essential. While the financial support should be covered by national governments, competence development instruments are deemed to be especially valuable if organised/supported by the European Commission. This supra-national backing provides for the possibility of a cross-national approach, including for example networking activities and the exchange of experience among NGOs/NPOs striving to achieve similar objectives in different countries. Such exchange (which has, for example, been organised in the Portuguese initiative 'Oeiras - PRO: Organisations' Social Responsibility Project'¹⁷⁹) may contribute to equip these entities with better capacities to identify the local fields of action and **actively approach local governments and enterprises** as well as convince them to participate in LED/CSR initiatives.

Furthermore, due to the complexity of LED/CSR initiatives caused by the multitude of involved stakeholders, their potentially diverging interests, the sensitivity of the issues covered and the target group it is suggested to elaborate a **guideline** for the preparation, implementation and execution of LED/CSR activities pinpointing the major issues that should be taken into account in order to realise a satisfactory outcome for all involved stakeholders. In the long-run, the European Commission could adapt the handbooks already available for LED initiatives by specifically taking into account the integration of companies' CSR activities. This guideline should be elaborated in a way to constitute a practical tool for those responsible for the design and running of such instruments in terms of being informative, assisting and user-friendly.

¹⁷⁹ For the full description of this initiative see Annex I.



Topics covered could refer to

- How to identify the social/societal/labour market problems most pending in the local area (shared vision and common goals) and how companies could contribute in this context
- How to organise the administrative part of the initiative, including the identification and set-up of the optimal co-ordination mechanism, also having in mind the different interests/priorities and ways of acting of enterprises, civil society and the public sector
- How to define the geographic/administrative scope (in terms of labour market coherence as well as an attractive area of activity for the involved enterprises) of the initiative and the optimal composition of the partnership in order to effect a beneficiary outcome while at the same time avoid both, a lock-in effect and too high administrative burdens
- How to approach potential partners (particularly enterprises) and the target group and convince them to participate as well as ways and means to safeguard the ongoing commitment
- How to attract a sustainable financial endowment, also in economic downturn times when companies are not capable of investing large amounts in activities not directly related to their core business activities
- How to conduct a continuous monitoring and secure the adaptability of the initiative to changed circumstances (in terms of both, labour market developments as well as developments in the local business community)

An important pre-condition of the realisation of LED/CSR activities is the companies' willingness and ability to engage in CSR. While in general it can be assumed that European enterprises - also SMEs - are aware of their social responsibility, the available data and experts' assessments show that there is potential for further improvement. This particularly holds true for the New Member States in which the concept of CSR is rather young and consequently not as widespread as it is in the former EU-15. To **enhance companies' CSR activities**, governments at all administrative levels (but most probably being most effective if initiated by national governments, partly with assistance of the European Commission) could engage in various activities. Examples include:

- Show **governmental commitment** towards **local** CSR by putting the topic on the agenda of policy discussions and thereby increasing public and companies' awareness



- Establishing **incentives for companies to engage in CSR** (e.g. tax incentives¹⁸⁰, **prize awards for 'local compliance'**) that is related to their core business activities instead of using it as a marketing tool, only; thereby, a specific focus on **local CSR** should be observed (similar to other CSR themes, e.g. the global dimension). Eligibility to incentives could be closely connected to co-operation with and **involvement of appropriate NGOs/NPOs** to increase the effectiveness of CSR activities. This is especially relevant, if firms' CSR activities are not related to the core activity of the company.
- Also **activities to facilitate multi-stakeholder processes** may be appropriate. It can be assumed, for example, that an obligation to publish CSR reports explicitly indicating the fields of action and the geographic scope of the initiatives fosters enterprises' engagement in local community activities as it becomes more visible for clients and business partners. Thereby, given standards defining the contents of these reports contribute to information provided that is comparable across companies. This, on the one hand, is favourable for monitoring local CSR activities at supra-national level and, on the other hand, creates pressure for activity on enterprises as their engagement (and 'CSR compliance' that is implicitly expected by stakeholders) is more visible. In a similar way, non-binding codes of conduct that are elaborated in co-operation with interest groups (e.g. employers' organisations) might serve a kind of 'educational purpose' as they on the one hand provide hints about how CSR could be implemented in the business activities and on the other hand generate peer pressure, if other companies comply and communicate this. An example of this constitutes the Australian ASX Principles on Corporate Governance and Best Practice Recommendations (Australian Stock Exchange, 2003). This is a voluntary code of practice, but companies are required to explain to investors and the Australian Stock Exchange (ASX) if they do not meet its standards. It is important, however, that soft legislation takes into account the specific characteristics of different enterprise size classes and orients its standards on the possibilities of the individual categories of enterprises.
- **Promote CSR** and provide information about the ways and means for companies to engage in CSR, and raise awareness among companies that CSR does not necessarily need to be connected to the investment of financial means (as it can be observed that the perceived high costs related to CSR are an important hindering factor for smaller companies to become engaged). Hence, information about models involving volunteering or donations in kind should be spread. A specific focus needs to be laid on initiatives benefiting the local society and being **related to the core activities of the companies**. This means that CSR should not be presented as a way and means of using the realised company profits for the benefit of the local community, but rather as showing enterprises how they may accrue the profits while acting in a socially responsible way, i.e. how to integrate CSR in daily business activities. In this way, CSR is assumed to be **less sensitive to the economic performance and situation and hence, more stable**.

¹⁸⁰ While in some European countries donations are tax deductible only if they are addressed to specific organisations (e.g. for scientific or cultural purposes in Austria), other European tax regimes (e.g. in Germany, France, United Kingdom) already favour CSR engagement by providing for tax deductions for donations to all kinds of NPOs (e.g. also those that are serving humanitarian purposes or lobbying for environmental issues).



- In this context, also **family businesses** may be specifically approached. It can be observed that particularly smaller family businesses are very much anchored to the local community (in terms of doing business at local level, recruiting local employees and being involved in the social/societal life in the local area as the entrepreneurial family also lives there). At the same time, not only the financial capital (in terms of tangible and intangible company assets) is passed on across generations within the family, but there also exists a high level of social capital and cultural capital. The latter comprises, among others, the value system prevalent within the family and the enterprise and considerably influences the way of doing business - and consequently the willingness to and the kind of engagement in CSR. Thereby, family businesses are generally seen to show a high level of socially responsible acting as the entrepreneur sees himself/herself as the caretaker of the company for future generations. The sustainability of the firm must be ensured for the descendents, hence, the good reputation of the enterprise must be upheld. This is to be achieved not only by high quality production or service provision, but also by fulfilling customer expectations towards CSR. On the basis of these considerations it becomes obvious that family businesses may be assumed to be an important target group for LED/CSR activities and should be actively engaged as to this regard. For this purpose, it will also be necessary to find out more about the distinctive drivers/motivations and ways of implementing CSR in family as little is known about that so far.
- Create **transparency/visibility about the potential benefits** for the businesses when engaging in CSR; This can be done by providing illustrative case studies showing the outcome and effects of social responsible acting for the enterprises, by organising or supporting events (such as conferences or seminars) informing enterprises and fostering the exchange of experiences among firms. It is also beneficial if local lead companies become engaged in the initiative at an early stage as their activities are often closely observed by other companies and hence, also the positive effects for the firm's CSR engagement become more visible for the private sector (as realised, for example, in the Swedish/Finnish initiative 'On the border'¹⁸¹).
- In most cases companies cannot really specify the effects of their CSR activities. Respective assessments remain vague. This **lack of evaluation** leaves possibilities for improvement and innovation undiscovered. The provision even of a comparably simple **tool** for engaged companies **to measure and monitor the effects** of their CSR could contribute to make responsible acting more effective and dismantle scepticism about the 'business case' for CSR.¹⁸² Such evaluations should not only take place **ex post**, but the tool should be used by the company to assess impacts of their CSR engagements **ex ante**.

¹⁸¹ For the full description of this initiative see Annex I.

¹⁸² An example of such a tool that could be examined in more detail regarding its general applicability and usefulness has been identified in Canada. The Corporate Responsibility Assessment Tool of the Conference Board of Canada and Image Canada enables employees and managers to make their own analysis of the firm's situation towards the commitment to CSR. Thereby, five aspects are examined: governance and management practices, human resources management, involvement of the company in the local community, environment, health and safety as well as human rights.



- Self-engagement of **public authorities** in local social responsible acting, to act as a **role model** for the private sector
- Include conditions in **public procurement** contracts favouring socially responsible acting for the benefit of the local community, e.g. by taking into account the elements proposed to be considered in public procurement (e.g. identifying the social requirements within a procurement, incorporate social issues in performance-based specifications, allow for variants in terms that contractors may add a social dimension, include social criteria in the selection criteria if the contract is to be awarded to the economically most advantageous tender etc.) (N.N., 2008)
- Fostering partnerships between **social enterprises** and private business has been identified in this report as a potential lever to make firms contribute to social aims (e.g. the Belgian initiative 'Pendelfietsen' or the Slovakian 'Town Hall Open Markets' initiative¹⁸³). Such partnerships can be promoted through co-ordinated campaigns, targeted at companies, of government and umbrella associations of social enterprises. However, institutionalised co-operation between and representation of social enterprises in Europe is rather weak. There is therefore a role to play for the European Commission to strengthen the representation of this sector. Second, social enterprises need tailored capacity building in the area of business and management skills to professionally co-operate with mainstream business. Third, for social enterprises to establish long term partnerships (e.g. as a subcontractor) more stable and predictable public funding is required. The often used grant systems based on annual petition proceedings are hampering a strategic planning for social enterprises (Heckl et al., 2007).

For a realistic implementation of LED/CSR strategies both the two aspects described above need to be given: The general awareness, willingness and capability of local actors to engage in local employment development and the general awareness and willingness of enterprises to engage in local CSR. With regard to both, different states of affairs can be observed, necessitating different sets of action by the European Union and/or the national governments.

¹⁸³ For the full description of these initiatives see Annex I.



Table 3 Strategies to Foster LED/CSR Initiatives by Status Quo of LED and CSR

	Companies aware of and willing to engage in CSR	Companies not aware of and/or not willing to engage in CSR
Local actors aware of and willing and capable to engage in LED	<p>Strategy 1 (applicable particularly in some of the Western European countries (those with higher administrative decentralisation tendencies))</p> <p>Foster the concept of integrating CSR in LED by familiarising all stakeholders with the possible ways of doing so (e.g. dissemination of guidelines/handbooks, Good Practices)</p>	<p>Strategy 2 (applicable particularly in some of the Eastern European countries)</p> <p>Familiarise enterprises with the possible ways of engaging in local CSR and the potential advantages they may accrue out of doing so, e.g. by disseminating CSR handbooks and Good Practices and using interest groups/employers' organisations/cluster organisations as intermediaries; supporting local NGOs/NPOs in their actively approaching of companies</p>
Local actors not aware of and/or not willing and capable to engage in LED	<p>Strategy 3 (applicable particularly in some of the Western European countries (those with low administrative decentralisation tendencies))</p> <p>Familiarise local governments and local NGOs/NPOs with the possible ways of engaging in LED, and empowering them for doing so (with regard to both, financial endowment and administrative authority), e.g. by equipping them with financial funds and decentralising decision making power to the local level</p>	<p>Combination of Strategy 2 and 3 (applicable particularly in most of the Eastern European countries), necessitating the most efforts and long-term orientation</p>

Source: Austrian Institute for SME Research

As LED/CSR initiatives are (partly) based on voluntary contributions of private enterprises it can be assumed that the extent of activity and resources made available will vary with the business cycle. Hence, in times of good economic development companies dispose of more means for investment for social purposes while during economic downturn resources will be needed for immediate business survival, resulting in lower CSR activities¹⁸⁴. However, in recession social and labour market problems will be more severe, actually requiring more intervention.

¹⁸⁴ The same holds with regard to geographically different economic performance. Regions with a booming business sector certainly have more potential to profit from local CSR than regions with a declining business sector have.

So, **CSR is basically working 'pro-cyclical'**, particularly in cases where it is not anchored to the core activities of the firm but rather seen as a marketing tool. To avoid this drawback, mechanisms could provide for **clearing lower and higher levels of contributions** from the private sector as the full responsibility of financing LED must not be transferred to the private sector, also having in mind that the economic sustainability of the firm constitutes a pre-condition for continuous CSR engagement in the long run and must not be endangered by too high social investments in the short run.

This can, for example, be done by establishing a '**local societal support fund**' that is nourished by both, public and private means (e.g. in form of a leverage model in which the sums donated by private enterprises are doubled by public money), resulting in a kind of '**savings account**' for economically difficult times.

Also smaller companies are in general aware of their social responsibility and are willing to engage in CSR, particularly at the local level. However, at the same time the impact of their involvement is limited. Therefore, the **pooling of SMEs' activities** could create a more significant weight. As to this regard, three mechanisms are conceivable:

- Awareness raising for and information provision about the practical implementation of '**investment clubs for social purposes**': In some of the analysed case studies (e.g. Oeiras Solidarity in Portugal or 'You Choose: You Decide' in Spain¹⁸⁵) it proved effective to establish a local entity (in most cases a NGO/NPO) that centrally administers the CSR contribution of individual local enterprises, pools the contributions and disseminates them for local social purposes. However, as such instruments do not seem to be very widespread local actors need to be familiarised with this concept and given support for its operative realisation.
- Employers' organisations, chambers of commerce or other bodies representing enterprises (also, for example, at sector level) could be better integrated in local employment development initiatives. So far, and particularly at local level, these entities seem to be approached for advice and consultancy, only. **Active involvement** of these **interest groups** could hardly be identified in small-scale local initiatives. Also, harnessing these established structures to raise the awareness of companies about CSR at the local level and convince firms to participate in LED is not that frequent. Also, the integration of family business networks (such as the European Group of Owner managed and Family Enterprises or FBN International) is deemed advisable as family businesses not only show a high affiliation to CSR activities but also are anchored to the local community.¹⁸⁶

¹⁸⁵ For the full description of these initiatives see Annex I.

¹⁸⁶ In its response to the European Commission's Green Paper on Corporate Social Responsibility GEEF, for example, pinpoints that CSR is a natural part of the essential values of family businesses and that GEEF is interested in informing its members about the importance of CSR and supporting family businesses in its implementation.



- During the last two decades the concept of business **clusters** has gained momentum in economic policy, and more and more professional cluster organisations deal with the administration of (often local and regional) co-operation activities of enterprises. As these organisations in many cases are effective management instruments at supra-enterprise level and are trusted and appreciated by the member companies they could be used as a promoter and co-ordinator of businesses' CSR, and as broker/intermediary with local institutions. As to this regard, national, regional and local governments could set activities to put the issue of local CSR on the agenda of cluster organisations. At EU level this could be fostered via the various European cluster alliances and networks.

Both, balancing different levels of companies' local CSR activities as well as pooling enterprises' contributions to LED are deemed to fall into the responsibility of national, regional or local governments. Nevertheless, support of the European Commission is important, e.g. in terms of providing respective Good Practices or the possibility for exchanging experiences across national borders.

In the following table, the conclusions/challenges and recommendations described above are briefly summarised, also indicating the administrative level(s) they are addressed to.

Table 4 Summary of Conclusions/Challenges and Strategic Policy Recommendations Targeted at the European Commission and National Governments

Conclusions/Challenges	Policy Recommendations	Concerned Level
In spite of decentralisation tendencies, LED is still rather designed top-down than bottom-up, neglecting the heterogeneity across local areas.	Increase awareness of the necessity to involve local actors (both, public and private) in policy making	European Commission
	Place more emphasis on the operative implementation of New Governance (e.g. information provision to national and local governments, enterprises, NGOs/NPOs and encouraging them to participate)	European Commission
	Development of management skills and formal autonomy of local governments and NGOs/NPOs to actively contribute to New Governance	National governments (possibly with assistance of the European Commission, e.g. handbooks, Good Practices)
	Provision of financial means for this skill development	European Commission
Local actors are sometimes reluctant to co-operate with other types of stakeholders. Pecuniary public incentives foster collaboration among public and private actors at local level.	Public support programmes should require multi-stakeholder partnerships (like already realised in LEADER or EQUAL) while at the same time limiting administrative burdens connected to programme participation for enterprises.	European Commission, national governments

Conclusions/Challenges	Policy Recommendations	Concerned Level
Strategic and long-term oriented LED measures often are not aligned with companies' CSR activities that are conducted rather ad-hoc and unsystematically.	Alignment could be achieved by taking advantage of intermediary organisations (e.g. cluster organisations, family business organisations, NGOs/NPOs) or by introducing pooling mechanisms (such as 'social investment clubs').	National governments
The civil society (NGOs/NPOs) is an important initiator of LED/CSR initiatives and a mediator between governments and enterprises. However, they often lack in financial endowment and/or influential power due to limited capacities.	Provision of financial support of local NGOs/NPOs	National governments
	Provision of competence development measures to better enable NGOs/NPOs to identify local fields of action and actively approach, convince and work together with local enterprises and governments to contribute to LED/CSR activities, e.g. via cross-national training programmes or networking	European Commission
LED/CSR initiatives are complex due to the multitude of different stakeholders involved (and their diverging interests) as well as the sensitivity of the issues dealt with.	Next to general handbooks dealing with the design and implementation of LED initiatives, respective tools for LED/CSR instruments should be developed and disseminated, taking into account the integration of companies' CSR activities	European Commission
Particularly in the New Member States there is further potential for enterprises to become involved in CSR, if they are publicly encouraged to do so.	Putting the issue of local-level CSR on the political agenda	European Commission, national governments
	Provision of (financial) incentives for companies to engage in CSR activities for the benefit of the local level	National governments
	Facilitation of multi-stakeholder processes, e.g. requirements to publish local CSR activities or codes of conduct	National governments
	Promotion of the concept of CSR and the ways it can be implemented for the benefit of the local level and related to the enterprises' core activities	European Commission, national governments
	Specifically address family businesses to enhance their CSR activities	European Commission, national governments
	Creation of visibility about the potential benefits for enterprises to engage in local CSR activities, e.g. by providing case study examples or exchange of experience	European Commission, national governments
	Elaboration of a practical tool for enterprises to monitor the effects of CSR activities for the economic situation of the firm	European Commission
	Self-engagement of public authorities in local social responsibility and integration of the requirement of socially responsible acting in public procurement procedures	National, regional and local governments



Conclusions/Challenges	Policy Recommendations	Concerned Level
Companies' (local) CSR activities are related to their economic situation and firm performance and may decrease in economically difficult times.	Development and implementation of mechanisms to balance different levels of companies' contributions to LED/CSR initiatives and pooling smaller enterprises' contributions, e.g. by establishing 'local societal support funds', 'investment clubs for social purposes' or integrating intermediaries (e.g. interest groups or cluster organisations)	National, regional and local governments (possibly with the assistance of the European Commission)
The CSR contribution to LED by individual small businesses is limited. Hence, little effects will materialise, making engagement less attractive for all stakeholders.		

Source: Austrian Institute for SME Research

8.3 Recommendations for the Execution of LED/CSR Initiatives for Enterprises, the Civil Society and Local Governments

Next to the above-listed strategic recommendations influencing the framework/environment and pre-conditions for LED/CSR initiatives the analysis also pinpointed some more operative recommendations, targeted at the involved stakeholders or the co-ordinating/administering body of such initiatives.

An important issue that needs to be thoroughly considered is the **'size' of the initiative** in terms of the geographic scope as well as the number of involved actors. If the territory is too large or too many (and too heterogeneous) partners are involved, there is the threat that the initiative becomes unfocussed, the multiplicity of partners cannot be managed efficiently and satisfactorily and the decision making process becomes lengthy. On the other hand, if the initiative is too small, it may be difficult to realise any significant effects due to limited financial or human resources that are endowed to the measure, and future growth potentials are hampered as the initiative lacks visibility and attractiveness for the involved enterprises. Hence, the initiator of the LED/CSR measure has to find a middle course that safeguards that a beneficial outcome for the local community as well as the involved enterprises can be realised.

In order to identify an 'optimal' size of the initiative it is recommended to start with an **analysis of the local area** conducted by a local research institute to discover the major social/societal and labour market problems. These may, on the one hand, refer to the coherence of the local labour market (e.g. revealing the prevalent commuting areas) and on the other hand to the roles and positions of local players in business, labour market and community matters. The latter can be seen as an important pre-condition for integrating essential decision-makers or influencers (such as the mayor of the locality, owners/managers of important companies etc.) in the initiative from the very beginning (which has been observed as a major success factor) and can be revealed by conducting a social network analysis, for example.

The analysed initiatives across Europe, Australia and Canada have also shown that the establishment of a **co-ordinating unit** to manage the multi-stakeholder partnership, to balance the interests of the different involved actors and to ensure a continuous commitment towards the common goals and strategy is essential for the sustainable success of LED/CSR initiatives. Furthermore, in case that there are run several initiatives with similar objectives within the region or across regions it is essential that there is **co-ordination among those different instruments** in order to avoid overlapping activities and create synergy effects.



The 'interface' of this co-ordinator (e.g. separate entity as in the German initiative WABE vs. belonging to one of the enterprises as with the Australian initiative Bizness Babes of The Body Shop Australia, NGOs/NPOs like the Estonian 'Youth to School' or local governments involved such as in the case of the Swedish/Finnish cross-national initiative 'On the border'¹⁸⁷) as well as its composition (e.g. one single person vs. a team representing all stakeholders, volunteers vs. employed persons) needs to be oriented on the specific characteristics of the initiative. In any case, however, it is of utmost importance that the co-ordinator disposes of fundamental knowledge about the peculiarities of the local area as well as about how to organise and manage multi-stakeholder partnerships in the field of local employment development and enjoys the appreciation of all involved stakeholders.

Furthermore, the initiator and/or co-ordinator of the LED/CSR initiative has to safeguard that the involved stakeholders agree upon the **methods of decision making** (formal vs. informal, unanimity vs. majority votes, involvement of all partners vs. drawing on topic-specific working groups etc.) in the framework of designing the initiative and on strategic issues (e.g. adaptation of the instrument during its life course). As to this regard it has also proven advantageous to draw upon external experts and the experiences gained in similar initiatives in other regions to avoid lock-in effects and include a bird's eye view.

Involving companies on a permanent basis is a major challenge in LED/CSR initiatives, particularly as in many cases they do not become active themselves but need to be approached and convinced to invest for social purposes. With regard to attracting companies' engagement in local employment development initiatives public authorities and NGOs/NPOs have to **take into account the business and sectoral structure of the local enterprise community**. Firms are more inclined to engage in CSR for the benefit of the local area - also in economically difficult times - and the engagement brings most value added and effect, if the socially responsible activities are related to the enterprise's core activities and their specific competences. **This requires a good mapping of companies' competences deployable for social purposes.**

Employers' organisations, family business organisations, chambers of commerce, business incubators or cluster organisations as well as other forms of existing formal or informal business networks could be actively involved by local/regional governments and/or NGOs/NPOs as **facilitators/brokers**. They dispose of direct linkages to a comparatively high number of enterprises. Hence, their 'mediation services' could be drawn on to make local firms participate in LED. In a similar way, specialised CSR organisations could be approached to familiarise enterprises with the concept of CSR and the potential ways and means to engage in CSR for the benefit of the local community.

Another possibility to convince local companies to join forces for local issues refers to the **creation of peer pressure**. This can, for example, be realised if local/regional governments and/or NGOs/NPOs distinguish those companies that actively contribute to the communities' well-being by publicly awarding them with prizes or other publicity. In this way - and particularly in smaller local areas - also other enterprises will be 'forced' to engage in community issues, too.

¹⁸⁷ For the full description of these initiatives see Annex I.



For enterprises the participation in prize awards should not be associated with high administrative burdens (e.g. having to register, to file substantial application documents, to provide extensive evidence of the activities etc.) as otherwise the interest in becoming involved in the procedure will be low.

Companies will, furthermore, be more willing to invest financial and/or human resources for social/societal purposes, if they can also assume to realise a benefit for themselves. This benefit does not necessarily need to be pecuniary, also a perceived improvement of the company's image is an important motivation. Having this in mind it is recommended to **establish mechanisms to safeguard the initiative's transparency and communicate the (potential) outcome for the enterprises**. This can be done by designing the instrument in a way which provides for **quick results** that are also widely communicated while at the same time following a long-term approach.

This long-term vision is important as sustainable and significant effects of LED/CSR initiatives can only be achieved over a longer time horizon. This is to be attributed to the fact that the existence and development of social capital among the involved stakeholders constitutes a pre-condition for the effective and efficient execution of LED/CSR initiatives, and social capital needs time to develop.

This long-term approach should also deal with the following aspects:

- Provide enterprises with the flexibility to join and exit according to their individual circumstances as otherwise they will be more reluctant to participate if they have to fear that they have no possibility to withdraw in economically difficult times
- Implementation of mechanisms for continuously monitoring the development within the local area (business structure, economic development, labour market situation and problems, social issues) but also a wider framework (regional, national and even European developments) to ensure that the initiative addresses 'the right issues' on an ongoing basis
- Implementation of mechanisms to adapt the initiative to changed framework conditions (e.g. exit of partners, joining of partners, changes in the labour market situation etc.), if necessary
- Safeguarding of a sustainable financial endowment that not only depends on enterprises' contribution in order to achieve a stable execution of the initiative, also in economic downturns

In the following table, the conclusions/challenges and recommendations described above are briefly summarised, also indicating the entities they are addressed to.



Table 5 Summary of Conclusions/Challenges and Recommendations Regarding the Execution of LED/CSR Initiatives Targeted at the Involved Stakeholders

Conclusions/Challenges	Recommendations	Concerned Level
The geographic dimension of 'local' considerably differs across LED/CSR activities, as does the number of involved actors. At the same time, finding the adequate 'size' for the individual initiative constitutes an important success factor.	On the basis of the planned objectives and instruments of the LED/CSR initiative as well as the intended effects the ideal/optimal size of the measure has to be defined in terms of geographic territory to be covered and number of actors to be involved to safeguard that the initiative is attractive for all stakeholders while at the same time can be managed effectively and efficiently; for this purpose, an analysis of the local area needs to be conducted to investigate on the coherence and relationships among stakeholders and the territory (e.g. labour market area, economic area)	Initiator ¹ in co-operation with researchers
The multi-stakeholder approach in LED/CSR initiatives results in diverging interests among the partners, also involving the risk of pursuing different visions and objectives.	A central co-ordinator needs to be established to balance the diverging interests of the multitude of stakeholders and safeguard that all follow the same vision and strategy.	Initiator ¹
	Establishment of agreements regarding methods of decision making to safeguard the continuous commitment of all stakeholders	Initiator ¹ , co-ordinator ² , possibly with assistance of external experts
The participation of private enterprises is an important pre-condition for the realisation of LED/CSR initiatives. In many cases, however, enterprises do not become active themselves but need to be approached and convinced to participate.	To attract companies to participate in LED/CSR initiatives it is essential that the planned activities result in a benefit not only for the local community but also for the enterprises. This is more likely if the intended CSR activities are related to the firms' core activities. Hence, the local business structure needs to be taken into account when designing LED/CSR initiatives.	Local/regional governments, NGOs/NPOs
	Involvement of intermediaries / facilitators / brokers (e.g. employers organisations, cluster organisations, family business organisations, CSR organisations) to approach enterprises	Local/regional governments, NGOs/NPOs
	Creation of peer pressure	Local/regional governments, NGOs/NPOs in co-operation with local business leaders



Conclusions/Challenges	Recommendations	Concerned Level
The participation of private enterprises is an important pre-condition for the realisation of LED/CSR initiatives. In many cases, however, enterprises do not become active themselves but need to be approached and convinced to participate.	Creation of visibility of the potential benefits for enterprises to engage in the specific LED/CSR initiative by safeguarding quick results of the initiative	Local/regional governments, NGOs/NPOs
The existence of social capital among the involved stakeholders is important for the effective execution of LED/CSR initiatives. Social capital needs time to develop.	In order to benefit from social capital a long-term orientation of the LED/CSR initiatives needs to be ensured. To safeguard the sustainability of the measure, mechanisms for monitoring the procedures within the instrument as well as its outcomes need to be established, and if necessary the instrument needs to be flexible enough to adapt to changed framework conditions. Furthermore, enterprises need to be given the opportunity to join and exit whenever they want while at the same time the continuous availability of sufficient financial means needs to be safeguarded.	Initiator ¹ , co-ordinator ²

¹ Initiators will in most cases either be NGOs/NPOs, private enterprises or local/regional governments.

² This may be an individual person or a team and may be a separate entity or affiliated to one or several of the involved stakeholders.

Source: Austrian Institute for SME Research

8.4 On Future LED/CSR Debates

To conclude, a few potential directions for future debates on local employment development initiatives integrating companies' CSR activities are to be raised.

First of all, a very fundamental discussion deals with the **way of integrating private businesses into local employment development initiatives**. This refers to the degree of 'voluntariness' of companies' CSR activities. While the EU definition clearly pinpoints that Corporate Social Responsibility is to be understood as activities going beyond compliance with legal obligations, there could still be thought of enacting soft law instruments or 'non-binding' codes of conduct. However, it has to be kept in mind that LED initiatives are mainly pursuing public policy goals (such as training/education, labour market integration, social infrastructure etc.) and, consequently, fall in the responsibility of the public sphere. As to this regard, it should be carefully considered whether it is desirable to create a (high) dependency of public services on private actors' engagement and how much private influence can be accepted. It can be assumed that companies that contribute to public measures will also strain for active involvement in the design of respective initiatives to realise an advantage from their engagement.



Ann Furthermore, it has to be kept in mind that CSR activities of smaller businesses are mostly conducted on an ad-hoc basis while CSR activities of larger firms are often motivated by marketing purposes. This implies uncertainty regarding the sustainability of voluntary social contributions of firms.

Regarding the **contents and instruments** applied in LED/CSR activities the analyses conducted in the framework of this study revealed a wide spectrum of different fields of activity, targeting manifold economic, labour market, social and societal problems. Nevertheless, against the background of the ongoing developments across Europe some more issues could be identified that could well be tackled by LED/CSR initiatives:

- While it has been observed that various LED/CSR initiatives deal with the support or facilitation of self-employment for women, migrants/ethnic minorities or young persons, **entrepreneurship of the elderly generation** does not seem to be a priority issue. Having in mind the demographic change towards an ageing society as well as the problems many older persons face on the labour market, respective initiatives should be considered. This may particularly be a field of activity within the New Member States as here the 'entrepreneurial spirit' seems to be less developed than in Western Europe while at the same time the issue of the ageing workforce is not considered as a priority topic on the political agenda there.
- Comparatively innovative approaches that have proven to be effective, particularly with regard to involving SMEs and pooling their (CSR) resources for achieving a 'critical mass' at local level (e.g. the 'investment club' for social purposes, involving employers' bodies or cluster organisations), could be more intensively analysed in terms of their working methods and transferability with the aim of providing the local actors with a practical tool for implementation.
- Similarly, modern ways of financing respective initiatives could be discussed in order to avoid a situation of high dependency on companies' contribution in cases in which public means are limited. As to this regard, for example the involvement of Business Angels or Private Equity Funds could be considered (i.e. informing them about the possibilities and potentials, developing mechanisms to attract their participation etc.). Furthermore, insurance organisations could be more involved and used as lever to encourage CSR among businesses. Connecting insurance premiums to voluntary engagement of firms may serve as an incentive for CSR (e.g. lower rates for employees' accident insurance, if the firm can provide evidence that it continuously monitors and improves the security standards).

Finally, in order to familiarise a target group as large as possible with the concept, the possible methods/instruments and the critical aspects of LED/CSR activities efforts to widely **disseminate** respective information should be considered. As to this regard, on the one hand European platforms representing the potentially involved actors (e.g. the EU Multi-Stakeholder Forum's meeting in February 2009, UEAPME, the Community of Regions) or other already established cross-national structures (like the thematic networks in the framework of URBACT) may be approached, provided with the findings of this research mission and asked for support of spreading the results among their members. On the other hand, it is deemed to be of high importance to **actively approach the level at which LED/CSR initiatives are operationally implemented**.



Hence, particularly the main involved actors - local governments, local enterprises (e.g. via their representative organisations such as employers' organisations or chambers of commerce) and local NGOs/NPOs - should be addressed and informed about the possibilities, potentials, but also bottlenecks of such instruments. This could, for example, be achieved by conducting target group oriented conferences or information seminars or by disseminating information through information brokers/facilitators such as the media. Furthermore, already existing local multi-stakeholder partnerships (e.g. the LAGs of LEADER or the Local Support Groups of URBACT) could be familiarised with the concept of LED/CSR initiatives.

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Annex



Annex I - Analysed LED Initiatives Integrating CSR

Name		AUS - Indigenous Contracting in the Pilbara	AUS - Bizness Babes (The Body Shop Australia)	AT - Regionalentwicklung Außerfern	AT - Bioregion Murau	BE - Pendelfietsen	CAN - Cascades	CAN - Desjardins	CZ - TESCO STORES A.S.	DE - WABE	DK - Danish Crown	EE - Youth to School	FR - Les rendez-vous égalité et compétences (SNCF)	IE - 'Marks & Start' (MarksSpencer Ireland)	LU - Tremplin pour l'emploi (KNEIP)	PL - Michelin Development Foundation	PL - Grupa Lotos	PT - Oeiras - PRO: Organisations' Social Responsibility Project	PT - Oeiras Solidarity	RO - Access to communication (Orange Romania)	SK - U.S. Steel Košice	SK - Town Hall Open Markets - Support for Protected Workshops	SI - Junior Achievement - Young Enterprise	ES - 'You Choose: You Decide' (Caja Navarra)	ES - Danone	SE - 'On the Border'
Initiation		2006	2003	1995	2001	2005	1964	1989	2003	2005	2003	2007	2006	2004	2007	2004	¹	2004	2004	2005	2004	2005	2003	2004	1994	1996
Funding	public		x	x	x	x			x	x	x			x	x			x	x						x	x
	private	x		x	x	x	x	x	x	x		x	x	x	x	x	x	x	x		x	x	x	x	x	x
Locality of implementation	national						x	x	x			x	x		x		x					x				
	regional	x		x	x	x										x				x			x			
	local/urban		x								x			x				x	x			x				x
	local/rural									x										x				x		
	cross-border						x	x										x								x
Embeddedness policy framework	embedded		x	x	x					x	x							x	x	x		x		x	x	
	oriented	x				x							x	x		x	x				x		x			
	stand-alone						x	x	x			x			x											x
Initiator (bold) and involved actors	national government		x						x			x			x					x						
	regional government				x											x									x	
	local government			x						x	x		x			x	x	x	x		x	x	x		x	x
	public employm.service										x		x		x		x									
	social partners/employers' or employees' organisation			x						x														x		
	education									x	x				x	x	x						x			
	NGO/ NPO	x				x				x		x	x	x		x		x	x		x	x		x		
	large company	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x	x
	SME			x	x				x	x		x			x			x	x			x	x			x
	financial institution			x				x			x	x			x	x			x			x	x	x		x

¹ PL - Lotos Group: late 1970s (training), 1995 (science/education), 2002 (job fair rounds), 2007 (specialisation in Politechnika Gdańska)



Name		AUS - Indigenous Contracting in the Pilbara	AUS - Bizness Babes (The Body Shop Australia)	AT - Regionalentwicklung Außerfern	AT - Bioregion Murau	BE - Pendelfietsen	CAN - Cascades	CAN - Desjardins	CZ - TESCO STORES A.S.	DE - WABE	DK - Danish Crown	EE - Youth to School	FR - Les rendez-vous égalité et compétences (SNCF)	IE - 'Marks & Start' (Marks & Spencer Ireland)	LU - Tremplin pour l'emploi (KNEIP)	PL - Michelin Development Foundation	PL - Grupa Lotos	PT - Oeiras - PRO: Organisations' Social Responsibility Project	PT - Oeiras Solidarity	RO - Access to communication (Orange Romania)	SK - U.S. Steel Košice	SK - Town Hall Open Markets – Support for Protected Workshops	SI - Junior Achievement - Young Enterprise	ES - 'You Choose: You Decide' (Caja Navarra)	ES - Danone	SE - 'On the Border'
Objectives	labour market integration	x	x	x		x				x	x	x	x	x	x			x	x		x	x	x	x	x	
	business support	x	x	x	x				x							x						x	x	x	x	x
	revitalisation of the local area								x			x					x		x	x				x	x	x
	promotion of CSR														x			x	x					x		
	empowerment of local actors for LED									x								x						x		
	environmental protection			x	x	x	x																	x		
	health/safety of empl.					x	x																			
	provision of local services/improvement of quality of life							x	x	x		x					x		x	x				x		x
Target group	elderly			x						x								x	x					x		
	youth		x	x		x				x		x	x				x	x	x				x	x		
	low-qualified			x		x				x								x						x		
	unemployed					x				x	x		x		x		x							x		
	women		x											x ²					x					x		
	migrants/minorities	x									x		x					x						x		
	drug addicts										x													x		
	homeless													x										x		
	disabled									x	x							x				x		x		
	previous prisoners										x															
	inhabitants/employees				x	x	x	x	x								x		x	x	x			x	x	x
	local government																x	x								
	NGOs/NPOs																x	x						x		
CSR domain	social partner																x									
	companies				x				x							x		x						x		
	employees			x		x																			x	
	society	x	x	x	x	x		x	x	x	x	x	x	x	x		x	x	x	x	x	x	x	x		x
	market	x			x				x							x										
	environment			x	x	x																				

² lone parents





Indigenous Contracting in the Pilbara - Australia

(contributed by Philip Taylor, Swinburne University of Technology, Faculty of Business and Enterprise)

General information

Situated in the north west of Western Australia, the Pilbara is a mineral rich region. It covers a total area of 507,896 km², extending from the Indian Ocean to the Northern Territory border (including offshore islands) and has three distinct geographical areas: a coastal one where it meets the Indian Ocean, inland ranges and an arid desert, for which Australia is notable. The Pilbara is a semi-arid region characterised by high temperatures, low rainfall and high evaporation. The region comprises four local government authorities: the Shires of Ashburton, East Pilbara, Roebourne and the Town of Port Hedland.

More than 39,000 people live in the Pilbara, mostly in the region's towns. Much of the region's industry is associated with mining, either directly or indirectly. There are also several vast pastoral stations in the area (The Pilbara Development Commission, 2008).

The company BHP Billiton, in the form of BHP Iron Ore, has several operations in the area. These include:

- Ports and blending Operations
 - Nelson Point (Port Hedland)
 - Finucane Island (Port Hedland)
 - Boodarrie Iron (hot briquetted iron plant near Port Hedland)
- Inland Mines
 - Jimblebar
 - Mt. Newman Operations (Mt. Whaleback and satellite mines 23, 25, 29 and 30)
 - Mt. Goldsworthy (Yarrie Nimingarra and Area C - under development)
 - Yandi (Stanton-Hicks, 2008).

The mining sector is a major component of the Australian economy, much of what it produces going to fuel the emergence of China as a global economic power. Although the recent resources' boom has been of great benefit to the Australian population overall, the effects on local communities have been mixed. The shortage of labour around mines, which are often located in Australia's arid outback, has led mining companies to pay large amounts to skilled and non-skilled workers to attract them to work in these areas. As a consequence, living costs have risen sharply, making it very difficult for local people not directly associated with the mine to continue to reside in the area (Oxfam Australia, 2008). There is also a trend towards fly in/fly out, highly transient workforces, which means that the population is highly transient, people only coming to the area to work and not contributing much to the local community (Stanton-Hicks, 2008).



The area has a large Aboriginal population. There are 37 different Aboriginal communities within the Pilbara who use several different languages (McCrum, Connors and Upton, 2005). These communities experience a range of social problems: high unemployment, limited educational prospects, poor health care and health outcomes and a lower standard of living than the white population (Rudd, 2008). Half of the local Aboriginal community are unemployed or not in the employment market. Only one quarter of Aboriginal young people are employed. 88 % of Pilbara Aboriginal people do not complete the last 2 years of high school. The community has a cyclical dependence on welfare (McCrum, Connors and Upton, 2005). Importantly, they have not participated in mining operations due to a range of circumstances, including a lack of co-ordinated efforts to provide them with relevant skills (Stanton-Hicks, 2008).

Australian law has developed over the last 20 years to recognise native title, that is, that the rights and interests of indigenous people under their traditional laws and customs should be recognised and acknowledged under Australian law. In the early 1990s, in the 'Mabo' ruling, the Australian High Court held that common law recognised a form of native title to land. In 1993, the Commonwealth government passed the Native Title Act to recognise and protect these rights and interests (Queensland Government, 2008).

The Western Australian government has continued in this vein, recognising the need to establish sustainable growth in the Pilbara by establishing The Pilbara Development Commission. Among the commission's objectives for the region are the following:

- Maximise job creation and improve career opportunities
- Develop and broaden the economic base
- Identify infrastructure services to promote economic and social development

These objectives align with BHP Billiton's commitment to a sustainable economic future for the residents of the Pilbara. BHP has operated an Aboriginal Affairs unit there since 1990. Its activities have been based around a concept of encouraging the indigenous communities to actively engage with the company in order to achieve sustainable benefits. It has developed programmes in the areas of employment, education, training and culture.

Implementation of the measure

In 2000, BHP Billiton Iron Ore launched its Investment in Aboriginal Relationships programme which included a commitment to increase indigenous employment in the Pilbara from 3 % in 2000/01 to 12 % by 2010 (the indigenous population was 12 % of the total Pilbara population at the time of the commitment). It soon became apparent that this target alone would not bring about the change necessary to achieve sustainable outcomes and that more needed to be done to build capacity among indigenous people in working towards a collective goal of indigenous economic development. In response, the Indigenous Contracting Initiative was developed, becoming a significant pillar in the company's Indigenous Investment Strategy. The objective of the initiative is to mentor indigenous owned companies (and other businesses which have significant levels of indigenous employment) via the BHP Billiton commercial contracting process in order to create independent and sustainable businesses (BHP Billiton, 2007). Indigenous businesses must go through a tendering process. However, they are mentored through this process in order to help ensure positive outcomes.

The 'Indigenous Contracting in the Pilbara' project was initiated and is co-ordinated by BHP Billiton. It began in 2006 and is ongoing. Its objective is to increase employment with the company among local people. There are two main actors additionally involved in the programme. One is the Office of Heritage and Culture, which is a sub-branch of the Government of Western Australia's Department of Indigenous Affairs. It aims to ensure the best interests of indigenous people by:

- Providing advice on heritage matters, and the protection and management of Aboriginal sites as per the legislation.
- Providing information and advice to help indigenous people obtain family history information, which is extremely important when it comes to Native Title claims, as kinship is related to land rights within Aboriginal traditions.
- Liaising with Aboriginal people and developers (Heritage and Culture, 2007).

The other main actor is the Office of Native Title, a government body which reports directly to the Deputy Premier of the State of Western Australia, and which is responsible for the implementation of the Western Australian Government's policy on Native Title. Native Title is the right to land through traditional ownership and recognising the Aboriginal connection to the land. Native Title often co-exists with other forms of land rights such as pastoral leasing or mining rights. However, it overrides freehold ownership (The Office of Native Title, 2006). The company is willing to work with political bodies, although its preference is to deal with mainly business focused operations.

Characteristics of the practice

This project is a business led top-down initiative and is strongly aligned with BHP Billiton's global focus on responsible community involvement. It is operated through an Indigenous Contracting Steering Committee which has high-level representation from all parts of the business. Underpinning the strategy is the Indigenous Contracting Preferred Supplier Accreditation Process and Indigenous Contracting Guidelines. These served to ensure transparency, consistency and continued application of sound commercial practices.

At the project's inception, a commercial staff member was seconded to the Iron Ore Aboriginal Affairs department for a two-year period with the aim of delivering the project key performance indicator (KPI), which was entry into nine contracts with Indigenous contracting businesses by 1 July 2007, in collaboration with the Indigenous Contracting Steering Committee and the Aboriginal Affairs and Supply departments. This project reportedly has an annual spend of AUS\$ 25 million, which is solely contributed by BHP Billiton. It has a target of increasing the organisation's proportion of indigenous employees and contractors to better reflect the proportion of indigenous people in the region. This is a manifestation of the company's commitment to engage the local community in its activities so that indigenous Australians will experience sustained benefits from the presence of the mines (Stanton-Hicks, 2008). The company developed an online reporting system to allow tracking of progress against each contractor's contractual commitment concerning indigenous employment.

The project is driven by the Indigenous Contract Steering Committee which has representatives from all levels of the business. The programme gives preference and start-up help to local businesses with strong indigenous participation and ownership.



The guidelines for applications are clearly set out and these serve to ensure transparency, consistency and the application of sound economic principles. The commercial staff member seconded from the Iron Ore Aboriginal Affairs department ensures the KPIs are delivered and that the process is done in a culturally sensitive and positive way. The programme is designed to encourage local businesses to be able to grow and expand in a sustainable way within a supportive environment. Eligible business entities need to demonstrate that they have genuine representation from the local indigenous community either in ownership, management or employees and have business objectives aligned to the company's corporate commitment to this community.

Increasing indigenous participation in contracting opportunities was identified as one of the core pillars of BHP Billiton Iron Ore's comprehensive Investment in Indigenous Relations Strategy. The objective of the indigenous contracting initiative is to assist local indigenous businesses build viable operations by giving them practical guidance, training, tools, skills development and mentoring. The ultimate goal of the initiative is to create sustainable economic development through contracting opportunities across a range of markets, which will become a lasting legacy of the company's presence in the Pilbara. BHP Billiton Iron Ore has set a number of targets to measure the success of the initiative. These include:

- An indigenous contractor operated mine by 2008
- 12 % indigenous indirect employment by 2010
- A major joint venture between an industry leader and local indigenous group by June 2008
- 40 apprenticeship positions offered to local indigenous people by approved contractors through an Indigenous Apprenticeship Programme by 2012

A set of Indigenous Contracting Guidelines and indigenous vendor pre-qualification programme has also been implemented. Developed to overcome some of the constraints that indigenous businesses often face when tendering for contracts, the contracting guidelines have been implemented to ensure that BHP Billiton Iron Ore's approach is consistent, transparent, equitable and supportive of the indigenous organisations involved. They aim to provide a framework around the company's approach and define and identify business opportunities suitable for Indigenous contracting businesses.

The company has reviewed its approach to standard procurement to identify opportunities for indigenous contracting businesses. Opportunities identified include:

- Sole sourcing of goods and services rather than competitively tendering
- Isolation of separable portions of work within projects that could be sole-sourced to indigenous contracting businesses
- Utilisation of different cost structures so that BHP Billiton Iron Ore is absorbing more risk
- Providing positive weighting in tender evaluations
- Increased internal effort and commitment to the management of the post award relationship; and
- Taking into account performance differences in some circumstances.



The company has implemented or identified a diverse range of contracting opportunities such as the provision of horticultural, earth moving, housing refurbishment and indigenous labour hire services. As well as the specific target for Aboriginal employment, the project aimed to create nine contracts for indigenous companies by June 2007. Currently, six contracts are in place and negotiations are in various stages for at least three others. Contractors include: Pilbara Logistics (waste management services), Wangka Maya (cultural awareness training), Indigenous Mining Services (Indigenous labour hire services), Meta Maya Building Services (residential property refurbishment), Ngarda Civil & Mining (two contracts for on-site civil services), Oasis Gardening Services (gardening services) and Carey Bilyulu (drill pad preparation).

The latter contract for drill pad preparation for BHP Billiton Iron Ore's exploration sites in the Yandi area brought together local people from the Martu Idja Banjima (MIB) native title claimant group with Carey Mining, a successful indigenous mining contractor. The contract provides a local source of employment for indigenous people to work on their traditional lands while BHP Billiton benefits by developing indigenous contracting companies and increasing indigenous employment as part of its objective of being a socially responsible business: 'The Company owns and operates a diverse range of businesses in different countries and cultures that, by their nature, may affect the community. Our objective is to minimise potential negative social impacts while maximising the opportunities and benefits for our host communities. In order to achieve this outcome, we engage in a range of sustainable development and community relations activities'. In accordance with the Indigenous Contracting Guidelines BHP Billiton undertook independent financial due diligence, as well as internal due diligence that included a visit to the potential contractor's operations at Sunrise Dam. The Carey Bilyulu team visited Yandi to assess, understand and plan for site conditions. The visits also helped establish relationships between the respective organisations' employees. At the time of the due diligence, Carey Mining and MIB were negotiating to form the Carey Bilyulu company. BHP Billiton provided assistance in terms of independent financial advice and due diligence so that parties to the joint venture plus BHP Billiton could be assured the new company would be viable. Daniel Tucker, Chairman Carey Bilyulu is quoted in *Australian Mining*³ as saying: 'I have been working in the mining industry for over 27 years and operating our business for over 13 years, as well as being involved with other private and public businesses. From my experience, the Indigenous Contracting Guidelines are one of the best mechanisms around, that I am aware of, that aim to develop and deliver indigenous business outcomes. The process is commercial, the BHP Billiton people are committed, and opportunities are being identified and explored'.

In September 2007, BHP Billiton announced Australia's largest indigenous contract worth more than AUS\$ 300 million over 5 years. Ngarda Civil and Mining (Ngarda) will manage and operate the Yarrie iron ore mine, which is located approximately 200 km east of Port Hedland, from April 2008. It currently produces around 2 million tonnes of iron ore each year and has a workforce of over 90 people. Ngarda Civil and Mining (Ngarda) was established in 2001 as a partnership initiative between the Ngardu Ngarli Yarndu Foundation, Indigenous Business Australia and Henry Walker Eltin. It seeks to provide cost effective contracting services to the mining and construction industries in North West Australia through a specific entity that targets indigenous employment. Foundation partners believed that there was a perception by the mining and construction industries that indigenous people generally lacked the skills and training

³ See: http://www.miningaustralia.com.au/articles/Indigenous-group-wins-major-contract_z76515.htm



necessary to meet the industry's needs, and this perception needed challenging. In a relatively short period of time the company has grown from having a workforce of 6 to be a multi-million dollar company managing major projects in 4 locations in the Pilbara. Ngarda is dedicated to the employment, training and total integration of indigenous people within its operations. This contract was a significant success for the BHP Billiton project, demonstrating as it did that indigenous business could make a major contribution to the development of the mining sector. The mentoring provided and the cultural sensitivity demonstrated by BHP Billiton led to this contract (BHP Billiton, 2007). This event was the culmination of over 5 years of engagement and partnership with indigenous businesses for BHP Billiton Iron Ore.

The company has faced challenges in implementing the strategy due to cultural and structural barriers and in aligning best practice business outcomes with their CSR obligation to indigenous businesses. It has acknowledged these difficulties and is investing financially in order to ensure it improves its service delivery to stakeholders, including increasing employee appreciation of the programme and indigenous business. In the implementation of the project the company identified the following learning points:

- Financial investment on start up needed to be high in order to ensure long-term profitability and sustainability of businesses.
- BHP Billiton had to learn to be flexible and innovative when dealing with initial applications as every one was unique.
- Education of the BHP workforce to accept indigenous contractors as an integral part of the business was important.

BHP Billiton has invested heavily in helping local businesses through the tender process and the start-up phase. They work with the contractors to help them grow in a sustainable way. The company also offers education to their existing staff in cultural tolerance and the importance of including Aboriginal contractors in the activities of the business. This helps overcome barriers which might arise with indigenous people, many of whom are unable to speak English.

There is ongoing monitoring of the percentage of indigenous participation of contractors. There is also monitoring of KPIs of the contractors through the commercial staff member seconded to the Aboriginal Affairs department. This method of monitoring is designed to ensure that the methods of achieving the KPIs are culturally sensitive.

Impact of the measure on the local labour market

In December 2006, the representation of indigenous employment across the Iron Ore business stood at 8.23 %, while indigenous employment in the Iron Ore contractor companies in October 2006 stood at 9.59 %. There are no data which indicate that the programme has had adverse effects. The benefits of the programme for individuals are reported by BHP Billiton as:

- Increased self-esteem among Aboriginal people who are employed through it
- Improved diet and lifestyle leading to positive health outcomes
- Reduced drug and alcohol use
- Financial independence and increased home ownership
- Sustainable businesses that the community will have after the mine has gone



In terms of benefits for the company, the mining industry is clearly under pressure in Australia to develop sustainable practices and be accountable to the communities it enters. The promotion of CSR projects such as this has helped their reputation and fermented goodwill within the wider community (Brereton, 2002).

The culturally sensitive approach of BHP Billiton to mentor the participating businesses to a point where they are able to deliver on the KPIs involved in the contracting process is based on CSR principles. The company's contribution of AUS\$ 25 million to help local businesses develop to a point where they can effectively deliver services is more than is legally required by the tender process.

The long-term success of the strategy is based on selecting a diverse range of opportunities and aligning strategy objectives with mainstream business objectives, such as contractor optimisation and cost management. The key is to select opportunities that are within the current capacity of indigenous contracting businesses and provide significant growth potential over 3 to 5 years. This approach allows for and encourages contracting businesses to build capacity at a sustainable rate in a supported environment.

BHP Billiton has identified challenges in the implementation of the programme:

- The need for it to be flexible and creative when dealing with indigenous businesses and recognise that every situation is unique.
- Negotiations are more straightforward when the focus is on business objectives and not clouded by political issues.
- There are significant costs involved in getting businesses to a point where they are able to tender for contracts.
- The company needs to educate its staff concerning the importance of the contracts and on issues of cultural sensitivity (BHP Billiton, 2007).

This programme ensures long-term sustainability of regional economies by growing and mentoring local business (BHP Billiton, 2007) and is highly transferable to other situations. In terms of the pre-conditions that must be fulfilled so that transferability will be achievable, the biggest leanings from the BHP Billiton experience concern:

- Preparedness to invest time and money in the early stages of the tendering process
- Ability to mentor businesses through the journey
- Adopting a creative and flexible approach when dealing with local business
- Ensuring the buy-in of the company's own staff in terms of recognising the importance of the programme so that they willingly assist in the delivery of services from the contracted staff



Future issues

The initiative has resulted in 6 successful contracts and 3 more are under negotiation. BHP Billiton views future challenges as:

- Intensifying the education of its own workforce
- Facilitating strategic alliances with indigenous people and industry
- Improving links to government to ensure a cohesive approach
- Measurement of social metric outcomes (BHP Billiton, 2007)

Alongside this specific BHP Billiton initiative, a consortium of organisations has founded the Pilbara Industry's Community Council (PICC): the Chamber of Minerals and Energy of Western Australia and industry partners BHP Billiton, Chevron, Rio Tinto, NWSV and Woodside. PICC is a commitment by Pilbara Industries to work in collaboration with the Australian, Western Australian, Local Governments and Pilbara communities to address two specific and inter-related priority outcomes:

- The development of a shared vision and strategy to increase indigenous participation in employment in the Pilbara, including strategies to reduce gaps in education and training, health, and housing; and
- Development of a shared vision and strategy in relation to the sustainability of Pilbara towns.

Council members will be seeking to co-ordinate existing and proposed industry, community and Government programmes designed to address the Council's two core objectives.

One of PICC's first initiatives has been to conduct a review of the education programmes in the Pilbara. This review will produce a gap analysis and a strategic and co-ordinated approach and vision. It is seeking to build on the outcomes of recent government reports into capacity building and service delivery in indigenous communities. A goal is to place more indigenous community members in training, apprenticeships, higher education and work programmes.

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Bizness Babes (The Body Shop Australia) - Australia

(contributed by Philip Taylor, Swinburne University of Technology, Faculty of Business and Enterprise)

General information

Bizness Babes began operating in February 2006 and is funded for 3 years. It ran workshops in outer suburban parts of Melbourne initially and then extended to Sydney. 2 workshops have also been run in Brisbane. These were initially aimed at supporting young women (aged 25 and under) to enter the labour market via starting their own enterprise. However, there were so many women over the age of 25 making enquiries that it was decided to remove that barrier. The project has been rolled out in communities in major urban centres, with strong involvement at the community level.

Led by The Body Shop Australia and the American Express Foundation (<http://home3.americanexpress.com/corp/csr.asp>) the project has been supported by the Federal Government's Enterprise Learning for the 21st Century Initiative. The Australian Government via the Department of Education, Science and Technology (DEST) has funded 47 projects under this initiative which is supporting businesses, industry, education and community organisations to undertake innovative projects that support young people to build their enterprise skills, think creatively and reach their full potential. The initiative provides AUS\$ 10 million over 4 years ending 2007/08.

The initiative appears to fit well with national strategic objectives concerning increasing labour market activity among a hitherto disadvantaged group. A tightening labour market in Australia associated with strong economic growth and demographic change has focused attention on the integration of societal groups who have hitherto been under-represented in employment. Research indicates that partnered mothers are more likely to be in the labour force and employed than lone mothers. This may reflect greater difficulty for lone parents in managing both, their caring and their income earning roles via mainstream employment. Data also show that women contribute the bulk of unpaid, non-market work in families. When 'work' is defined broadly to include labour force participation, domestic activities, childcare and purchasing of household goods, women in full-time employment, with a partner and dependent child(ren), spend the greatest amount of time (10 hours each day) in work. Single mothers in full-time employment spend 9 hours 42 minutes a day in work. The roles of homemaker, caregiver and breadwinner are difficult to reconcile and this reduces capacity to take on a significant role in the labour market.

The Australian Government is committed to building an enterprise culture in Australia and to fostering an entrepreneurial spirit among young Australians. The Enterprise Learning for the 21st Century Initiative aims to promote the development of an enterprising culture. The programme has 4 strategic priorities:

- supporting initiatives to promote entrepreneurial and enterprising skills among young people
- supporting industry and business involvement in enterprising activities for young people at local level
- supporting innovative models to develop enterprising communities
- promoting best practice in enterprise education in schools



The projects funded through the initiative aim to encourage Australia's enterprise culture via:

- innovation and creativity
- information sharing and enterprise activities at local level
- promoting an environment for young people to be entrepreneurial, enterprising, creative and resilient
- opportunities for authentic learning experiences for young people to make stronger connections between what they learn at school and the real world, which may include but are not limited to:
 - enhancing community development through networks that address local needs
 - opportunities for young people to learn more about working for themselves or others and responding to opportunities to create social and financial capital
 - strategic alliances between local business and industry groups, young people, parents, community groups, schools principals, teachers and vocational education coordinators

Although it was financially supported by the federal government, the companies involved developed the programme and donated facilities and human resources. Former Body Shop employees have joined Bizness Babes as team members. The project has drawn upon Body Shop facilities, utilising its training centre for the workshops and the input of The Body Shop team in terms of presentations at workshops and expertise within the company that can be applied to a business problem being faced by a client of Bizness Babes. The companies involved received widespread positive publicity as a result of the project.

Local government is also partnering with Bizness Babes in the promotion of the program, training, locating appropriate venues to provide training, securing opportunities for child-care for the participants' children and assisting with identifying suitable guest speakers for the workshops and local business networks to refer the participants to. The project is supported by national government and private sector resources totalling AUS\$ 530,000. Funding has been staged over the three-year period of the project.

The Bizness Babes team has a high level of day-to-day autonomy in terms of how it manages its activities, although official reporting arrangements are in place, with detailed, regular reports required by DEST, the Government department responsible. It has recently produced its final report.

Implementation of the measure

The origin of Bizness Babes is in an annual campaign run by The Body Shop at a corporate level. Community support and a commitment to social and environmental change are core aims of The Body Shop. The Body Shop describes its values thus: 'The Body Shop is an activist organisation committed to social and environmental justice at local and global level. This goes way beyond "Corporate Social Responsibility".'



For us, our success in contributing to the common good is just as important as making a buck. We aren't perfect but we strive to continually improve and live out our values every day'.

The company recognised that, while a number of programmes in Australia encourage young mothers and women back into formal education or the workforce, few encourage innovation and self-employment for them as alternatives to traditional pathways. Another issue is that much of the current provision of education and training is inflexible, being, for example, only offered on a full-time basis over an 8 week period. The Body Shop's formal statement of objective for Bizness Babes is: 'To build the innovation and enterprise skills of young mothers and women to assist in developing alternative income streams and re-engagement in local communities'. It is known that many young mothers want to care for their children at home as well as participate more in their community and the mainstream economy, but cannot find a balanced way to do it so that they can manage both, work and family commitments. Another issue is limited availability of childcare for many women and supporting those who fall into that category. As well as economic participation the project is also viewed as contributing to raising the self-esteem and better parenting of participants and to the greater inclusion in the community of a group who are often socially isolated.

The project was developed by a team at The Body Shop. It was an initiative of the company, drawing on the Australian Federal government scheme Enterprise Learning for the 21st Century Initiative. The Body Shop was the only non-education based organisation to receive a grant out of those that were funded. The rest went to secondary schools and tertiary colleges.

The American Express Foundation joined the project in 2007. Observing the project in its original form they considered that while it was a quality initiative it lacked a critical element; programme graduates lacking access to credit could not implement their business ideas. Women were completing the programme with the skills and confidence to start a business, but often did not have access to a credit rating and some of the big banks denied them finance because of their socio-economic background. The ASF became involved, a new micro-loan element of the project they initiated aiming to fill that gap. Small loans of between AUS\$ 500 to AUS\$ 5,000 are available in order that programme graduates can put their ideas into practice. Borrowers have flexibility over their repayments, but they are clear that it is a loan, not a donation.

The target group for the project is mothers of all ages who are not in formal education or the workforce. Mothers with limited skills are at a double disadvantage in the labour market. Working from home can be the answer but not many jobs are home-based, making the idea of starting a business an attractive proposition, although it takes skills and money to turn an idea into a business. Bizness Babes aims to tackle both problems; to give young mothers business skills and the financial wherewithal to realise business ideas.

In identifying the client group the project team approached welfare agencies originally, with the intention of identifying those registered who might be interested in enterprise. However, this approach met with limited success. The explanation was that the women who were involved with welfare agencies tended to be in crisis and once that was resolved their contact with such bodies tended to be limited. Advertising in local community newspapers was the alternative approach and proved very successful. The view is that the initiative has benefited those in relatively stable life circumstances most, for whom the energy to face the challenges of starting a business is available.



Characteristics of the practice

The Bizness Babes education project was targeted initially at encouraging young women to consider setting up a small or micro business, working from home. Later, the age limit was dropped when it was recognised that women of all ages would benefit. The intention is to spur them to identify business opportunities and develop personal and business-related skills to use in establishing and running their enterprises.

The project team consists of a project manager who oversees the operation of the project and undertakes some workshop facilitation. This person has a background in leadership development and coaching. There are also three project co-ordinators with backgrounds in retail (including formerly the Body Shop) whose role is to organise workshops e.g. secure venues and organise childcare and catering support and also to build a strong rapport with workshop participants. Specialist speakers attend the events to answer questions about their areas of expertise. Intense support and encouragement continues beyond the end of the formal workshops and is available for up to four months. The intention is to help women over the initial business challenges they face via supplemental coaching and personal support.

There is also a workshop facilitator who uses stories and anecdotes to present business information in a way that strips away jargon and make business concepts accessible. The co-ordinators also undertake some facilitating. Additionally, there is an independent micro-finance co-ordinator who assists with the preparation of business plans for those who apply for a micro-loan. One project co-ordinator is based in New South Wales and the rest are based in Melbourne. The team are all highly skilled communicators, a requirement if a strong rapport with clients is to be built and sustained.

Participation in the programme is free. Potential participants apply to Bizness Babes directly: 'What we really look for is people who have an idea and are passionate about the idea and are passionate about the fact that they want to be in business'. The project is promoted by community groups and advertised in local community newspapers. The organisation has its own comprehensive website which is updated regularly. Media coverage has been extensive. In particular, a daytime television appearance resulted in a large number of enquiries. There have also been appearances on radio and coverage by national newspapers.

5 programmes per year are run. An 11 day course is scheduled over 3 months, consisting of 3 three-day and a two-day block. The training hours are 9.30 to 2.30 to fit in with school pick-up and drop-off times. Subjects covered include:

- Business ideas
- Business planning
- Communication
- Sales basics
- Negotiation
- Market research
- Target markets
- Personal strengths



- Taxation
- Financial planning
- Action planning
- Trends

As well as assistance in starting a business, on completion of their business plans, participants are eligible to apply for interest free micro-loans of up to AUS\$ 5,000 from American Express, joint sponsors of the programme. Repayments are scheduled to suit the participant's business needs in order to make the process as flexible as possible. Childcare in the same building is also available where each programme is held. The absence of this would have precluded many potential participants who are socially isolated, and as a consequence do not have ready access to family support, and lack access to childcare agencies in their community. Funds to make provision for childcare in the programme were part of the original grant submission.

The course, which includes input from expert facilitators, teaches the skills needed to make it in business, from time management to marketing, as well as budgeting and dealing with the tax office. Goal setting is another element: 'Goal setting as well - actually putting down on paper what I wanted to achieve, because I hadn't actually done any of that stuff. I hadn't sat down and written out a business plan, or where I wanted to be in 12 months or 5 years. They actually made me sit down and do that, which I thought was very good'.

For those women who have participated in the programme to date, Bizness Babes staff are following their progress, with direct support as well as providing new information about resources and opportunities that are developing. Mentors who have been introduced to the participants during the programme also continue with their encouragement and support.

Critical success factors have been having a skilled team and clearly identifying the target group. Input from successful female entrepreneurs and the provision of childcare facilities in situ have also been important. Successful women entrepreneurs come to speak to the groups about their business experiences. Free childcare is provided by reputable agencies, with this taking place next to the training room, making it easier, for instance, for breastfeeding mothers. Reimbursement of travel costs to the training venue is also offered. Dietary requirements are also considered. The project has aimed at maximal geographical spread in order to make the project as accessible as possible. Ongoing access to informal networks and support as women face the day-to-day challenges of running a small business have also been critical for the success of the project.

The project appears to have widespread applicability, as while there are some programmes for young mothers returning to work, there is little for people who have made the decision that they want to be self-employed. The view of the team is that aspects of the project model could also be applied to the many men and refugee women who experience social isolation. The flexibility that is the hallmark of the initiative, plus ongoing expert input and support, an informal and fun environment and access to childcare are pre-requisites for successful transferability.



Impact of the measure on the local labour market

An initial evaluation report was submitted to the Australian government from an independent researcher employed by Bizness Babes and DEST has employed its own evaluator to assess the project impact. The organisation undertakes an ongoing internal review process in terms of how its services can be improved and as its understanding of what community support is available for women has increased, this has been passed on to clients.

Overall, the programme has been enthusiastically embraced by the participants and mentors. To date over 65 women have participated in the training and a number of women are waiting to participate in a workshop. Over 25 businesses have been registered to date. Enterprises under consideration or already being operated by the mothers include innovative festive decorations, specialist massage for disabled people, clothing, event management and beauty products. One recent activity was a trade show, where Melbourne graduates put on displays for staff of The Body Shop and the general public.

A notable outcome has been a change in the way participants view themselves and their position in the community. One participant commented: 'I have recently completed the course and my two business ideas are both very close to launch date. The facilitators are knowledgeable, fun and extremely supportive. The programme empowers mums to believe in themselves and their business ideas'.

The programme appears to have found a niche in the market among measures supporting women to enter the labour market. Testimonials from participants are enthusiastic, although it is too early in the project's life to point to positive outcomes in terms of business sustainability. It is also apparent that participant numbers have been relatively small.

For women returning to mainstream employment it can be very difficult, if not impossible, to have flexibility around raising a family. This makes starting a business an attractive proposition. Wider benefits have included moving from a situation of social isolation to a more inclusive lifestyle. A number of participants have become friends and meet to discuss their businesses and share childcare. Increased life satisfaction has also been a positive outcome. Some women have also realised that their business plan is not viable and this has meant that a business has not been established and then failed in its infancy. Higher self-esteem has also been promoted. Some women have benefited in terms of feeling confident about applying for paid employment in the mainstream labour market.

For young female entrepreneurs, being with like-minded women, involvement in the programme can be highly empowering. According to one: 'What I loved most about Bizness Babes was I was surrounded by similar-minded women, many of them young mothers driven to set up their own business. It was an inspiring environment to be in'.



Future issues

The Bizness Babes team is planning business breakfasts with current graduates who will attend these in conjunction with new inductees. This aims to keep the momentum going and provide an even broader support network for everyone involved in the initiative.

Programmes have primarily been run in Melbourne and Sydney and the aim is to expand into other cities and rural locations, turning the project into a national initiative.

As the current funding arrangement is coming to an end the organisation is now seeking alternative revenue sources.

This year, 65 women have gone through the course - more than half of them from Victoria - and 4 have been given interest-free loans from the American Express Foundation.

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Regionalentwicklung Außerfern - AT

(contributed by Christina Enichlmair, Austrian Institute for SME Research)

General information

The non-profit association 'Regionalentwicklung Außerfern' (REA, engl. Regional Development Außerfern) consists of public and private stakeholders and is run in the rural and remote Außerfern which is coextensive with the district of Reutte. Regional development in Außerfern started in 1995 when establishing the registered association ERA (which later was renamed REA). In 2001, Außerfern became a LEADER+ region and REA consequently an active Local Action Group (LAG).

Außerfern comprises 37 municipalities and is located in the north-west of Tyrol. It borders on Bavaria, Germany. With an area of 1,236.7 km², the district has about 32,000 inhabitants and thus a population density of 26 inh/km². As measured by inhabitants, it is the smallest district of Tyrol. The topography of Reutte is determined by the Northern Limestone Alps, only 8 % of the area can be used as permanent settlement area. There is only one road link to the Tyrolean central region accessible in all seasons whereas there are 7 open border crossings to Germany. One municipality can even be reached from Germany solely. For these reasons, cross-border collaboration has a long standing tradition. Außerfern has a rather self-contained labour market with a relatively small extent of commuting into and out of the region. The local businesses suffer from labour shortage due to brain drain caused by the remote location of the district. The economic structure shows that employment in the service sector (amounts to 61 % while employment in industry amounts to 37 % and in agriculture, forestry and fishing to 2 %. Tourism is a significant factor, with winter and summer tourism being of nearly equal importance. The leading industrial enterprises are Plansee SE (2,100 employees), Ceratizit (620 employees), kdg mediatech AG (262 employees), Multivac (220 employees) and Schretter & CIE (188 employees). In 2007, the unemployment rate⁴ (4.7 %) was below the unemployment rate of Tyrol (5.3 %) and far below the unemployment rate of Austria (6.2 %).

The initiative REA is embedded in the 'Guideline for the future development of Tyrol' ('Landesleitbild Zukunftsraum Tirol') and in the 'Austrian programme for the development of rural areas 2007 - 2013'.

The main actors of the initiative are all 37 municipalities of the district Reutte, the four tourism boards of Außerfern (Tannheimer Tal, Holiday Region Reutte, Lechtal and Tyrol Zugspitz Arena), the district office of the Chamber of Agriculture, the Economic Chamber of Tyrol, the Tyrol Chamber of Labour, the 3 banks Raiffeisenbank Reutte, Sparkasse Reutte and Hypo Tyrol Bank, the Electric Company Reutte, the mineral and compound company Schretter & Cie and the architectural practice DI Armin Walch (which constitutes the only SME among the mentioned companies).

REA is financed by the participating municipalities, membership fees and sponsorships (e.g. from Raiffeisenbank Reutte), but the main funding instrument is LEADER. As REA is participating in the Euregios 'Zugspitze-Wetterstein-Karwendel' and 'Via Salina', it has also access to funding from ERDF (INTERREG).

⁴ defined as registered unemployed persons related to gainfully employed persons (annual average)



Implementation of the measure

In 1995, the district regional planning commission of Reutte decided to found REA in order to create the basic conditions for a future-oriented development of the Reutte district. This should be achieved by means of independent projects and structural support by the European Union. The aim was to reconcile mayors and different interest groups like tourism boards or companies in order to establish a common platform instead of fending for themselves. The idea was distributed by the Reutte district office of the Economic Chamber of Tyrol in several workshops and conversations within the region. By and by, all municipalities of Außerfern, the tourism boards, social partners, companies and individual persons joined REA.

Financial reasons hampered the establishment of REA, until a sponsorship by the Raiffeisenbank Reutte (€ 25,000 - € 30,000) was the first step to get the initiative started in 1997. After establishing an executive office, the first projects could follow. Subsequently, also other companies began to sponsor the initiative. In the years 2000/01, due to financial problems, REA nearly had to be liquidated. Only after Außerfern became a LEADER region, the initiative could assure its financing at least for the period 2001 to 2006 and recently also for a second LEADER period 2007 - 2013.

The kick-off-meeting was well prepared, but still accompanied by scepticism. After a start-up period, the managing director of REA, Mr. Salchner, built confidence to the different authorities such as the district commissioner and the mayors of the municipalities of Reutte. According to Mr. Wartusch from the Economic Chamber of Tyrol, Reutte has a good tradition in the participation of enterprises in regional development due to the small size of the region: Policy and decision makers are acquainted with each other personally and have a good collaboration. Also the leading industrial enterprises are actively involved in the decision-making process. The outcomes of this approach contribute to the highest average income in Tyrol and a relatively low unemployment rate. 2 local enterprises are represented in the management board of REA, with having controlling and voting rights. This has a signal effect on other enterprises which increasingly identify with regional development and engage in projects of REA. The main reason why enterprises are involved in activities of REA is not only altruism but also financial aspects.

The objectives of REA refer to the implementation of the Local Development Strategy Außerfern 2007 - 2013 which includes the main elements as follows:

- Strengthening income producing measures in agriculture, forestry and fishing: As in Außerfern grassland management is dominating, regional core competences are milk and cheese production as well as livestock farming. Strategic development fields in this area refer to the regional value chain, e.g. in the fields of meat production, product development, marketing and direct marketing. In order to safeguard sustainable agriculture, additional measures have to be implemented such as strengthening entrepreneurial thinking and supporting the young generation.

- Preserving the natural and cultivated landscape as well as the stability of forests: As Außerfern has 2 nature protection areas (NATURA 2000) there is the intention of a close collaboration between the fields of preserving nature reserves, agriculture, forestry, hunting, fishing and tourism. Nature protection by agreement gains in importance: It is a contractual obligation for landowners to preserve the natural landscape of their properties in combination with grants. According to a survey, farmers see nature protection by agreement as an attractive additional income.
- Creation of tailored and high quality supply in the field of tourism: This shall be achieved by the sustainable use of natural resources and cultural heritage as well as new technologies. In order to prevent dependencies of few markets diversification in terms of the range of tourist attractions and services plays a major role. The strategy aims at strengthening competitiveness of SMEs and landlords.
- Pushing the knowledge-based economy and strengthening the business location Außerfern: Due to the remote location of the area characterised by great distances to Austrian universities and colleges of higher education and a low degree of interconnectedness of Außerfern enterprises with cluster initiatives and competence centres in Tyrol, the Economic Chamber of Tyrol, district office Reutte, acts as supra-regional knowledge centre for cross-border (to Germany) collaboration in the economy. A special focus is on the creation of sufficient possibilities to earn a living and the improvement of the employability of women, young persons, elderly, persons with disabilities and migrants. An additional measure is to increase the popularity and the image of the Außerfern region.
- Strengthening the quality of life and vitality of villages: In the course of the present and future demographic development many small municipalities will have to close infrastructural facilities (e.g. schools, kindergartens). This will have the effect that the municipalities will further lose their attractiveness which in turn will cause accelerated out-migration and brain drain. In order to contain these developments the action field aims at diminishing handicaps of cross-border collaboration in the field of services of public interest, innovative solutions in order to preserve decentralised infrastructures and the expansion of competences in the area of good local and regional governance. At the same time, the region has to be open-minded towards young and high-qualified job-seekers moving into the region.

The aims of REA should be reached through an integrated, location based approach and through innovative actions according to the 'Austrian Programme for Rural Development 2007 - 2013'. An important focus is the establishment of social capital in terms of regional governance and regional competence of problem solving.

In detail, REA focuses on strengthening the economy of Außerfern in a sustainable way with regard to ecological aspects, safeguarding equal opportunities and integration of disadvantaged groups (in academic, vocational and social terms).



The initiative covers four fields of action:

1) Information technology:

- Basic education in the field of information technology, especially for women returners and pupils
- Getting in contact with relevant companies in the course of schooling or vocational training in order to put the new knowledge into practice
- Providing tributary valleys of the Lech with information technology in order to improve the possibility of further education

2) Economic-ecologic measures:

- Intensifying the use of alternative energy: wood-chips, biogas
- Increasing use of timber when building a house

3) Development of cultivated landscape

4) Gender Mainstreaming

The managing board of REA which consists of 16 members makes all strategic decisions and also assesses projects in terms of being eligible for LEADER funding. The valuation is based on the respective guidelines of funding authorities and of the above mentioned Local Development Strategy Außerfern 2007 - 2013. The managing board of REA consists of the district commissioner of Reutte, representatives from the 4 tourism boards and the 4 local planning commissions of Außerfern, representatives from the Economic Chamber of Tyrol, the Tyrol Chamber of Labour and the Chamber of Agriculture Reutte, the mayor of Reutte as well as three representatives from the region. Furthermore, the managing director of REA is member of the managing board with having an advisory vote.

By now, the executive office of REA consists of six staff members: The chairman of REA who is also the mayor of a municipality, the managing director and the assistant managing director of REA, a project and team assistant, a representative of the Tyrol Chamber of Labour and a representative of the architectural practice Armin Walch who is responsible for book-keeping. Three staff members are working solely for REA while the other three staff members also have additional jobs. Meanwhile, REA is well established but as a result of an abundance of work has to deal with an under-staffed office. The team of the REA executive office carries out the tasks of consulting activities with regard to project development and acquisition of funding, presentation and co-ordination of development processes as well as cross-linking of regional actors, LEADER management, technical backing with regard to development programmes and regional co-ordination.

The managing board of REA is supported by an equal opportunities team consisting of three persons (one person is from the managing board, two persons are from the executive office; two of the three persons are women) and a quality assurance team consisting of five persons (one person is the managing director, two persons are from the managing board and two persons are from the executive office; two of the five persons are women). Furthermore, one of the members of the managing board also acts as youth representative.



In order to reach its targets, REA is also collaborating with regions in Bavaria, Germany, with the labour market promotion corporation Tyrol (AMG Tirol) and the future foundation Tyrol (Zukunftsstiftung Tirol).

Characteristics of the practice

The establishment of an own executive office in 1997 made it possible for REA to work on an operational basis. Since that time, there is an annual plenary meeting with all REA members while the managing board of REA is meeting four or five times a year

Due to the fact that there are different stakeholders having different backgrounds (politics, social partners, tourism boards, companies) and different visions, the decision process may sometimes be complex. According to the articles of association, decisions of the management require a simple majority. In practice, the management aims at unanimity or at least a qualified majority, especially when having 'tough decisions'. Since the objective of REA is to make the best for the region, in the end, the stakeholders always arrive at an agreement. As stated by the managing director of REA, Günter Salchner, even 90 % of all decisions are formed with unanimity. The way of working is mainly based on trustworthiness, know-how transfer and communication between all relevant stakeholders of the managing board. Besides the formal meetings, REA also has working groups, project groups and informal meetings.

In general, activities refer to education and training, raising awareness about sustainability, environmental protection, gender equality and equal opportunities, information provision, advice and consultancy, financial support of projects, promotion of networking and co-operation. The target group of the initiative refers to disadvantaged groups in academic, vocational and social terms, particularly elderly people (50+), youth (up to 25 years), women returners as well as low-qualified people.

Mr. Salchner is rating the local relevance of REA high: Every autumn, REA organises a big event, with enterprises also playing an active part. There also have been several public talks and discussions about future developments of the region, e.g. the first 'Außerferner Gespräche' (engl. 'Außerfern talks'), with having guests like the former EU-Commissioner for Agriculture and Rural Development Franz Fischler. Apart from these actions, REA is collaborating with the daily newspaper 'Tiroler Tageszeitung' (engl. 'Daily Paper of Tyrol') whenever the initiative organises an event, it also has a media partnership with the district newspaper for special supplements and it co-operates with the natural park magazine. Additionally, REA regularly provides press reviews and a newsletter and also has an own website. In 2007, REA won the mobility award from the Transport Club Austria (Verkehrsclub Österreich -VCÖ) due to its measures to promote sustainable climate friendly mobility and transport. These include the rescue of the Außerfern railway, the establishment of a public bus system in Lechtal, the provision of broadband internet in small municipalities and the distribution of agricultural products via catering services and farm shops. Furthermore, regarding the successful development of its LEADER region, REA gained recognition from the European Commission in 2007.



The most important projects supported by REA include:

- Social concept Außerfern: Between 2004 and 2006, about 150 people, including the inhabitants of Außerfern, welfare services, public authorities, municipalities and staff representatives of the leading companies (e.g. Plansee SE) took part in elaborating the social concept Außerfern which is a complement to economic and regional concepts. It is the only social concept in Austria which was developed bottom-up. For this reason, REA won the Austrian innovation award of LEADER+ Austria in 2007. The prize money of € 5,000 was doubled by the bank Sparkasse Reutte and invested for the sake of implementing the social concept which is aiming at pushing forward social development in the region by means of implementing concrete projects. It wants to point out that synergies are the basis of the efficient use of human resources, funds and the future financing of the social system at regional level. One important project in the frame of the social concept Außerfern is the qualification campaign for social institutions which is financially supported by LEADER and the private foundation of the bank Sparkasse Reutte. In the frame of this project, social institutions have the possibility to frame common qualification requirements while REA is in charge of financing the qualification measures.
- Projects in the field of women employment such as TIROLino, a customised child care for employees in tourism, or the initiative M.U.T. (engl. 'courage') from the non-profit association B.A.S.I.S.Zentrum for women in Außerfern which encourages girls to choose a technical career.
- Engineering college IKA-Reutte: The industrial companies of Außerfern jointly established an engineering college for automation (IKA-Reutte) which has the status of a higher technical school. The college is the first technical school in the district. The teachers are funded by the public authorities while the running costs have to be funded by the support association consisting of companies from the region. The college is open to apprentices who want to attend an advanced training course and to high-school graduates. The training duration of the college is 2 years.
- Workshop 'Wirtschaft - Schule' (engl. 'Business - School') established by the Economic Chamber of Tyrol: In line of the local employment strategy, the main target is to adapt schooling to business needs and to improve the employability of the youth in Außerfern by strengthening networks between businesses and schools and fostering entrepreneurial attitude and innovation orientation among the youth.

The leading companies in Außerfern, especially those who are involved in projects from REA (e.g. Schretter & CIE, Plansee SE) are engaged in CSR activities like meeting as much standards as possible regarding quality, safety at work, environmental protection and sustainability. Besides, most of them are providing apprenticeship contracts, vacation jobs, support in diploma and dissertation thesis etc. in order to take over pupils, apprentices and students after finishing their education.

In the initial phase, REA was totally dependent on sponsorships from (its member) companies. The initiative would not have been able to take up its work without receiving (financial) support. Meanwhile, the financial dependence has decreased due to the promotion from the European Union and the province of Tyrol. In terms of advancing and pushing forward developments in the region, REA is totally dependent on its member companies as well as the leading enterprises in the region which are collaborating with REA.



As REA is a LAG in the framework of the LEADER programme it has to follow stringent requirements regarding the monitoring process. In collaboration with the province of Tyrol, REA developed indicators with respect to adequate regional development which constitute the Local Development Strategy Außerfern 2007 - 2013. In general, REA records every project including duration time, scope and volume. Furthermore, there is an evaluation of the projects on the basis of a list of indicators.

In financial respects, the organisational structure of REA has an annual amount of € 175,000 at its disposal, with € 100,000 funded by LEADER, € 56,000 funded by the provincial funding programme and the rest funded by own resources like membership fees. The projects of REA are mostly funded by the provincial funding programme (but to a decreasing extent), followed by LEADER and INTERREG.

Since the establishment of REA, the initiative has grown strongly and become firmly established in the region. The main success factor of the initiative REA are the people and enterprises of Außerfern who want to push forward regional development and thus are actively involved to achieve this goal. As REA is a LAG within the LEADER programme, regional management structures used by the initiative can also be transferred to other regions of the European Union. However, what distinguishes REA from other LAGS is that Außerfern strongly depends on stakeholders who have a common understanding and a vision with respect to the development of the region. According to Mr. Salchner, it is also important that regional governance should be more independent from funding programmes.

Impact of the measure on the local labour market

It took time for REA to become noticed and accepted. Successes of the initiative and adequate publicity through local media (newspapers, radio) helped to gain higher importance. As REA takes centre stage in implementing projects in the district of Reutte, by and by, the people of Außerfern realised that this regional collaboration turns out well and entails a positive development of the region.

Impacts of REA on the local labour market like a higher amount of jobs or a reduction of the brain drain are hard to determine. Nevertheless, REA has realised a qualification scheme in the field of cross-border training in politics (especially for women), a qualification campaign regarding customer orientation in tourism (especially for family businesses in tourism) and trainings to become a project tutor in regional development. Furthermore, with the help of REA, job matching processes have been started: Companies offer placements, visits etc. to get directly in contact with potential job candidates (pupils, apprentices, trainees). Also an important effect for the Außerfern inhabitants is the provision of broadband internet throughout the region (e.g. municipalities, schools, private households).

Private businesses can take advantage of the networks and co-operations created through REA. The prevention of skill shortages and safeguarding jobs and the business location Außerfern are the most important effects. The point is to get people into the region and to provide them a future perspective in terms of living and working.

REA can take advantage of the strategic CSR of enterprises because the initiative can act much faster with the help of companies than via politics. Enterprises can act immediately because they are directly concerned with problems and challenges. Only through collaboration with enterprises in the region it was possible to establish the engineering college IKA-Reutte that fast.



Regional development needs permanent amendments regarding the direction and the targets of the development. REA tries to raise issues which people of Außerfern are concerned with and to motivate enterprises and people to create innovative ideas and to elaborate and submit new projects. The most relevant success factor is that REA tries to find out what the people in the region need and how they are satisfied with the outcomes. Other important success factors of REA refer to placing the emphasis on common ground, collaboration and value added. REA also puts emphasis on the regular exchange of people involved in the initiative in order to assure renewal and to have an ear to the ground.

Future issues

Due to Außerfern's remote location, the plans for the coming years include the task to get more (qualified) work force to the region and to combat shortage of labour and brain drain. REA will intensify its efforts to make Außerfern a more attractive living and working region.

In the field of strengthening the business location Außerfern, REA will support a specific amount of measures and projects contributing to a higher degree of networking with supra-regional cluster initiatives and competence centres, Lifelong Learning, employment for women in technical vocations and higher services as well as employability of the young, the elderly, persons with disabilities and migrants. Additionally, REA wants to strengthen general and technical third-level education facilities like IKA-Reutte and the innovation and start-up centre IC-Reutte. A further aim is to integrate Außerfern enterprises in regional and supra-regional networks and to motivate SMEs to intensify their engagement in the field of development and implementation of new technologies.

REA also considers becoming more independent from public subsidies by establishing own fields of profit (e.g. consulting). The management of REA also states that the legal basis of matching public funding schemes with sponsorships shall be revised, so that the sponsorship payment does not affect the amount of subsidy in a negative way.

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Bioregion Murau - Austria

(contributed by Christina Enichlmair, Austrian Institute for SME Research)

General information

'Bioregion Murau' is located in the Western part of the Austrian province Styria and is identical with the administrative district Murau. It comprises all 34 municipalities. Murau covers an area of 1,384.58 km² and is the second largest district of Styria (after Liezen). Having 31,472 inhabitants (2007), Murau has a population density of 23 inh/km². Murau is a rural and peripheral region, surrounded by mountains in the north, the west and the south. Also within the region, the accessibility of locations is quite inconvenient.

Murau is an agricultural region with more than 1,550 agricultural enterprises, of which 350 (23 %) are organic farms, which is far above the Austrian average (11 %). The region depends on summer and winter tourism and has only a small scaled industry. Labour productivity and supply of labour is low, while commuting is high.

In 2001, after several workshops, the private-public consortium Bioregion Murau was established by stakeholders from agriculture and regional trade. The initiative focuses on agriculture, energy, regional trade and environment. Since 2001, the core group consists of Karl Hager (owner of the organic bakery 'Naturbäckerei Hager', 18 employees), Heide Zeiringer (owner of the natural plumbing company 'Zeiringer', 35 employees), Walter Stadlober (organic farmer, regional representative of the Austrian network of organic farmers 'Bio Ernte Styria') and Harald Kraxner (regional manager of the public stakeholder 'Rural Development Styria' responsible for the districts Murau, Knittelfeld and Judenburg). Harald Kraxner became involved for the sake of establishing contacts to authorities and bodies in order to get financial support for this initiative.

By now, the initiative is embedded in the model 'Bioregions' which is stemming from the research project 'Bioregions as models for sustainable regional development'⁵ (running from 2005 - 2007). The core group of Bioregion Murau took part in the process of creating the model. In Austria, apart from Murau, only 3 further regions meet the criteria⁶ of the model 'Bioregion', i.e. Bio-Hay-Region Trumer Seenland, cultural park Eisenstraße-Ötscherland and the Upper Austrian Limestone Alps Region. Bioregion Murau is in the highest stage of development.

⁵ 'Bioregions as models for sustainable regional development' was a research project in the framework of the federation/Länder co-operation (BBK). It was commissioned by the Federal Ministry of Agriculture, Forestry, Environment and Water Management (BMLFUW) and all 9 Länder of Austria. The project partners were the Mountain Agriculture Research Unit of the University of Innsbruck, the Federal Institute for Less Favoured and Mountainous Areas and the consortium of vegetation ecology and landscaping, Vienna.

⁶ The model 'Bioregions' contains specific minimum criteria and development fields: Minimum criteria include the spatial delimitation of the Bioregion, a higher organic farming quota than the national average, the establishment of organisational structures as well as the elaboration of a regional concept. Furthermore, there are development fields such as organic farming, organic processing and marketing measures of organic products in the region, organisation, co-operation, communication within the region and outwards, energy, natural and cultural landscape.



There are public and private entities financing the initiative: It is funded by the province of Styria, the Federal Ministry of Agriculture, Forestry, Environment and Water Management (BMLFUW), LEADER+ (as parts of Murau are belonging to the LEADER region 'Holzwelt' - engl. 'timber world'), sponsorships and contributions from municipalities.

Implementation of the measure

The consortium Bioregion Murau was initiated by Karl Hager (project manager), Heide Zeiringer (speaker of the working group 'Energy') and Harald Kraxner (external consultant). In general, the companies forming the initiative aim at turning their philosophy of sustainability into reality and extending this approach to the whole region. So, the main motivation of the companies was of 'idealistic' nature. However, it was important that this enthusiasm could be utilised for business purposes.

The roots of the initiative can be traced back to several initiatives in the district of Murau acting independently of each other:

- In the year 1997, there was a petition for a referendum against genetic engineering in Austria which was signed by 1.2 million people. At the same time, an amendment was enacted which allowed baker's shops to supermarkets and petrol stations. For bakers, this was a severe intervention referring to the competence of the baker's profession. Since Karl Hager did not want to be a part of the food industry, these developments reinforced his future specialisation to produce organic pastries free from gene technology. Karl Hager has also implemented the Business Agenda 21 within his company.
- Since she took over the company from her parents in 1992, for Heide Zeiringer, environmental protection and sustainability have always been important concerns. Her company has also implemented the Business Agenda 21. In 2002, she decided to back out of fossil energy, and since 2005, the company refuses to assemble oil heatings in new buildings. At the beginning, the implementation of this decision was not easy because there were not enough producers of wood chips and wood log in the region. A great deal of convincing had to be done to arrive at an agreement with 'Naturwärme St. Lambrecht', a biomass energy heat plant which facilitates sustainable heating systems in the region. By and by, two other regional plumbing companies adopted the ideas of Heide Zeiringer. Together they form the 'eco plumbers' in the district Murau. As the sustainability approach of company Zeiringer is a clear business success, this was very important for the whole initiative and to motivate other enterprises. Other companies followed because they could perceive chances and opportunities for their business.
- In 1993, the Wärmelieferungsgenossenschaft St. Lambrecht (engl. 'heat supply co-operative St. Lambrecht') has been established which is a co-operation between St. Lambrecht's Abbey, a Benedictine monastery, and forest farmers from St. Lambrecht and St. Blasen. Since its agreement with the eco plumbers of Murau, the co-operative is also referred to as Naturwärme St. Lambrecht (engl. 'natural energy St. Lambrecht').

Since 2001, in order to achieve sensitisation and awareness raising of the people and companies in Murau and to have more companies involved in the then called 'Bio-region Murau', the core group came into publicity by holding presentations, attending mayor conferences and doing public relations. The main objective of the initiative but also of the companies within the initiative is to create regional networks of companies in order to keep the value-added within the region, to safeguard jobs in the region and to reduce the out-migration of labour (especially youth labour). Companies which contribute to the Bioregion Murau focus on social, economical and ecological sustainability: While social sustainability deals with creating and safeguarding jobs as well as preserving living space, economic sustainability deals with the long-term existence of companies and the question of how to secure the economic future of the business location. Ecologic sustainability means to act in an environmentally responsible way and to preserve natural resources. Several companies in Murau have also implemented the Business Agenda 21 within their enterprises.

Thus, the tasks of Bioregion Murau are to develop the entire regional economy and to stabilise agriculture in order to increase the regional value-added. Co-operation and networking between agriculture and tourism shall stimulate tourism as well as create and safeguard jobs. In more detail, the development objectives set by the initiative refer to:

- Use of renewable energy (biomass, solar etc.) up to a level of 100 % until the year 2015
- Raising the share of organic farming from 25 % to 30 % (average in Austria: 11 %)
- Maximum possible use of natural resources like wood
- Preserving ecologically valuable living environment
- Raising the supply of organic food in the Bioregion Murau in the framework of direct marketing up to 100 %
- Informing and awareness raising of the local population regarding the origin of food
- Establishment of value-added partnerships in the field of (organic) farming, economy and tourism through expedient co-operations
- Protection of natural resources concerning all planning and implementation

The main problems in the implementation process of Bioregion Murau dealt with getting enterprises, farmers and people engaged in the initiative and trying to convince them to implement the principles of sustainability and organic production in their business policy. By and by, the core group of Bioregion Murau succeeded in attracting new members through directly approaching eligible companies and farmers. Thus, the establishment of the consortium Bioregion Murau was time consuming and cost intensive. Additionally, the initiative has always been dependent on public funding, especially by the province of Styria (e.g. Economic Initiative Sustainability, Rural Development Styria).



In the early days of the initiative, there also was the problem of a lacking distinction between organic and conventional agriculture and products which caused legal problems. After several workshops with the core group of Bioregion Murau and researchers of the Mountain Agriculture Research Unit of the University of Innsbruck it was possible to define guiding principles and minimum standards for and to embed the whole initiative into the model 'Bioregions'.

Characteristics of the practice

The consortium Bioregion Murau consists of 3 working groups:

- organic farming, processing and marketing of organic products
- gastronomy, trade and tourism
- energy

Each working group consists of a manager (speaker) and approximately 7 - 10 members such as (organic) farmers and representatives of agricultural organisations, tourism boards, enterprises, consortia or public organisations. The tasks of the working groups include the co-ordination of the implementation of measures and safeguarding continuity in terms of further development. Decisions are made with consensus between the project manager Karl Hager, the speakers of the working groups and the external project consultant Harald Kraxner.

Activities carried out within the framework of Bioregion Murau include co-operations with wholefood shops, inkeepers, the association of mountain farmers and the natural park 'Gebenzen' as well as the establishment of a platform for regional food and the creation of the brochure for direct marketing 'Schmackhaftes und Natürliches' (engl. 'Tasty and Natural'). Furthermore, the initiative founded several regional direct marketing shops and established a co-ordinating centre for regional food and direct marketing which achieves particular success in the field of catering.

A very important achievement is the development of an energy vision for the region ('Energy Vision 2015'): The main objective is to make Murau energy self-sufficient by 2015. The energy vision was initiated by the energy agency Judenburg-Knittelfeld-Murau and implemented in collaboration with the process consultancy Wallner & Schauer. The vision originates in the fact that in Murau the natural resource of wood is available in abundance. Apart from Bioregion Murau, committed (organic) farmers, stakeholders from regional trade and the energy agency Judenburg promote this energy vision.

Meanwhile, there are several wood chips co-operatives working closely with Bioregion Murau, with 'Naturwärme St. Lambrecht' leading the way and also making significant contributions to the energy vision. There is also a close collaboration between Naturwärme St. Lambrecht and 3 eco plumbing companies in the region (including Heide Zeiringers company) which are pushing forward renewable energy production from regional natural resources. The main ambition from Naturwärme St. Lambrecht is to produce energy on location and to use regional natural resources in order to create and safeguard jobs. One success of the Bioregion Murau is that Naturwärme St. Lambrecht is now able to provide wood chips and wood log in high and sufficient quantity during the whole year.

Furthermore, the co-operative is able to offer heat supply contracting: With the help of a special tank truck it is easily possible to deliver the wood material to the customer. Via a tube running out of the truck the wood chips are blown directly into the heating facilities at the customer's location. With running an own dehumidification facility, a large amount of woodchips can be stored.

The concept of Bioregion Murau is strongly dependent on the CSR activity of the involved enterprises as they are the driving force of the whole initiative. The companies bethink themselves of the natural resources the Murau region offers by observing the concept of sustainability and safeguarding jobs. Many farmers are engaged to produce organic products and market their regional products. There would have been no Bioregion Murau without committed enterprises. Bioregion Murau participates in events and fairs and presents its visions and tasks on an own website⁷. Furthermore, there have been several information events regarding processing of organic products and direct marketing. In order to get more (organic) farmers involved into direct marketing, a brochure was created. In 2005, in the framework of the TV programme 'Aufgegabelt' (engl. 'taking a forkful') two episodes were produced which were broadcasted several times in German speaking countries. Since 2005, the magazine 'Aufleben' (engl. 'to live up') is published quarterly as Sunday supplement of the daily newspapers 'Kleine Zeitung Steiermark' (engl. 'Small Newspaper Styria') and 'Presse' (engl. 'Press') in Vienna. It is a co-operation between the Holiday Region Murau, the Timber World Murau and the Bioregion Murau. Every issue includes several stories and news about the Bioregion Murau.

Bioregion Murau does not have an annual budget. As the project is dependent on project fundings, own resources and other public fundings, the budget varies year after year. In 2006, in the framework of a research project, Bioregion Murau was evaluated by the company Wallner & Schauer⁸ which also was involved in establishing the 'Energy vision 2015' in 2003. In the course of the evaluation, it became clear that the main challenge of Bioregion Murau is that there have to be business opportunities for the involved firms. Otherwise, any idealism will end up soon. The challenge is to find advantages and benefits for the companies. The activities have to have financial results.

Public attention is an important success factor to bring enterprises and other actors on board. Among others, the first activities received strong and positive response in the local media (e.g. via newspapers). Another factor is that firms have to see a benefit for their business in order to engage in an initiative. The business success of the company Zeiringer was very helpful in this respect.

In terms of transferability of the initiative, the main point is to motivate firms to engage in regional development, mainly by getting directly in contact with eligible companies and farmers as well as by permanent public relations. The regional manager has to be aware of the landscape of firms in the region. It is important to know about the local enterprises' strengths and potential.

⁷ <http://www.bioregionmurau.at>

⁸ for details see <http://www.zukunftsberater.at>



Impact of the measure on the local labour market

Bioregion Murau is broadly accepted by the people and enterprises. Especially in terms of superior decisions regarding the development and prospects of the Murau district, the sustainability philosophy behind the initiative is very helpful and is also borne actively by the people and enterprises of Murau.

Bioregion Murau creates and safeguards jobs in agriculture, trade, energy, gastronomy and tourism. The formation of regional networks and the implementation of the concept 'Bioregion Murau' strengthen competitiveness of the private businesses. Through establishing platforms for direct marketing, it is much easier for agricultural enterprises to market their products. Meanwhile, Bioregion Murau serves as hallmark for the whole district and is associated with high quality of resources (wood, water) and sustainability (bio-energy). Gastronomy and tourism also benefit from this special position: While gastronomy is in the position to offer high-quality regional (organic) products originating in the Bioregion, tourism can score with the sustainability concept and the label that the people of Bioregion Murau are living in harmony with nature. Bioregion Murau collaborates with well-known companies in the region like Murau Brewery (160 employees) which relies on the high quality of natural resources (clean water), although not member of Bioregion Murau due to not producing organic beer. In 2006, Murau Brewery won the EMAS award (Eco-Management and Audit Scheme), the most important environment award in the European Union. The interaction between Bioregion Murau and the Murau Brewery further strengthens its respective success.

The idea behind the establishment of Bioregion Murau was the creation of a brand which has influence and recognition throughout Austria. Participating enterprises shall identify with the aims of the initiative. An important factor is to capture the market by providing products which are non-exchangeable like high-quality organic products free from gene technology.

Regarding the effects for the labour force and the involved businesses, accurate facts are hard to determine. However, there are positive sales effects for the firms which in turn safeguard jobs.

Furthermore, through the establishment and further development of the biomass heat plant St. Lambrecht the wood farmers of Murau have the possibility to earn an additional income. To this date, there are already several producers of wood chips and wood log. A very important factor is that Bioregion Murau actively addresses eligible enterprises who may contribute to the initiative.

The value-added created by the CSR aspect is that it facilitates the difficult task to motivate firms to engage in the initiative. The enterprises who founded Bioregion Murau act as a positive role model.

Over the years, in the course of the plenty of implemented projects, the organisational structure of the initiative has not been adapted to the changing needs. It was hardly possible to advance in establishing a superior strategy and a concerted planning between the 3 core competences. For this reason, the consortium suffered from a lack of appropriate communication structures. Concerning the implementation of measures and initiatives, after a promising start, Bioregion Murau has entered a phase of stagnation which led to decreasing enthusiasm of the consortium members. In order to further develop Bioregion Murau, it is necessary to have a more professional approach in terms of a better work-flow organisation.

Future issues

To this day, Bioregion Murau has rather acted as a loose platform for exchanging ideas, establishing new contacts and co-operations as well as planning and implementing activities. Due to the fact that Bioregion Murau does not have a clear membership and organisation structure, the initiative faces the challenge to create a structure which safeguards long-term continuity and further development which is not dependent on exceptionally committed individuals who work on an honorary basis. In the year 2008, the consortium will be turned into an association in order to have a stronger organisation structure. Furthermore, it is planned to integrate Bioregion Murau into the LEADER region 'Holzwelt Murau' (engl. 'timber world Murau').

In general, the stakeholders of Bioregion Murau want to motivate additional companies to join the initiative, especially those which are more passive and not so well-known. Especially in the field of organic farming or meat production, farmers are required to establish better collaborations with enterprises in gastronomy in order to increase the marketability of their products. This shall be reached by further development of the platform 'Murauer Speis' (engl. 'Murau food') including the creation of better organisational and financial structures for this platform. The main focus will be on better marketing of organic and agricultural products, a better presentation of regional products and the provision of catering services. A further measure is to develop and market leading products and specialities from the Murau region.

Until the year 2015, the district of Murau shall become energy self-sufficient by the use of biomass and solar energy (as specified in the 'Energy Vision 2015'). To achieve this aim, the 'Energy Vision' shall be continually improved, e.g. through strengthening existent structures, further development of the collaboration between trade and producers, provision of contracting and the establishment of a platform responsible for the field of energy.

According to the external consultant Harald Kraxner, it would be very helpful to have a system of financial support which allows high subsidies to firms to start innovative ideas and which also allows financial support for innovations of small company networks. This can help to motivate companies in the beginning of an initiative. It would also be good to have financial support for company activities benefiting the region. It is also planned to tap new financial resources such as LEADER, charging commissions or membership fees.

The intention of the stakeholders within Bioregion Murau is the incorporation of the bioregion concept as label throughout Austria in order to stress the special position of such regions. The 'bioregion' label also should be approved by the government. For example, this could be expressed by support und funding programmes aiming at the special demands of bioregions as a whole and not only at single projects within a bioregion. Enterprise networks will gain in importance, as companies which are in the network can benefit from the advantages.



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Pendelfietsen - Belgium

(contributed by Johan Lambrecht, EHSAL)

General information

The name of the initiative is *Pendelfietsen* (in Dutch), translated in English as: *Commuting by bike*. The initiative was launched in 2005 by ColruytGroup, and is still operational. ColruytGroup is a Belgian stock-listed family company that over the past decades has grown to become an important discounter in food and non-food products. ColruytGroup is best known by its Colruyt, Okay, BioPlanet and Dreamland stores. ColruytGroup has around 200 stores in Belgium and employs approximately 18,000 employees in Belgium and around 2,000 employees abroad. ColruytGroup has received wide recognition (from peers, press and professionals) for the way in which it incorporates CSR objectives in its business strategy.

The initiative was initiated by ColruytGroup as a part of its overall CSR policy. The main objective of *Pendelfietsen* is motivating employees to use public transportation and bikes to come to work. Most employees that work at ColruytGroup's corporate head office in Halle (city in the province of Flemish-Brabant, near the Brussels Capital Region) used to come by car, as the train station is a 20 minute walk away from the site and no public transportation is available. ColruytGroup, however, decided to provide their employees with bikes that are stalled under a shelter provided by ColruytGroup at the Halle train station and that can be used to reach the site. By doing so, some 200 employees have switched from car to train and bike to come to work.

As a part of its overall CSR policy ColruytGroup aims to be CO² neutral by 2017 and therefore, invests in a wide variety of environmental initiatives. The ecological objective, however, is not ColruytGroups's only CSR objective. Its CSR policy combines environmental, social and mobility objectives. And so does the *Pendelfietsen* initiative.

The bikes that are used in the project are maintained and repaired in a local bike workplace at the Jobhuis Halle-Vilvoorde employment-centre. This workplace is a training and education centre for vulnerable employment groups such as youth and people without qualifications. The project enables them to find their way back to the regular employment market.

Jobhuis Halle-Vilvoorde is a regional not-for-profit organisation, active in a region that in past years was highly affected by collective redundancies due to delocalisation (VW-Vorst and Renault-Vilvoorde) and bankruptcy (SABENA). The socio-economic situation of the area is closely intertwined with that of the Brussels Capital Region, notwithstanding the fact that it is somewhat less densely populated. Currently, due to intensified efforts in past years, unemployment in the region has been reduced to below 5 %.

Implementation of the measure

The initiative was initiated by ColruytGroup as a part of its overall CSR policy and has several objectives. For one of these objectives, local employment development, ColruytGroup works together with Jobhuis Halle-Vilvoorde. The initiative can be seen as a bottom-up initiative based on concrete opportunities and matching visions.



Jobhuis Halle-Vilvoorde is a regional not-for-profit organisation, functioning as a training centre for people that are considered to be vulnerable on the labour market. The organisation aims at enhancing these people's changes in society as a whole and in the labour market in specific. Through training and experience, the organisation wants to make these people more apt for the labour market. The organisation focuses on working in groups and on the combination of practical skills with broader knowledge.

ColruytGroup's commuting initiative created the opportunity for Jobhuis Halle-Vilvoorde to develop a training that does not only respond to the trainees needs but that also offers an answer to a concrete business-need: the maintenance of bikes of an individual company. The trainees involved in the project are offered the opportunity to engage in a larger business project instead of in an abstract training.

ColruytGroup clearly benefits from the positive image generated by its CSR commitments. Furthermore ColruytGroup's CSR vision and mission are closely related to its overall vision, mission and strategy. CSR is not merely perceived as an end, but rather as a means to an end. ColruytGroup mainly focuses on providing quality products (popular brands) at the lowest price. With its CSR policy ColruytGroup aims at reducing costs in the medium and long run, thus enabling itself to guarantee the lowest price.

The initiative is, rather informally, embedded within a wider policy context. Although originally initiated by a private actor, the initiative is implemented with the support of a not-for-profit organisation (Jobhuis Halle-Vilvoorde) that is closely connected to policy actors at different levels (Province of Flemish-Brabant, Flemish Region) and funded by ESF and regional means. Co-operation and communication between the involved partners, including regular meeting, happens rather informal. The personal contacts between the partners are of key importance.

No formal monitoring of the initiative currently exists. The initiative has been evaluated by ColruytGroup as a success and is reported on in ColruytGroup's CSR and sustainable development related publications. ColruytGroup currently has around 200 bikes at its corporate headquarters in Halle that are maintained by Jobhuis Halle-Vilvoorde. At Jobhuis Halle-Vilvoorde around 5 people are permanently trained within the bike project.

Characteristics of the practice

Communication and co-ordination between partners is rather informal. ColruytGroup engages itself to use the services of Jobhuis Halle-Vilvoorde for the maintenance of its 200 bikes at the Halle site. Jobhuis Halle-Vilvoorde engages itself to actually maintain the bikes.

The target group of the Jobhuis Halle-Vilvoorde are people that find themselves in a vulnerable labour market situation. These are mainly youth, low qualified people and people living from a guaranteed minimum income. The target group of Jobhuis Halle-Vilvoorde is addressed through other employment policy actors such as the Flemish Public Employment Service (VDAB). Almost all trainees are recruited within the region.

Jobhuis Halle-Vilvoorde aims at enhancing trainees' changes in society as a whole and in the labour market in specific. Through training and experience, the organisation wants to make these people more apt for the labour market. It thereby focuses on working in groups and on the combination of practical skills with broader knowledge.

Impact of the measure on the local labour market

Currently, 20 people are permanently enrolled in bike related trainings at Jobhuis Halle-Vilvoorde. ColruytGroup relies on the initiative for the maintenance of around 200 bikes. The initiative is considered to be successful by both parties. For Jobhuis Halle-Vilvoorde it allows the trainees to establish the needed competencies and attitude to function in a business-like environment. For ColruytGroup the initiative further enhances its positive image established through its CSR policy.

As the initiative is structured in a rather informal manner, the key success factor is the collaboration between the two involved organisations, ColruytGroup at the one hand, and Jobhuis Halle-Vilvoorde at the other. Such collaboration is not self-evident as the two organisations have, in the end, different objectives (profit at the one hand and employment development at the other). The initiative proves that a successful co-operation between an individual enterprise and a not-for-profit organisation in the field of local employment development is in fact possible. The main precondition for success seems to be that both organisations share a same view. The fact that the different organisations in the end have a different objective does not seem to constitute problems that cannot be overcome.

Future issues

The coming years, the *Pendelfietsen* initiative will be continued. The initiative has become part of ColruytGroup's CSR policy and of Jobhuis Halle-Vilvoorde's functioning. There are no specific expectations towards policy makers.

ColruytGroup will continue to broaden its commuting policy focussing not only on the corporate headquarter in Halle but also on the personnel working in stores throughout the country. For the maintenance of the bikes stalled at those stores ColruytGroup will rely on local independent bike shops, thus combining social economy (for the maintenance of bikes in Halle) with regular economy (for the maintenance of bikes elsewhere).

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Cascades - Canada

(contributed by Denis Harrison, Centre de recherche sur les innovations sociales - CRISES)

General information

Cascades operates in three regions (Canada, United States and Europe). It has units in rural, urban and mixed areas. Cascades set up its first mills at Kingsey Falls, a small town located in the MRC of Arthabasca in the Eastern Townships of the Province of Québec. The unemployment rate (2006) is of 7.4 %, the employment by sector is for the primary sector 4 %, manufacturing 29 %, trade 15 %, commercial services 34 % and non-commercial services 18 %. Cascades was founded in 1964 and since then has committed itself to social responsibility and sustainable development. Cascades has a residence policy for some types of positions. In addition, it is one of the largest employers in the region.

Kingsey Falls is a small town of 2,000 inhabitants, founded in 1963 in an area of 70 km². Cascades plays a major role in the development of the town. Cascades has integrated sustainable development in its business plan since the early stages and well before the notion of sustainable development became a major trend in business strategy. The company starts its activities in paper production with recycling fibres at the beginning of the 1960. Consequently, many other production activities influenced by the mission of sustainable development and social responsibility have followed.

Cascades is a prime mover of those trends and it is still the example that is cited for its policy of environmental respect, sustainable development and social responsibility. Cascades is built around three product groups:

- Containerboard and boxboard
- Tissue papers
- Specialty papers

About 14,000 men and women work for Cascades in more than 100 plants located in North America and Europe. The company is divided in eight divisions which are specialising in the production of kraft paper, cast pulp products, plastic, recovery, building material, paperboard made of recycled fibres and deinking activities. Corporate Social Responsibility is a true culture at Cascades, with all employees involved in it.

Corporate departments, such as the Energy Action Group, communications, environment, human resources, research centre, training centre etc. provide considerable support in developing and disseminating this Corporate Social Responsibility. Most of these departments are located at the Cascades head office in Kingsey Falls.

Cascades is a leader and a reference in that matter. Its experience of more than 40 years has contributed to this corporate identity. It becomes a model and an example for any company that wants to include sustainable development and social responsibility in its business planning. As a leader and an innovator, Cascades created a center of research which is the most important private institute of research on pulp and paper in Canada. Research on production and working process of paper made with the respect of the environment are encouraged and supported.



The communications department officially provides its expertise to the groups at Cascades to distribute all information pertinent to development of the firm's corporate responsibility. In particular, it co-ordinates the sustainable development in which all progress and projects in this area are recorded. In addition, it distributes the InfoComm bulletin which puts assorted information on Cascades into the same document and provides a daily press review. As well, a person was hired in 2007 to list and co-ordinate the sustainable development initiatives. This person also takes care of managing the various environmental data used for marketing and communications purposes, ensuring their veracity and coherence. The Cascades Inc. board of directors regards quality corporate governance as essential to efficient operation of the company. The board consists of 13 directors, seven of whom are outside directors. The management committee holds a monthly meeting to examine the various projects and to set the company's priorities. Cascades finances and subsidises itself all its operation which are all oriented toward sustainable development and social responsibility. Sustainable development and social responsibility are becoming initiatives more and more encouraged by the government of Québec. Through specific legislation, Bill 118 about sustainable development, the government brings about the Green Funds in order to support the production of projects oriented towards sustainable development.

Implementation of the measure

In the field of sustainable development, 2007 was no doubt a pivotal year. Cascades is at the confluence of two fundamental shifts.

First is its adhesions to the principles of sustainable development since its founding, long before this concept emerged in the collective conscience. Sustainability has always been closely linked to the business strategy and success of Cascades. Its nearly 50 years' experience in recycling, its consistently forward-looking human resources management and its sustained research and development efforts are just part of it. This approach is recognised, appreciated and rewarded more than ever.

Second is its vision, constantly renewed and increasingly stimulated. While just about everyone claims to be 'green', Cascades sees itself as having a duty to remain a reference as a credible and solid leader.

In the last few years, Cascades has resolutely oriented its initiatives in donations and sponsorships toward the environmental sector which lies at the very heart of all its actions. Hence, many institutions, associations and community-based organisations figure among the beneficiaries of the donations and Cascades sponsorship.

Among its new commitments, we should note its association with Équiterre, a well known ecological organisation to which it supplies the paper required for all its promotional tools. It also decided, in 2007, to carry its commitment to Québec Garbage Reduction Week further by soliciting the participation of its employees in a number of waste reduction activities, notably by encouraging them to get rid of the garbage can for the week and to recycle waste instead of throwing up in the bin, and by inviting them to participate in a *vox pop* organised at lunch time in order to share ideas and knowledge on different ways to reduce waste and garbage at home.

Because the company makes it a point of honour to share its know-how in sustainable development and continuously seeks new ways of doing more in this area, Cascades has established a presence at many events devoted to this theme. In 2007, it proudly supported the Tremblant Forum on Corporate Social Responsibility and sustainability



organised in Montreal by Unisféra. Cascades has also collaborated in the University of Sherbrooke's International Forum on Applied Sustainable Development. In its fourth edition in 2004, this forum gathered 140 participants coming from different companies interested by social responsibility, NGOs, governmental organisations as well as academics⁹.

Along the same lines, Cascades has associated itself with Earth Day for a fifth consecutive year. This association has helped advance the 'Porteurs d'espoir' (Bearers of Hope) recognition programme aimed at rewarding a person who stands out through his or her environmental contribution. Cascades is also proud once again to support the work of the Fondation québécoise en environnement (Québec Environment Foundation) which has the mission of educating and informing the population and raising awareness of environmental issues while suggesting actions and tangible solutions in this regard. Conférence Entreprise et développement durable (Enterprise and Sustainable Development organised by Unisféra (an independant and non-profit center dedicated to the advancement of sustainable development) bring together many participants coming from different enterprises, academics and NGOs¹⁰.

In August, the Espace Sedna-Cascades-Rebut global was inaugurated in Montreal. This is a building with an ecological purpose erected using materials recovered from such places as garbage dumps and scrap metal depots. Cascades has also been a partner in the Québec hotel industry's sustainable development programme sponsored by the Association des hôteliers du Québec. This initiative aims to promote the development of socially responsible habits by hotels owners and managers.

The reasons motivating the company's social responsibility initiatives are, on the one hand, a matter of value, but they also satisfy the economic profitability necessary to and inherent in the existence of a business.

Excerpt from an interview with senior management (Alain Lemaire):

'(...) sustainable development has never been just a matter of a slogan, a passing fashion or good conscience. When my father and brothers began investing in the mid-1950s in recovery and recycling, it was due to necessity. It was imperative to find a way of doing more with less even if, unlike today, collecting waste was not at all glamorous.

Later on, we understood the additional advantages we could gain as a company by applying this economic principle and the benefits generated for the entire community. The reputation of Cascades is largely connected to this value added which forms the basis of all our actions and enables us to stand apart.'

At Cascades, initiatives in Corporate Social Responsibility did not arise from any skilfully conceived co-ordination. They emerged as the result of an innovative corporate culture. Each Cascades unit has always been free to engage in various projects, and this has had the effect of involving local communities in a broad sense.

⁹ For more information visit : http://www.crsdd.uqam.ca/Pages/docs/pdfAccueil/Communique_tremblant.pdf

¹⁰ More details on: http://cedd.ca/modules/smartcontent/page.php?pageid=3&sel_lang=english

The mission of Cascades put sustainable development and Corporate Social Responsibility to the front as main components of their philosophy which is transferred within the general business strategy of the company. It consists of drawing from the internal resources of the company and let the innovation process freely getting over in order to promote sustainable development. Different projects are initiated by the employees or are implemented following some positive research outcomes of the R&D department. The support of shareholders is a motivating factor.

Cascades is thinking more seriously today about bringing all the activities related to Corporate Social Responsibility into a more fully articulated strategy while still intending to draw upon the innovative strength of its 14,000 employees. As Cascades projects are oriented towards the improvement of the well-being of the population through activities that include social, environmental and economic dimensions in one and only concern, all these factors contribute to the making up of those initiatives. The avant-garde mind set of Cascades leaders and the lack of legislation and rules about those matters open the way to initiatives and innovation.

Characteristics of the practice

Since Cascades is a publicly traded company, its target groups are consumers and shareholders. The company managers are convinced that the employees form the basis of all the successes, and they also lie at the heart of the company's concerns. They are the people who, year in and year out, enable to advance. They thus always take care to improve the safety of the workplaces, pay attention to the health and well-being, try to offer them competitive working conditions and fringe benefits, and celebrate successes with them. As an example, profit sharing has existed since the founding of Cascades. This way of applying the employees' contribution to the company's success remains a sign of recognition far beyond what is represented by any financial benefit. Moreover, all Canadian employees have an opportunity to become shareholders by taking part in the Cascades employee share plan. In addition to competitive remuneration with traditional fringe benefits such as a complementary retirement plan, a full group insurance plan and an advantageous vacation system, Cascades employees can enjoy one or more of the following benefits:

- Phased retirement
- Study grants
- Continuing education allowances
- Sporting memberships
- An employee assistance programme
- Inter-company sporting tournaments
- Summer jobs for students who are children of employees
- A recognition programme emphasising seniority

In 2007, investments in training totalled CAN\$ 13 million, representing 2 % of payroll and far exceeding government requirements.

Cascades has set up a succession plan intended for employees who show an ability and interest in moving up to new responsibilities. Focusing on a series of key positions, this plan aims first to identify potential candidates and then to assess their skills and devise personalised development programmes for them.



Cascades also continues to promote the hiring of trainees and students. In 2007, 822 young people thus had the opportunity to acquire their first real work experience with a big company.

Even in this period of austerity for the industry, Cascades insists on being involved in the communities that host. This year, Cascades has resolutely oriented its donations and sponsorships to the environment and sustainable development. Moving beyond sponsorships, these initiatives become true partnerships derived from exchanges of knowledge, full of discoveries and good ideas. They do not neglect the commitments to social and community organisations, educational institutions or amateur athletes. At Kingsey Falls, Cascades participates actively to the local development of employment. A strong proportion of the population works for the company.

Cascades remains among the companies that invest most heavily in research and development. A true system to manage innovation was developed at a symposium mentioned above. Strengthened by the employees' boldness and know-how, the products stand out as the environmental choice *par excellence*. The initiatives taken by Cascades over the years can be referred to as sustainable development and Corporate Social Responsibility.

In the 1960s, recovery was a key activity of the Lemaire family through the recycling of industrial and domestic waste. In 1964, the Lemaire family established the first paper mills which produces paper with recycle fiber. In the 1970s, the first pulp and paper mills made of 100 % of recycled fibres is founded. In 1976, the Lemaire brothers opened a mills of paper board in another region of Québec, Cabano located in Lower St-Lawrence River, a region in the North East of Québec. In the 1980s, the company started on the production of kraft paper by the acquisition of another mill of paper board. In 1985, the company spread its influence by an expansion in Europe where they bought mills in France, Belgium and Sweden. The same year, Cascades opened the most important centre of research and development on pulp and paper in Canada. In the 1990s, Cascades Énergie was created. It owns and operates the first Canadian power plant of cogeneration powered by natural gas that supplies the paper mills of Kingsey Falls. After that, many other acquisitions are made by Cascades who diversifies its activities. Consequently, the company is now structured in five distinct groups wich are operating mills in five fields: industrial and commercial packaging, container board, tissue paper, fine paper, box board. In the 2000s, expansion continues in Europe and United States. Cascades concentrates its operations in the sectors of packaging and tissue. The company never departs from the principles that are still the same since the beginning: products are made of recycled fibres, biodegradable and compostable, and Cascades is distancing itself from its competitors while they still respect the principles of sustainable development which form the basics of the company mission. The initiatives taken by Cascades are promoted internally through the *Cascadeur*, a quarterly newspaper intended for all employees. They are published externally through TV advertising spots, sponsorships and the company's highly developed website.

Impact of the measure on the local labour market

Social responsibility and sustainable development as management philosophy components are translated through relations between employees based on proximity, respect and trust, marking the way to transparency, accountability, consultation and quality of the work done. Management at Cascades is based on tangible as well as informal aspects putting the well being of the employees at the front, their development in an organisational context promoting over their integration and supporting their empowerment. The small town of Kingsey Falls is well known through the country by its dynamism based on social, environmental and economic development. By maintaining a good corporate image, backed by tangible actions, Cascades has become a company that is referred to in the field of sustainable development and more particularly in the area of the environment. Among the effects of Corporate Social Responsibility can be noted a sense of belonging among company employees, even at times of crisis. Growing loyalty can also be perceived among consumers who prefer to obtain tissue products and printing paper from a company that has solidly established responsible supply principles, especially in recycled fibre. Another sign of the positive effects of the company's social responsibility initiatives is the many invitations Cascades has received to take part in forums and groups dealing with themes of Corporate Social Responsibility (sustainable business initiatives in Québec, responsible supply circles etc.). Although the Corporate Social Responsibility initiatives taken by Cascades are not co-ordinated strategically, the company has created a good impression among its various stakeholders. This seems in particular due to an excellent communications network, an extraordinary sense of belonging among employees, and closeness between senior management and employees, despite their large number (more than 14,000). The economic context for the pulp and paper sector is extremely unfavourable at the moment, which sometimes means holding back on certain new projects. Considering the difficulty of calculating the payback on sustainable development projects, some people see them as initiatives that constitute spending rather than investment or that have only a very long-term payback. The priority in pursuing these initiatives is to rely on effective mobilisation of the players involved and to explain the projects in clear and simple terms.

Future issues

It is clear that everyone involved in the pulp and paper industry is hoping for government measures to improve a highly worrisome situation. Nonetheless, it is imperative for Cascades to maintain its reputation as a good corporate citizen, even in an unfavourable context. Currently, the strategy being planned is to target priority actions based on what is most tangibly profitable for the various Cascades units. Put very simply, emphasis will be placed for a certain time on actions that bring rapidly visible results, with large-scale development projects coming next, after the crisis is over. The transferability of this Corporate Social Responsibility initiative is relatively limited since it finds its origins largely in the long history of Cascades. Well ahead of their time, the company's founders have acted since 1964 according to principles of sustainable development that were set out many years later, and they conveyed their way of doing things as the company grew. It would be very difficult to bring this way of doing things into a company that has already achieved a large size, wherever it may be located.



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Desjardins - Canada

(contributed by Denis Harrisson, Centre de recherche sur les innovations sociales - CRISES)

General information

Desjardins is a financial services cooperative. Its cooperative nature sets it apart clearly from Canada's other large banking institutions, with their purely financial vocation. The Desjardins network covers many towns and regions in Canada. For the purposes of this study, we have chosen the Desjardins Caisse in Matane.

Matane is a town located in the regional county municipality (RCM) of Matane. The RCM consists of 13 rural municipalities in addition to an urban sector, namely the town of Matane, which forms the core of the RCM. The town accounts for: 1) more than half the inhabitants in the RCM; 2) a majority of jobs in the region; 3) a majority of the private establishments serving the entire regional municipality (shopping centres, financial and insurance services, etc.) as well as public services (health care, social services, higher education etc.).

The town of Matane is located 636 km from Montreal and 400 km from Québec City, the population is of 14,978 inhabitants in an area of 219,930 km². It is a strategic pole in the region's economic development in the administrative region of Bas-Saint-Laurent. Matane accounts for more than half of the population of the RCM and most of its facilities, public services and industrial establishments. This is why the town's Desjardins Caisse was chosen for this case study, to show the community assistance actions and programmes that have been set up to revitalise the region's economy by creating employment and applying the principles of Corporate Social Responsibility.

Industry in Matane is diversified. Its geographic location alongside the estuary of the St. Lawrence River favours the development of marine industries such as shipbuilding. In addition, other industries characterise this town, especially the food sector and the pulp and paper sector as well as emerging industries such as wind energy and diamond cutting.

The Matane RCM has nearly 1,000 businesses that generate more than 8,900 jobs. The town of Matane alone has 639 businesses employing 7,043 persons. These jobs are divided as follows: 70.5 % in the tertiary sector, 22.0 % in the secondary sector and 7.5 % in the primary sector. The tertiary sector is thus a significant lever that plays an active role in the growth of the town's economy.

The Caisse populaire Desjardins Matane was founded on 20 August 1911. Of the 10,372 member-owners of the Caisse populaire Desjardins de Matane, 14 officers are elected at the annual meeting form the board of directors and the supervisory board. In addition, four managers head the Caisse populaire Desjardins de Matane, which has 58 employees.



Implementation of the measure

In 2001, the Desjardins Caisse populaire in the Matane area created the Centre financier aux entreprises Desjardins du Bas-St-Laurent (Desjardins Business Centre - Lower St. Lawrence), Matane office, bringing all employees involved in the business sector together under one roof to serve the region's economy more effectively. In 2002, a merger occurred with the Desjardins Caisse populaire in Saint-Ulric, a village located 15 km from the town of Matane. The Caisse populaire Desjardins de Matane thus has two service locations - its head office and a service centre.

The community development assistance fund of the Caisse populaire Desjardins de Matane is among various measures instituted by the Mouvement Desjardins to aid local development by having the community take control. The various policies instituted to promote local development in the Matane area are: 1) the Matane RCM's local development centre (CLD), which helps businesses in the area through professional services and financing programmes; 2) the Matane region's community development assistance corporation (SADC), which has the mission of supporting businesses in the region through a number of funds and programmes, in particular: a) an investment fund to help in the creation of new businesses and new jobs; b) the youth strategy fund to keep young people in the region by providing funds to start up projects; c) the rural business programme which helps companies set up innovative activities based on technology; and d) the local corporation for investment in job development (SOLIDE), which has the mission of helping new and existing businesses create and maintain jobs. The Matane CLD has the vocation of mobilising all local actors in a common action-oriented approach to promote economic development and job creation on the territory of the Matane region.

The Caisse populaire Desjardins de Matane concurs with this regional promotion philosophy, supporting local development initiatives taken by people in the community. The Town of Matane, in partnership with the Matane RCM's local development centre, the Matane region's community development assistance corporation, and the Emploi Québec local employment centre for the Matane region, has instituted a development strategy based on three main focuses: renewable resources, mainly wind energy, diamond cutting and new economy businesses (multimedia and digital imaging). The growth of wind project is an especially promising area for the development of Corporate Social Responsibility.

Wind energy companies have experienced an enormous growth in Matane. In 2006, for example, the town saw three plants installed, one to manufacture towers, another to assemble turbines, and a third to make nacelle envelopes. These three plants created more than 240 jobs held by people living across the region and not just in the town of Matane. In addition, the entire region benefits from spinoffs in the form of goods and services purchased by companies with plants in Matane. Based on a proposal from the board of directors, efforts by the Caisse populaire Desjardins de Matane to support the town's economic, social and community development culminated in 2002 with the creation of the Fonds d'aide au développement du milieu (community development assistance fund). This originates in the various measures to redistribute part of the surpluses earned by the Caisse to the community. The local development of employment is a priority for private companies that set up at Matane. For example, wind energy companies established in the region lead to the implementation of many plants involved in the manufacture of towers, nacelle envelopes and blades. More, many jobs are created for the construction of the towers, the creation of the parks and their maintenance. A stipulation in the contract and a clause in the invitation to tender

indicate that the instigators are in the obligation to set a vision of social responsibility and a regional content of 40 % to 60 % in their offer. A variety of actors is involved in the development of social responsibility such as the CLD (local center for employment), the SADC, the Society for the assistance to the collectivity development in the Matane region. As much as it can, the Caisse attempts to co-ordinate its commitment with the organisations in Matane that are called upon to support the region in similar ways through donations or sponsorships. This co-ordination allows for greater sharing of the information needed to make decisions. The engagement to social responsibility is included into the management philosophy of Desjardins. As a cooperative, the commitment towards the community in which Desjardins settles is confirmed since every Caisse Desjardins has its own governing board. Consequently, donations and sponsorships are deeply integrated to the mission of Desjardins which is consisting of the assistance to the development of social and economic well-being of the community. In the case of Caisse de Matane, the commitment towards the community is done through its involvement and assistance in a variety of areas such as economic development, culture, education, humanitarian assistance, social commitment, environment, sports. Therefore, through the move of the local governance board at the annual meeting of the members, they make a decision about the part of the surplus made by the cooperative that will be returned to the collectivity. They decide also what project will benefit of donations and sponsorship.

The aim of this fund is to favour the growth of projects with structural and catalytic effects on the region, in other words, projects that promote sustainable development and social responsibility. The initiative to create the community development assistance fund was proposed in 2002 by the board of directors of the Caisse populaire Desjardins de Matane and adopted by the members present at the 91st annual general meeting. The Community development assistance fund is a financial measure that allows the members of every Caisse to democratically speak out for the projects they want to support in their region. This reflects the commitment policy of Desjardins which consists of allowing every administrative unit to develop the means of concrete actions that are completely transparent to the local partners. Indeed the Québec legislation on financial cooperatives is allowing the credit unions such as Desjardins to constitute and to keep a development assistance fund from the annual surplus.

The initiative to create the community development assistance fund was proposed in 2002 by the board of directors of the Caisse populaire Desjardins de Matane and adopted by the members present at the 91st annual general meeting. From the creation of the community development assistance fund in mid-2002 up to June 2008, the Caisse populaire Desjardins de Matane gave nearly CAN\$ 750,000 to 85 different organisations in the region to promote projects with a promising outlook for the community in the Matane area. The making of the Community development assistance fund is the result of: a) the approval of the annual general assembly of the members; b) this approval means that the members get away totally or partly of their dividends in order to finance the projects for the development of their community; 3) the direction board manages the fund and controls the disbursement; 4) interested firms have to apply to the funding by a presentation of their project, the members of the assembly make a decision about the projects that will be supported as well as the amount of money that will be allocated, after an analysis of each project that is presented. Every factor is favourable to the institution of this initiative, especially considering that the Matane region is experiencing strong economic growth and that innovation lies at the heart of these projects. It is the responsibility of the members of the Caisse de Matane to plan its partner role in the development of the community and consequently to select the projects they wish to promote through financial assistance.



The Community development assistance fund has been an initiative dedicated to the promotion of dynamism and the prosperity of the region through projects oriented towards economic and social well-being. Those projects have been strongly supported by the citizens of Matane.

Like other cooperatives, the Caisse populaire Desjardins de Matane lets its members receive individual member dividends which are unique to the cooperative model. During the annual general meeting, the member-owners who are present adopt a proposal for part of the surplus to be paid in individual and collective dividends, with some of it going to the community development assistance fund, thereby supporting projects of a structural and catalytic nature that add to the social, economic and community well-being of people in the region.

Characteristics of the practice

As stated on the website of the Caisse populaire Desjardins de Matane, the target groups are diverse: young people, the elderly, ecological and environmental projects, and various economic, social and community stakeholders in the region. The areas of activity are greatly varied: education, sports and leisure, heritage, health and social services, cooperative and community development, and arts and culture. 'During the 2006 annual general meeting held on 17 April 2007 in St. Ulric, the members present agreed to an amount of CAN\$ 250,000 for the community development assistance fund, with CAN\$ 100,000 of this held in reserve for later use, CAN\$ 50,000 fully committed to the youth category, CAN\$ 50,000 to be bid on starting in the spring of 2007 and intended for the elderly and ecological and environmental projects, and finally CAN\$ 50,000 granted following consultations with various economic, community and social stakeholders in the region in the course of 2007.'¹¹ The projects subsidised through the Community development assistance fund must be used to the purpose of cooperative development, mutual aid, development of the community and support of community-based associations. The role of the caisse is being reflected into the measures put in place to manage this fund. There are the three parts of those measures: 1) A detailed diagnosis of the the nature and the orientations of the proposal and a measurement of the socio-economic spillover; 2) the selection of the most promising proposals for the regional community; 3) The allocation of the grant that cannot be higher than 75 % of the total cost of the project, excluding the operating budget.

In compensation, the projects granted by the fund must show a sustainable possibility in the short term, create full time jobs, show a prospective in the market and engage themselves to sign a contract confirming the visibility of the caisse for the follow-up. All projects financed by the community development assistance fund have a Corporate Social Responsibility orientation. The necessary condition for the right to this fund is having a CSR project that creates local development.

Projects are submitted for final analysis to the members of the board of directors who make the investment decisions. Project selection is done based on the eligibility criteria established beforehand in the financial assistance document from the community development assistance fund (in particular for the CSR aspect mentioned above).

¹¹ Source <http://www.caissepopmatane.com/fonds-d'aide-au-developpement-du-milieu/>

A process is established to organise disbursements from the community development assistance fund. The eligibility of a project depends on its nature as well as the ideal that it promotes such as cooperative, financial and economic education, mutual assistance, development of the region, support to the community-based organisations.

Documents that must be submitted with the application:

- A detailed project plan, including a timeline and a calendar of activities.
- Documents identifying the various partners as well as the percentage financial interest that each has taken in the overall project.
- A document setting out the various elements of considerations from which the Caisse populaire Desjardins de Matane will benefit.

Visibility agreement

The visibility provided as a consideration must be specified prior to the signing of the memorandum of agreement. A press review must be submitted following fulfilment of the project.

Publicity

Applicants who are selected agree that the Caisse populaire Desjardins de Matane may publicise its financial contribution as it finds appropriate, including presentation in its annual report and at the general meeting.

Exclusivity

The financial support may be used to back a project in partnership with other parties, unless these are competitors to the Caisse (financial services sector).

Beneficiary organisations agree to provide financial statements as well as all supporting documents or other documents showing the use of the funds received.

Impact of the measure on the local labour market

A number of projects got started and others were able to expand thanks to the community development assistance fund. Sustainable development and social responsibility have been two key concepts that have marked all initiatives financed by this fund.

Over a six-year period, many organisations have benefited from donations from the fund:

- in 2002: CAN\$ 90,000 was issued to 19 organisations in the Matane region;
- in 2003: CAN\$ 99,110 was issued to 13 organisations in the Matane region;
- in 2004: CAN\$ 100,000 was issued to 18 organisations in the Matane region;
- in 2005: CAN\$ 100,000 was issued to 24 organisations in the Matane region;
- spring 2006 period: CAN\$ 50,000 was issued to 18 organisations in the Matane region;



- spring 2007 period: CAN\$ 50,000 was issued to 14 organisations in the Matane region;
- spring 2008 period: CAN\$ 50,000 was issued to 17 organisations in the Matane region;

Projects that have benefited from the fund have contributed to the economic and social dynamism of the region. They are integrated into the local economy and contribute to create jobs. They also weigh into the stimulation of the economy by the support on local initiatives that aim the well-being of the community¹².

The fund is viewed as an initiative to support the economy of the Matane region in general through donations and sponsorships for projects that look promising. Many applications are submitted each year, and those that meet the established criteria are selected. The Caisse populaire Desjardins de Matane, through its community development assistance fund, supports the region's social, economic and community development as well as mutual assistance and a spirit of association within the community. Given the success that the community development assistance fund has achieved since its creation, the Caisse populaire Desjardins de Matane is continuing in the same way to encourage local initiatives for assisting development of Matane region. For Desjardins, the human factor is the core of the management philosophy oriented towards the commitment of local collectivity and their development. The economic boom and the dynamism of Matane region are still a priority for the caisse. This objective comes from the early statement of the cooperative movement.

The Caisse favours assistance to organisations that are driven by a social mission and that will generate positive spinoffs for the Matane region. Accordingly, the three CSR pillars are strongly recommended for a project to receive support from the community development assistance fund. Moreover, this results from the Caisse's cooperative nature. All initiatives financed under the fund are seen as successes because many jobs have been created or protected and a growing number of young people are no longer thinking of leaving the region to head for the big cities. There are no quantitative data on factors of success, but the reality of Matane since the local development programmes were implemented leads to these conclusions. The reasons for the success of the Community development assistance fund are related to dynamism of the economy of the region and the potential for creating jobs. Matane is then an attractive region for its inhabitants and it helps to prevent the young adults from the attraction of larger cities. The process created to organise operation of the community development assistance fund helps control all threats or barriers that could block it. Because the conditions of this initiatives are clear and its operating measures are transparent: a) the creation of the Community development assistance fund meets the desire of the assembly to support and encourage local economy; b) the members of the Caisse choose democratically the projects granted according to the capacity of being advantageous for the local community; c) the proposals submitted to the diagnosis of the fund meet the selection criteria; d) the cooperative philosophy of Desjardins is well known by the population and it put down roots into the Québec culture. Then the collectivity of Matane has welcomed with pride and joy the initiative of Desjardins and every effort has been made to implant the Community development

¹² For more information about the projects supported in 2008 :
<http://www.caissepopmatane.com/pdfTelecharge/FADM2008.pdf>



assistance fund. Despite the highly competitive environment in which Desjardins operates, the excellent financial results obtained year after year by the Caisse populaire Desjardins de Matane indicate the performance of the cooperative model in financial services. These results assure the Caisse of the room for manoeuvre needed to provide the best products and services, and also to help the Caisse continue its development and play a decisive role in the community's sustainable development. Community development assistance funds exist at many Desjardins Caisses populaires in every region of Québec.

Future issues

For the near future, the community development assistance fund will remain an active initiative. There is no change expected in the programme apart from the amount of money that the Caisse wishes to increase year after year with a more efficient management of the member assets. Community development assistance funds exist at many Desjardins Caisses populaires in every region of Québec. Indeed Desjardins is more than just another banking institution; it is a credit and saving union deeply embedded in the community. The social responsibility and local development of employment are priorities that fit well with initiatives launched by the movement. The Community development assistance fund is fed by those priorities and the evaluation of the programme shows that the objectives are reached and the initiative is a success.

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TESCO STORES A.S. - Czech Republic

(contributed by Juraj Poledna, PERITUS)

General information

Tesco Stores a.s. is a retail chain that entered the Czech Republic in 1996. Currently, 6 department stores, 49 hypermarkets and 37 supermarkets are run by Tesco throughout the country. The company principles draw on the standards of the parent company Tesco PLC, which is located in the United Kingdom, based on an effort to provide the highest values for customers and thus, gain their lasting loyalty. With its 13,000 employees Tesco belongs to the largest employers in the Czech Republic.

Tesco since its establishing in the Czech Republic is strongly focused on meeting the needs of its customers. Tesco has gradually become one of the most popular retail chains thanks to its ability to understand social changes and to respond to them flexibly. Listening to employees and customers is still getting more important for the company. Tesco is aware that its future success depends not only on work with prices, scale of offers and services, but also on how Tesco behaves responsibly, fair and honestly in all its activities, how it tackles hot public issues, e.g. food quality, environment issues and others.

Corporate Social Responsibility represents a natural part of company's business that brings satisfaction to employees and helps the whole society. Since the beginning of its operation on the Czech market, Tesco strives to behave according to principles of Corporate Social Responsibility and to voluntarily contribute to the creation of a better society and better environment. Besides co-operation with government institutions and local authorities, Tesco further emphasises its employees' welfare, observes the principles of equal job opportunities, offers its employees lifelong learning, helps to improve the surroundings of its stores, and co-operates with the non-profit sector as CSR partners. Tesco has always observed 3 main principles in the CSR area: First of all, it prefers long-term co-operation accompanied by educating and informing the public. Secondly, it expects active participation of partners and takes permanent interest in the supported areas. Each Tesco store operating in the Czech Republic has its non-profit partner whom it continually supports.

Due to the Tesco permanent commitment to quality, a part of company's CSR activities has been co-operation with and support of government projects that have been focusing on local food producers and supporting the Czech Quality Programme. These activities have developed according actual situation on market and needs of customers. They must be considered in the whole complexity in this context.

The Czech Quality Programme was approved by the government decree No. 685 in 2002 to support supply of quality products and services on the Czech market. The main aim has been to improve knowledge of customers and orient them to quality on market. It introduced the system of quality marks and made quality assessment consistent. It has supported competitiveness of Czech companies with high quality products and services.



In 2003, products of the Tesco home-brand have been officially recognised for their quality and the Tesco quality-control system. Thus, Tesco became a part of the government's programme aiming at supporting good quality local goods called 'Czech Quality'. Its goal has been to create a unified system that enables to present trustworthy and independent Czech trademarks, based on objective examination of the quality of the products or services by a third party. Tesco has also participated in this quality assessment. Trademarks admitted to the programme have the right to use, together with their own logo, also the logo of 'Czech Quality' that has become an orientation point for the customers and a proof of the trustworthiness of the particular trademark.

Implementation of the measure

Tesco has participated actively in the 'Czech Quality' programme, namely by evaluating new products that aspire to be admitted under the Tesco trademark. These products have been checked for all required quality criteria - the Tesco trademark has been granted only if all the quality criteria were met. These activities have been permanently developed and modified according to the actual situation and needs, particularly of the community and consumers. In this way local producers were supported to increase their competitiveness.

The Czech programme for quality of food products was also marketed as KlasA. Tesco together with the Ministry of Agriculture of the Czech Republic helped to conduct an information campaign with the goal to improve consumers' awareness of the KlasA programme, focusing on the support of Czech products. KlasA label designates high-quality food and agriculture products manufactured in the Czech Republic that have been awarded within the National programme for the support of local food production of the Ministry of Agriculture. The KlasA label has served mainly the purposes of better customers' orientation, identification of typical national food products and representation of high-quality and safe food. The joint project of Tesco and the Ministry of Agriculture was initiated by launching information stands about the KlasA programme in the Tesco hypermarket in several large towns. Within one month, the stand travelled through all Tesco hypermarkets and department stores in the Czech Republic.

The customers of Tesco hypermarkets had the opportunity to find all products with the KlasA label nicely gathered in one place. In selected shops, KlasA Islands were created where all products with the KlasA label, included in the range of products sold in the shops, were concentrated. Thus, it was possible to buy goods from shelves as well as from refrigerators and freezers in a single place.

On a KlasA Island, a flag with the logo of the KlasA label was raised so that the shoppers could easily find it in the shop and could head directly for the Island of high-quality food. The logo of the KlasA label was a guidepost for consumers in their shopping.

During 2006, the KlasA Islands were certainly welcomed by consumers who wanted to participate in the contest 'Dine for Free All Year'. In this contest, in which packaging, labels or caps of products with the KlasA label were collected, one could win a complete range of products with the KlasA label which comprised more than 1,300 products. For mere 10 pieces of packaging, the first 60,000 contestants got a wooden breadboard with a kitchen knife.



Characteristics of the practice

Tesco's aim to sell high quality products means to closely co-operate with its local suppliers and support their ability to manufacture quality products. On the other hand consumers should be convinced to demand and appreciate quality products. This long term effort is realised through activities that are taking into account effectiveness and are continually tailored to the current situation, what is also the main success factor.

To help its partners, Tesco has contributed to publish an information brochure about the food industry. The brochure, published by the Chamber of Food Industry of The Czech Republic, summarised the main features of the Czech food industry as compared to the EU food industry. Its main goal was to inform Czech producers about the opportunities the integration to the EU offers them and about factors that can influence their enterprise on the single market. The brochure was published and distributed as a part of the government information campaign.

In April 2007, Tesco's CEO has announced a long-term plan which obliged the company to be a good neighbour for communities where Tesco operates and introduced its activities. The plan has been named Community Plan. The public and media have been familiarised that Tesco is going to lead customers to a healthy life through quality food products, to be active in protecting the environment, to support charity and to be more local than before. Internally the plan has been integrated into an internal tool used by Tesco for performance management of the company, and even has become an additional segment which was named the Community. The CSR strategy has been implemented as a regular part into the Tesco business plan. Within the Community Plan, 4 projects have been elaborated dealing with the 4 above mentioned areas where Tesco wants to be active. The projects have focused on these topics in a very complex way. E.g. the project 'To lead customers to healthy life' launches new especially developed products, leads customers to become more active in sports by creating a new programme for employees and customers and supports consuming more fruits and vegetables by developing a new promotion campaign. In the process of project implementation there is an attempt to join all Tesco stakeholders.

Each project has been led by a head person and managed by its own manager. All of them have their own key performance indicators reflecting declared goals and simultaneously economic performance. They are monitored and analysed quarterly by the Corporate Responsibility Committee created from representatives of different Tesco departments. The main goal of the committee is to ensure smooth CSR strategy implementation, including the Community Plan embedding in Tesco activities and to solve its eventual failures in particular business sectors, to guarantee a correct performance. Each project has its own project team having one member of senior management from each local store. This senior manager acts as a link of the Community Plan to the local community and safeguards its implementation at local level.

There are several constraints of such a new form of CSR strategy implementation as the Community Plan. First of all, the plan is a new element of Tesco business and needs time to anchor strongly in company's structure. The second constraint relates to the CSR nature itself. It is a secondary element in relation to the core business.



The Tesco CSR strategy has been implemented in the Tesco business plan, which has a big impact on its performance. All business areas are actively involved into CSR practicing and particularly strongly and clearly defined parts of CSR strategy are more complexly solved within all Tesco business organisation structures. It is an integral part of the company management.

Impact of the measure on the local labour market

The idea and contribution of the project for supporting local suppliers in quality production have aimed at increasing their competitiveness and providing good quality products for Tesco customers. Retail is a bilateral process - on the one hand, it satisfies consumers' needs and offers them constantly improving services and goods, and on the other hand it provides opportunities for many companies employing hundreds or thousands of people.

Supporting competent local suppliers enables these companies to introduce new, improved products on the market and to generate job opportunities and profits. Tesco seeks to support local suppliers as with their development Tesco develops as well. Thanks to such mutual co-operation, Tesco is able to improve its supply for customers.

There are direct suppliers, ranging from very small companies offering one product delivered directly to a few stores, to multinationals supplying lots of goods to all stores in the country. Only fair prices and terms on suppliers - especially smaller ones - and building long-term relationships which allow them to plan adequately and invest in their businesses can ensure the quality, reliability and product development that customers demand. Tesco favours long-term relationships over short-term deals. It seeks to get the best value from its suppliers so that it can pass this on to customers, but it seeks to do this in a fair way which reflects the costs suppliers face. Supermarkets have made good quality and good value available to everyone, whether for food, clothes, TVs or home furnishings. Consumers have more choice and shop around more than ever before, making Tesco marketplaces competitive. At the same time, awareness of issues such as health and nutrition, the environment and ethical trade is growing and customers increasingly want products and information that help them with these issues.

Future issues

Engagement of Tesco Stores in the quality issue should be considered from the long term perspective and changing environment. The governmental programme KlasA has been focused on the support of domestic food production and Tesco has actively contributed to its implementation. After the accession of the Czech Republic to EU, the specific support of domestic producers is restricted from the single market viewpoint. The European market has become more unified and national aspects are not so important. Therefore, Tesco is permanently looking for new, more effective forms. Global problems such as environmental protection or healthy living style appear to be more challenging. The company focuses in its long term prospects on these fundamental problems and allocates its effort and financial resources to development of technologies and solutions for retail trade with lower environmental impact, support of environment friendly agriculture and nutrition categorised food products.

Tesco issued a promise for 2008 concerning its suppliers. It wants to continue to develop and maintain strong relationships with all its suppliers, based on the company's core values - 'treating people how it likes to be treated' and being 'fair, responsible and honest' in all activities.



Customers increasingly want products that contribute to the local economy and help local suppliers. Tesco suppliers provide thousands of products which customers want, from fresh products to ready meals, clothing, furniture and electronic equipment. Tesco relies on an efficient, complex supply chain to deliver these products reliably, meeting high quality standards and giving customers value for money.

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(contributed by Frank Maass, Institut für Mittelstandsforschung (IfM) Bonn)

General information

The WABE initiative is an example on how different regional players join their forces, combine their means and skills to improve the societal and employment conditions in their community. As an organisation WABE was created by owners of private businesses, representatives of the municipality of Waldkirch and a registered non-profit organisation (NPO) founded by individual residents to support the WABE initiative. The aim of the founders was to build a partnership for the benefit of job-seekers in the area. Operating for almost 10 years now, the initiators can look back on a substantial contribution they made to the employment development in their hometown. This initiative generated both positive societal benefits and opportunities for growth of local companies. It is extraordinary that the involved players were able to establish organisational structures to systemise and optimise their charity work and to guarantee its continuation in the long run. This good practice case proves that bottom-up-initiatives of the civil society can contribute substantially to the employment development at the local level.

Waldkirch is a small town of approximately 20,000 inhabitants located in the Black Forest (rural district of Emmendingen, Federal State of Baden-Württemberg). This region, sited in the southwest of Germany, belongs to the more prosperous areas of the country with a balanced economic structure (high tech industry firms and services especially in the tourism sector) and a low rate of unemployment (3.6 % in 2007). 10 years before, when the WABE initiative was established, the rate of unemployment had been significantly higher (8.0 %). Growing unemployment and the negative effects of social decline (vandalism etc.) were the main drivers at that time for the initiators of the WABE project to develop a concept in order to improve the social conditions in Waldkirch. Their aim was to broaden the skills of the unemployed and to develop individual solutions for their problems in all aspects of life. Improving the conditions for employment and personal guidance was perceived to be the most effective way to provide new impulses for personal development, improved employability and as a consequence for further economic prosperity in the community.

Two enterprises are associates of the WABE initiative. One of them is the SICK AG¹³, a public limited company founded in 1946 currently employing around 4,300 persons worldwide and achieving a turnover of approx. € 700 million (2007). The Sick AG provides products and solutions for logistics and process automation. The second company associated to WABE is the August-Faller KG¹⁴, a system supplier of secondary packaging material founded in 1882 with a total of 794 employees and an annual turnover of € 87 million (2007). Furthermore, the City of Waldkirch became partner of the WABE initiative, being represented by the office for youth, family and social welfare. The role of the fourth partner, a registered association of civil society, will be highlighted in the following, when the history of the WABE initiative is described.

¹³ Sick AG, Erwin-Sick-Strasse 1, D-79183 Waldkirch, Tel.: 0049-7681-2020, <http://www.sick.de>

¹⁴ August Faller KG, Freiburger Strasse 25, D-79183 Waldkirch AG, Tel.: 0049-7681-4050, <http://www.august-faller.de>



Implementation of the measure

The WABE project originates in a citizens' initiative, launched in the mid 1990s. As the potential of this initiative became apparent, an incorporated society – the 'WABE e. V.' (engl.: 'WABE registered association') - was founded in 1999. The term 'WABE' is an abbreviation for 'Waldkircher Beschäftigungs- und Qualifizierungsgesellschaft' (engl.: 'Waldkirch Initiative for Job Creation and Training'). With this society the founders aimed at establishing a network of partners with different skills to jointly develop concepts for LED initiatives on a private basis. From the beginning, WABE e. V. was supported by enterprises and thereby combined voluntary work of private citizens with the CSR policy of these firms in co-operation with the local administration. The members of WABE e. V. had been able to provide employment opportunities for long-term job-seekers and internships (ger.: 'Praktika') for hard-to-place youngsters.

In order to improve the effectiveness and financial capability of the initiative, a NPO was established in 2005 as a spin-off from WABE e. V. (registered association). This corporation was given the same name in order to follow the successful tradition of this project: the so called WABE gGmbH (engl.: 'WABE non-profit limited company'). The two firms mentioned before (the Sick AG and August-Faller KG) along with the society WABE e. V. and the municipality of Waldkirch became partners of this new incorporated WABE gGmbH. The purpose of the company remained the same, but the new organisation offered various advantages in comparison to the WABE e. V.: New investments were made and a more business-oriented management was implemented. The business concept of WABE gGmbH is characterised by the combination of social work and training to improve the employability of jobless persons.

The foundation of the company WABE gGmbH offered various advantages for all parties involved: From the viewpoint of the municipality and its administrative bodies the WABE gGmbH provided the opportunity to invest in firm-owned training entities. The intention was to further professionalise and to improve the productivity of the LED projects, explained Mr. Müller, the head of the office for education and social affairs. The foundation of WABE gGmbH became an instrument of the social policy and active labour policy of the local municipality. According to Mr. Müller one intention was to improve and systemise the dialogue between the public and private sector, to facilitate the exchange of knowledge and experience and to find new and collaborative solutions to integrate the so called hard-to-place job-seekers into the primary labour market.

For the involved enterprises, the WABE gGmbH became a training unit and a shared tool of their human resource strategy. Being asked about the motivation for their involvement, the representatives of both firms brought up similar arguments: one argument was to attract and retain staff. Mr. Herterich, honorary staff member of WABE gGmbH and former head of the personnel department of August-Faller KG (now retired) recognises the main business advantage of the foundation of WABE gGmbH in getting access to new and highly motivated employees. By offering hard-to-place job-seekers help to solve personal problems (e.g. alcoholism, indebtedness etc.) and providing training to improve their skills, the involved firms can profit from motivated and loyal new staff members. According to Mr. Herterich, the WABE initiative functions as a contact point as well as a training device where a larger pool of potential job aspirants can be assessed according to their skills and their potential for further development. And the business effects go beyond these workplace issues. By contributing to social welfare in the community, a positive publicity can be achieved, explained Mr. Herterich. CSR gives firms the opportunity to interact with their external stakeholders. As a LED oriented CSR strategy, WABE is recognised as an investment

into new staff members and good community relations. But not only the business benefits were a driver to start the WABE project. Economic and ethical considerations led both firms to the decision to join the initiative. Advancing broader societal objectives is from the point of view of Mr. Herterich a necessary step to ensure the growth and stability of their own business operations.

The creation of the WABE gGmbH had been an organisational challenge for all parties involved. But none of the partners could recall major hindering factors in this founding process. They all agreed that management experience (organisational capital) and the existence of good network contacts (social capital) played a decisive role in the formation of WABE gGmbH. The process was primarily promoted by the heads of the two companies SICK AG and August-Faller KG - Dr. Jochum and Mr. Kast - and Mr. Müller from the office for education and social affairs. By concentrating the responsibilities on these protagonists and by relying on their specific economic and social competences, the founding process of the WABE gGmbH was professionalised, facilitated and accelerated. Decisions were made by mutual consent and under the supervision of a business consultant and a solicitor.

Characteristics of the practice

To introduce job-seekers successfully into the regular labour market, the WABE gGmbH follows an integrated approach, simultaneously addressing and resolving social issues and developing the individual skills to raise the employability of its clients. Stable human conditions and skill development are understood to be critical preconditions for employment. In order to insure both requirements, WABE gGmbH provides practical support and guidance in all aspects of life and offers educational services to shape the individual skills of the job-seekers.

Target groups and range of activities of WABE gGmbH

<u>Range of activity:</u>	<u>Target groups:</u>			
	Young job-seekers (until age 25)	Elderly job-seekers (58 and older)	Other groups with... rather high rather low vocational skills	
social work	e.g. job application training	e.g. motivation training	e.g. coaching for single parents	e.g. social-work assistance
training/ placement	Study workshops for young adults	Local alliance for jobs for the long-term unemployed	5-stage-methology for qualification and placement	Preparatory classes, e.g. language skills, social skills etc.

The WABE gGmbH distinguishes and focuses its services on 4 target groups: The young and the elderly job-seekers form separate target groups because of their stage of life and the age-related problems to enter and re-enter the labour market. A third group is formed by the job-seekers with relatively limited vocational skills regardless of their age. And the fourth group is made up of job-seekers who carry substantial skills but had been hindered in their career because of personal circumstances such as a longer lasting maternity break etc. For each group specific training opportunities and support measures have been developed. An individual concept is designed for each participant according to her or his personal skills and capabilities. External partners (e.g. the office for education and social affairs, the local employment office etc.) co-



operate with members of WABE gGmbH to find individual solutions for each jobless person. The close co-operation with the local employment office also ensures that members of the target groups are easily made aware of WABE's extensive training and support measures. Indeed, almost all participants have been advised by the employment office to get in touch with WABE.

Internships are primarily provided for young job-seekers whereas unemployed people with longer job history before becoming unemployed primarily ask for advanced training courses. An individual combined strategy can thereby be provided for those persons who fall into more than one of these categories. Motivational, social and legal services are provided as well. This includes job application training, financial aid for advanced learning and measures to support work-life-balance etc. In order to accompany each person into her or his new job, a 5-stage methodology was developed, beginning with practical courses and ending with the job placement in a firm. The following steps are distinguished:

0. Preparatory classes
1. Skill classes
2. Provision of temporary jobs on the basis of combined wages (jointly financed by the company and the local employment office).
3. Vocational training (qualification as Office Management Assistant etc.)
4. Longer-term placements
5. Permanent employment

The 5-stage methodology was at last put into practice within the 'Kolipri'-project, initiated and accomplished by WABE gGmbH in co-operation with the local employment office. The project (run from 1.10.2006 till 31.3.2008) was designed to provide career advancement for the long-term unemployed (ger.: 'Alg-II-Empfänger'). The project combined social aid with training on the job classes to improve the skills of these job-seekers and to prepare them for re-entering the primary labour market.

To offer in-house training classes, WABE gGmbH has opened two training plants: one is a department store called 'Kaufhaus' (engl.: 'mall'), a shop that offers second-hand goods and fair-trade goods. The shop serves as a training entity in which jobless people can find temporary work. And secondly, WABE gGmbH has opened a workshop providing job opportunities and apprenticeships in which skills can be acquired and working experience can be obtained. The management of WABE gGmbH together with the managers of the two WABE-owned plants make joint decisions regarding the placement of the individuals in the various training measures. Besides these WABE-owned entities, the initiative can benefit from the personal development programmes and measures implemented by the two enterprises that are associates of WABE gGmbH. Furthermore, various partnerships with external enterprises have been established to extend the training opportunities. And finally, a network of honorary coaches has been established. The coaches use their personal and professional experiences and contacts to assist the participants (e.g. when composing a job application letter, dealing with administrative offices, developing their language skills or when starting-up their own company).

Whereas the first three steps of the 5-stage methodology are mostly carried out by the self-owned entities of WABE, the fourth stage is accomplished mainly by (internal and external) enterprises. WABE gGmbH also co-operates with NGOs such as 'Rotes Haus' (engl.: 'red house')¹⁵, a meeting point for local citizens. In total, 20 enterprises and around 10 semi-public partners are currently involved as (external) partners of WABE gGmbH.

Providing further education is not the only measure WABE gGmbH puts into practice to improve the employability of the jobless. For the elderly job-seekers the main barrier to re-enter the regular job market is their advanced age and not in the first place their lack of skills and experience. In order to provide employment also for this group of job-seekers, WABE gGmbH addressed various local businesses to build a local alliance for the creation of new and governmentally subsidised jobs.

The mix of associates that run the WABE gGmbH and (external) network partners provides various opportunities for different forms of education and skill development. In fact, the WABE gGmbH became a key link between partners from different sectors enabling them to better communicate, interact and collaborate. Collaboration enables companies and organisations of civil society to better achieve their own individual objectives through leveraging, combining and capitalising their complementary strengths and capabilities. This support network is based primarily on personal relations and contacts. It is the social competence of the individuals, explained Mr. Müller, that makes this network approach successful.

The success of WABE gGmbH can be attributed to the composition of the associates who run this initiative, their commitment to their hometown and their ability to activate local players from all backgrounds and professions to co-operate. To follow such a holistic approach, communication plays a decisive role. Informal contacts based on social cohesion as well as the strong commitment of the persons involved are considered to be important pre-conditions for the success of the WABE initiative. Communication is furthermore provided through a webpage¹⁶ and various reports in the local newspaper on the WABE initiative. Besides that, the support from the mayor and prominent people from the local economy is of great importance for the success of the project. The combined management of high-ranking representatives of the municipality and the local economy does not only increase the legitimacy of the project. By bringing together different players, competences were combined and bridging effects were achieved between the private and the public sector. All parties involved control and evaluate constantly the effectiveness of the WABE services. Furthermore, the quality of the services of WABE gGmbH is guaranteed by the highly skilled staff (in total 32), among them 4 social workers and 12 trainers (spring 2008).

WABE gGmbH is financed jointly by public subsidies and private means from the involved enterprises on the one side (50 %) and by self-generated revenues on the other side (50 %). As such, WABE is a cross-sector initiative being financially supported and governed both by private and public bodies. The 'Kaufhaus'-project as well as the 'Kolipri'-projekt were accomplished with financial support from the European Social Fund (ESF).

¹⁵ See <http://www.stadt-waldkirch.de/bildung/soziales/rotes-haus.htm>

¹⁶ See <http://www.wabe-waldkirch.de>



Impact of the measure on the local labour market

According to Mr. Herterich (member of WABE e.V.), who analysed the employment development in Waldkirch, the reduction of the rate of unemployment from 8 % in 1997 to less than 4 % in present times (2007) can be attributed at least partly on the WABE initiative as such. Through WABE gGmbH significant employment effects have been achieved. As stated by Mrs. Ben Slimane, a project manager of WABE gGmbH, the number of young job-seekers (up to the age of 25) who had been advised and accompanied by WABE in 2006 (in 2007) amounts to 126 (112). Among them, the majority of 105 (103) joined WABE without having received any vocational education before. In 2006, 24 (30 in 2007) joined the workshop and made use of the offered services such as skill classes (internships, language classes etc.) or had been given the chance to achieve their school certificate in advance. The other job-seekers, being 26 and older, that had been provided with apprenticeships and subsidies work according to the 5-stage-methology, have been at last guided within the Kolipri-project. Here a total number of 67 job-seekers went at least partly through the 5-stage-process. 52 found a new job in the regular labour market after having finished the programme. Among them, the majority (31) found a job in private enterprises. The two associated enterprises (Sick AG and August-Faller KG) alone employed 16 of these job-seekers after having participated in the classes and measures. The others (21) found a regular job within the WABE gGmbH.

Besides the societal impact of the WABE initiative the benefits on the involved parties themselves can be highlighted. According to Mr. Müller, the head of the social welfare office of the city of Waldkirch, the municipality benefited significantly from the management skills provided by the involved private businesses. But this know-how exchange was not unilateral: also the firms profited from the contacts and the expertise of the municipality. The enterprises were able to arrange contacts between public bodies and their staff members in case they needed support, e.g. for debt counselling or crisis intervention etc.

The success of the training programmes and means provided by WABE gGmbH is constantly monitored and evaluated by the authorities and decision-makers of this initiative. Comprehensive statistical data are regularly gathered in order to analyse the progress of the project. Furthermore, stakeholder meetings are held twice a year to discuss and monitor the latest developments. In 2006, an external evaluation of the WABE-project was conducted by 'Zentrum für zivilgesellschaftliche Entwicklung' (ZZE, Centre for Developments in Civil Society).¹⁷ The evaluation came to the conclusion that WABE was an extraordinary example of Good Practice as the scope, systematic implementation and success of its activities really do stand out.

The concept of the WABE initiative is of exemplary quality and transferable especially to those regions with high growth potential, healthy firms that are eager to improve the employability among the local work force and a strong civil society as well an effective municipality. The existing network structures within the Waldkirch community had been an important prerequisite for the WABE initiative to become successful.

¹⁷ See Wegner, Martina, Zimmermann (2006): Unternehmen BE. Corporate Citizenship – Modellregion Südbaden. Abschlussbericht der Untersuchung zum bürgerschaftlichen Engagement von Unternehmen in der Stadt Waldkirch, provided by Zentrum für zivilgesellschaftliche Entwicklung (ZZE), download available under www.zze-freiburg.de (in German only).

The co-operation on the local level which resulted from WABE provided mutual benefits for the public and the private sector and has led to a substantial reduction of the unemployment rate so far.

Future issues

According to the estimation of Mr. Müller, the WABE gGmbH will realise a total turnover of approx. € 1,092,000 in 2008. Grants from European and national sources will amount to around € 684,000 which leaves a small profit of approx. € 4,000 in the ongoing year. Substantial investments are not planned in the coming years. The administration of WABE plans to impose new training measures to provide a wider range of vocational education and in-service training. Another aim of WABE gGmbH is to expand the network of honorary coaches who function as mentors for those unemployed starting their own business and for those participating in WABE's training measures.

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Danish Crown - Denmark

(contributed by Kim Moeller, Oxford Research A/S)

General information

Projekt Jobindsusning – Danish Crown i Grindsted, which in English means “Induction to new jobs - at Danish Crown in Grindsted” started in February 2003 and ended in January 2007 when the factory in Grindsted closed down. However, since the time of its culmination, the project has been carried on by the local municipal as a part of their initiatives for the re-training of the unemployed. Several private and public companies in the local area have therefore used the retraining programme from Danish Crown as a good practice case. So far, five companies have used the model (3 private and 2 public), but have not offered the long-term unemployed people a job guarantee after the training period. In addition to this, Danish Crown has used the experiences from Grindsted to improve some of their other factories in Denmark. In 2007, they used the experiences to attract a new team of employees to the factory in Esbjerg.

The project was a partnership between the local authorities of Horsens, the factory and the local unemployment agency. Since several of the participants had criminal records and extensive economic problems, co-operation from the local authorities was necessary in order to assist the participants in sorting out unsolved problems prior to starting the job. A social worker was also appointed to organise the programme which, in addition to teaching factory cutting techniques and anatomy lessons, included subjects such as personal hygiene and interaction, regular exercise, and language training. The Danish Crown factory provided the actual work and job environment for the participants, as well as providing the guarantee of employment to people who successfully completed the programme. The existence of a tangible goal was important in providing motivation for the unemployed to join the programme, as it provided them with an incentive that was entirely non-abstract. Lastly, the local unemployment office assisted in providing volunteers by notifying its patrons of the programme and encouraging them to participate. The project was conducted by voluntary collective agreements between the participating parties that were created with the common goal of sustainable job creation.

The project fits well within the government's overall priority of securing employment for the long-term unemployed. In 2003, the Government launched the “Act on an active employment effort - bringing more people into work” (*Flere i arbejde*, 2003). This reform is the latest revision of the original ‘Act on an active labour market police’ from 1993. The labour market reform, ‘More people into work’ (2003) has also merged parts of the original ‘Act on an active social policy’. It is a main issue in the reform that unemployed are offered activation at an early stage. For *insured* unemployed this takes place after 6 months - for *uninsured* after 3 months. In Denmark, the employment efforts in general have a two-string character: efforts directed towards the *insured* unemployed on the one hand and the *uninsured* unemployed on the other. This division also includes efforts in relation to long-term unemployed persons.

The project was originally situated in the small town of Grindsted right outside Horsens. Horsens lies at the end of Horsens fjord in eastern Jutland. The city is situated 50 km (31 miles) south of Aarhus and 30 km (19 miles) north of Vejle with approximately 200 km (125 miles) to Copenhagen.



The city is currently undergoing positive development with new industry moving to Horsens, or expanding their activities already there. Additionally, lot of electronics and graphical companies are already based there. However, the area is still located in a somewhat remote part of Denmark, and this makes it hard for companies to attract workers.

Implementation of the measure

In 2003, Danish Crown opened a new slaughterhouse in the small Danish town of Grindsted right outside Horsens. In February of the same year, Danish Crown launched the project, 'Induction to new jobs - at Danish Crown in Grindsted.' While the project was a product of the Danish Crown administration, the day-to-day activities of the programme itself were under the control of the factory in Grindsted due to the need for a local environment and co-operation from the public sector.

The overall purpose of the project was to integrate long unemployed people into regular employment. However, there were two significant sub-reasons for launching the project as well:

- The first reason was the desire to enhance the qualifications of the long-term unemployed people in Horsens in order to promote their self-sufficiency.
- The second reason was that Danish Crown had a real need for workers and therefore wanted to attract a new and well-motivated team of employees to the company.

Danish Crown initiated the project and subsequently approached the local authorities, the local unemployment agency, the adult education centre and the local language-training centre, gaining all of their co-operation.

Danish Crown is a cooperative pig slaughterhouse with approximately 23,000 employees worldwide. Danish Crown is a cooperative jointly owned by more than 15,000 farmers, and is the fourth largest company in Denmark. These farmers have two major interests in the company. Firstly, they supply the livestock to Danish Crown's many slaughterhouses and for further meat processing. Secondly, as previously stated they are the owners of the company and therefore, have an interest in generating maximum profits. The company primarily deals in the processing of pork and beef. Through its subsidiaries, known as the Danish Crown Group, it is also involved in a significant amount of other food products. Danish Crown is Europe's largest pork processing company and Denmark's largest beef processing company, as well as its single largest agricultural exporter. Danish Crown was originally formed in 1970 when Sydøstjyske Andelsslagterier in Kolding and Vojens merged, but later in 1986 Danish Crown was itself merged into Tulip. In 1990 when Wenbo, Tulip and Østjyske Andelsslagterier merged they revived the name Danish Crown. Danish Crown has since overtaken every major slaughterhouse in Denmark.

The project has contributed to integrating long unemployed people in Horsens into regular employment. The project focused on some of the most difficult clients including long-term unemployed people who had received social welfare for more than 15 years. As a result, Danish Crown's employment programme has contributed to fighting unemployment and social exclusion by preparing the long-term unemployed people for a self-supporting life in the future.



Danish Crown had several interests in engaging in partnerships concerning social labour market initiatives. First, the company faced persistent recruitment problems because the factory's location in a somewhat remote part of Denmark made it hard for it to attract workers. Through close co-operation with the local municipality they were able to launch comprehensive training programmes that served their needs. They were able to reintegrate long-term unemployed persons who had nearly been given up by the social system. Furthermore, they proved to be a both loyal and stable workforce. Another reason for engaging in the project was a sense of obligation towards employees as well as the local community. It was important to them that the Danish Crown workforce reflected the surrounding society. Finally, it was important for Danish Crown to communicate both internally and externally to customers that they, as the fourth largest company in Denmark, were a socially responsible company.

Although recruitment problems and voluntarism were key concepts of Danish Crown's efforts towards reintegrating long-term unemployed persons into ordinary jobs, an active role of public authorities was important in the decision to participate. The CSR activity was therefore, established on the initiative of both a social worker in the local municipalities and representatives from Danish Crown. Although the initiative came from a number of different individuals, the successful partnership very much depended on close co-operation with - and support from - the municipality. In general, administrative barriers constitute potential 'show stoppers'. Therefore, it is a central task for public authorities in general and municipalities in particular to adapt to the needs of companies and to guide them past those barriers.

The objectives of the measure 'Induction to new jobs - at Danish Crown in Grindsted' was to create:

- Strong personal involvement by the social worker and by Danish Crown
- Close co-operation between the local authorities and Danish Crown
- Close co-operation with the police, doctors, banks and local housing association
- A place in the factory with the possibility of slow induction to the new job
- Development of the participant's self-esteem
- Clear rules and a great deal of consistency towards the participants
- Honesty and candour about abuse
- Participation of some of the most difficult social clients in the community
- A possibility of contacting a social worker 24 hours per day
- The possibility of seeing a psychologist or a physiotherapist

These objectives were also important as factors of success, and after the culmination of the project they were viewed as the reason for the positive achievement of the initiative.

The programme was run on a voluntary basis and therefore, all participating actors actively made the choice to be part of the project and thus wanted it to succeed. Due to the fact that they all had the best interest of the project in mind, and were all striving towards a common goal, the delegating of tasks and decision making processes were completed in unity and without notable conflict.



The project participants consisted of some of the most difficult clients in the community including people with criminal records, mental problems, or problems with alcohol and substance abuse. The fact that the project dealt with such difficult clients meant that there were several challenges that had to be overcome in the implementation process. Since several of the participants had criminal records and extensive economic problems, at the start of the project the social worker had to call a meeting with the local police department and the relevant banks in order to help the participants sort out unsolved problems prior to starting the job. Another barrier in the project was that the participants in the beginning of the project did not always show up for work every morning. It was however a part of the project that the participants were required to show up for work every day and if they did not arrive, the social worker would pick them up at home. Furthermore, a rule was implemented that if a person was absent twice, the social worker had the option of cutting off their social welfare check. This approach was called 'no hands, no cookies.'

Characteristics of the practice

As mentioned earlier, the project was a partnership between the local authorities of Horsens, Danish Crown, the local unemployment agency and additional actors such as the local language training centre, banks and police. Initially, the *local municipality* was in charge of renting an office at Danish Crown for a social worker and to pay her salary. The social worker was in charge of organising the programme, which in addition to teaching factory cutting techniques and anatomy lessons, included subjects such as personal hygiene and personal interaction, regular exercise, and language training. The project consisted of 8 weeks of introduction and 26 weeks of job training with a wage subsidy. The local municipality paid for the initial salary for 26 weeks and additional training for up to a year.

Danish Crown engaged in the partnership because they had a real need for workers and did not have to pay for their training but was free eventually to pick whom they would like to hire after the programme ended. However, the company would not have embarked on this new employment strategy, if the local municipality had not provided funds to cover the first 26 weeks of work and training at Danish Crown. In order for Danish Crown to get involved in the project, the company required government subsidies.

The CSR focuses on voluntary participation, using persuasion and economic incentives rather than regulations and sanctions. By focusing on the voluntary participation of the enterprises, and social partners, the CSR stays true to the principles of the Danish industrial relations system. In this case, the local municipality stood to gain from the increased number of employed citizens that would be produced by the programme, and therefore, there was no need for persuasion.

During the project other municipalities had the possibility of buying a seat in the project for the amount of DKK 25,000. Because Danish Crown provided a job guarantee after the culmination of the programme with which was provided a subsidy of DKK 30,000, participation in the project often resulted in neutrality of cost for the community.



The target group for the project consisted of the long-term unemployed people in Horsens. The project participants included some of the most difficult clients in the Danish social system including:

- People with criminal records
- People with mental problems
- People with severe problems with alcohol and substance abuse.
- People with disabilities
- People who receive rehabilitation for social reasons

Prior to the project about 50 % of the group were long-term unemployed people for up to 20 years. In addition, 25 % of the group was immigrants or refugees. The local Job Center assisted in spreading the word about the programme and encouraging its patrons to join, as it naturally dealt frequently with the majority of the area's unemployed. The theory was that once the first few people agreed to participate it would open the door and the others would follow. After a while, it became a matter of pride and prestige for people to be able to say they were a part of the programme. Furthermore, the inhabitants of Grindsted discovered a new sense of optimism and pride in their town as a whole, as well as belief in future opportunities.

On the part of the local municipalities the project was aimed at streamlining and improving the framework conditions for public-private partnerships. The initiative included development of service functions and counselling of private partners and elimination of administrative burdens. On the part of Danish Crown the project included internal restructuring and improvement of the supportive functions and upgrading of knowledge and professional competences concerning implementation of initiatives to help long-term unemployed people to get in to ordinary job.

The project began with an 8-week introduction to the work at the factory. During this time the long-term unemployed people were separated from the other workers and the training took place in a separate room. The idea behind this separation was to create a small factory within the ordinary factory, where the long-term unemployed people could get a 'gentle introduction' to working life. It was believed that this would reduce the shock factor and thus create a more comfortable environment, and an elevated willingness to work. In addition to this, the project consisted of 26 weeks of job training with a wage subsidy. This training consisted of classes in factory cutting techniques as well as anatomy lessons. Furthermore, it included subjects such as first aid, personal hygiene and personal interaction, regular exercise and language training. After the initial 26 weeks Danish Crown put up a job guarantee, if it felt that the participants had contributed to the project in a manner they felt was satisfactory.

It is a distinctive feature of this project that public financial support has been substantial. Therefore, the initiative had most likely not been implemented without that support. From this point of view the initiative is to a less extent dependant on the CSR activity. However, the real life situation of job training at Danish Crown provided the project with a real life workplace which seems to have been an important factor in the efficiency of the programme. The employer participation, therefore, seems crucial when it comes to fighting unemployment and social exclusion in Grindsted, because private sector training with a wage subsidy is on average more successful than public sector training or public sector subsidised jobs.

Overall there is no contradiction between the company's competitiveness and its sustainability. On the contrary, the project in Grindsted seems like a perfect example of a project that is capable of embracing the idea of sustainability and competitiveness in its business.

The project has been evaluated in two different reports:

- 'From public support to farmhouse, used car and budget account' May 2005 [*Fra bistand til bondegård, brugt bil og budgetkonto, maj 2005*] conducted as a semester project, by Den Sociale Højskole i Esbjerg.
- 'Project at a slaughterhouse in Grindsted' June 2007 [*Slagteriprojektet i Grindsted, juni 2007*] conducted as exam project for counsellor education, Ribe Statsseminarium.

The two evaluations have not been published but can be commissioned from Danish Crown.

There were no new or innovative financing instruments used in connection with this project. The project was publicly funded and makes use of the Danish public funding schemes such as flexible working arrangements, social rehabilitation and wage supplements¹⁸. In doing so, the project fits well within the government's overall priority of securing employment for long-term unemployed.

The project has experienced a development over time because there have occurred some changes in the framework conditions of the project. In January 2007, the Danish Crown slaughterhouse in Grindsted closed down, which meant the simultaneous termination of project for long-term unemployed people at the factory. However, the local municipal has carried on the project as a part of their initiative for the retraining of the unemployed. The project has proven great ability to respond to changes in the framework conditions which has been demonstrated by the fact that several private and public companies in the local area have used the retraining programme on Danish Crown as a case of Good Practice. So far, five companies have used the model (3 private and 2 public). However, these companies have not offered the long-term unemployed people a job guarantee after the training period. If the experience and knowledge from the project was to be transferred to another region or to completely different framework conditions, it would be necessary to establish a similar public-private partnership in the local area, as this is crucial for the success of the project.

Prior to the project several necessary factors for success were established:

- That the qualifications of the long-term unemployed people in Horsens enhance substantially
- That a close co-operation between the social worker, the administration of Danish Crown and the local Job Center be established
- That a minimum of 200 people go through the programme
- That 50 % of this group receive a regular job afterwards
- That 50 % of this group become self-supporting after the project
- That Danish Crown attracts a new and well motivated team of employees to the company

¹⁸ Se <http://www.jobnet.dk/blanketter>



To make it possible to implement the measure in a successful way elsewhere, several pre-conditions need to exist. One of the most important pre-conditions for a successful implementation of the measure elsewhere is public funding. Public funding was one of the main reasons for Danish Crown to engage in the project because it meant that the company did not have to pay for the training of the long-term unemployed people in Horsens but was free to pick whom they would like to hire after the programme ended. This was due to the fact that the job guarantee was based on the condition that the participants successfully complete the programme to the satisfaction of Danish Crown. Of those who did not, most found work elsewhere or continued their education.

It is a typical feature of the CSR initiatives in Denmark that public financial support has been substantial. A significant amount of the initiatives would most likely not have been implemented without that support. Economic sustainability is obtained by substantial public financial support and is seen as very important to the survival of CSR initiatives.

Another important pre-condition is the need for a partnership between all actors who are involved in the effort of getting long-term unemployed people into regular jobs. The co-operation between the local authorities of Horsens, the factory, local unemployment agency and a number of additional actors such as the local language training centre, banks and police was successful because all concerned benefited from teamwork. The local authorities gained increased safety and security due to the fact that many of the town's criminals, alcoholics, and other outcasts of society were given new purpose and positive direction. Danish Crown gained economically, as they had been experiencing a labour shortage and the project helped to boost their number of employees. Furthermore, the fall in unemployment benefited the community as a whole, from fewer criminals on the streets for the police, to a higher rate of tax income. Partnerships between local governments and employers are important in Denmark because active social policies largely rely on private sector training and subsidised jobs for their implementation. In general, Danish firms have high participation rates in active social and labour market policies because protected jobs and training programmes in Denmark are available to companies' own workers as well as long-term unemployed.

Impact of the measure on the local labour market

From the beginning of the project there has been a great acceptance of the target group. The factory experienced a high participation rate because the project was available to all potential workers, including long-term unemployed people with severe problems with abuse, criminal records or mental problems. As mentioned earlier, people were made aware of the programme by the local unemployment office that notified the unemployed about the opportunity. The unemployment office distributed welfare, and therefore was the logical gateway to communication with the long-term unemployed, as the majority of them had been receiving aid for many years. The job training at Danish Crown and the offer of concrete job opportunities provided the participants with the real life job situation. This turned out to be much more efficient than programmes run by e.g. the municipalities exclusively. The real life job situation resulted in a team of employees who were proud of being employed at Danish Crown and of the fact that they were needed¹⁹.

¹⁹ From the evaluation: 'From public support to farmhouse, used car and budget account' May 2005 [*Fra bistand til bondegård, brugt bil og budgetkonto, maj 2005*]

The result was that 72 % out of the 354 people who went through the programme 'Induction to new jobs - at Danish Crown in Grindsted' received a regular job afterwards and are now self-supporting. If you look at the participants with different ethnical backgrounds isolated, around 82 % got an ordinary job. In general, the main part of the participants stayed at Danish Crown after the initial 26 weeks. Others have found jobs elsewhere, went back to school, or found flexible work. The failure rate was approximately 12 %, meaning that 12 % of the unemployed who partook in the programme did not complete it to Danish Crown's satisfaction and were, therefore, not offered a job. Overall, the project has contributed to integrate long-term unemployed people into regular employment and to enhance the qualifications of the long-term unemployed people in Horsens. .

Overall, the project has contributed to attracting a new and well-motivated team of employees to the Danish Crown factory in Grindsted. According to the statistics, 70 % of the participants got a job at Danish Crown at the end of the project. Another bonus for the company was that in 2003 they were awarded a prize by the Danish National Network of Business Leaders. The Network Award acknowledges outstanding CSR initiatives and seeks to make them publicly known as an inspiration to others. Danish Crown in Grindsted won the award because of its successful integration of long-term unemployed people into real employment.

The value-added created by the 'CSR aspect' included in the LED initiative is the fact that the project is a partnership between the local authorities of Horsens and a private company. In explaining the successful integration of people into the labour market in Grindsted, Danish Crown pointed to an important feature of the integration initiatives that might be labelled as 'workplace realism'. The real life situation of job training and integration programmes provided through public-private partnerships at real life workplaces is perceived as much more efficient than programmes run by e.g. the municipalities exclusively. From the perspective of both the social workers and Danish Crown interference is more legitimate at a real life workplace in particular when trainees are offered concrete job opportunities. Apart from this, 'workplace realism' simply means that people are 'socialised' into being part of an ordinary working community instead of being isolated in 'artificial' activation projects by local municipalities.

Taking into account the time period and the fostering and hindering factors, the project 'Induction to new jobs - at Danish Crown in Grindsted' has overall been a great success for both for the company and for society in general. For Danish Crown the project was an inexpensive way to recruit new employees. The company had a real need for workers and the project succeeded in attracting a new and well motivated team of employees to the company. For the local authorities the project was an affordable way to activate long-termed unemployed people, because the project made use of the ordinary system for public funding. Furthermore, Danish Crown's job guarantee meant that participation in the project in most cases has been a good bargain for the local authority. Taken as a whole, the project has succeeded in integrating some of the most difficult clients who had received social welfare for more than 15 years into regular employment and helping them to become self-supporting.

There have been no experiences of the project causing any 'lock-in' effects that would have prevented economic and social progress within the local area. On the contrary, the local area experienced both economic and social progress in connection with the project. This is due to the fact that the project has succeeded in integrating long-termed unemployed people who before received social welfare into regular employment. In this way the project has contributed to fighting both unemployment and social exclusion in



the local area. In addition, the project has improved the employer's attitude towards employing long-termed unemployed persons. Also, the project has provided the opportunity for employees to further develop their skills and thus maintain their connections to the labour market.

This job creation initiative represents a unique and enterprising project, and its success is undoubted. However, it is not the only stand-alone example of job creation. The initiative reflects some of the normal procedures with regard to job creation. In other words, it is part of the requirements that the local labour market authorities, the local Job Centers and the company's management should be involved in the search for new jobs and continuing training for workers. The success of the initiative can also be attributed to the fact that there is a shortage of workers in Denmark at the present moment, particularly in industrial sectors. Indeed, according to the Confederation of Danish Industries (Dansk Industri, DI), Denmark's economic growth could be slowed down due to a shortage of around 100,000 employees in trade and industry sectors.

Future issues

Both the local authorities of Grindsted and Danish Crown have plans for engaging in projects that focus on integration of long-termed unemployed people into regular jobs the coming years. The local authorities of Grindsted have, as a part of their initiatives for the retraining of the unemployed, carried on with the experiences from the project at Danish Crown. During the last year and a half they have engaged in several partnerships with local companies. Currently they are planning on engaging in a new partnership with Danforel A/S, which is a local producer of hot smoked trout products. The customers of the company include supermarkets, discount chains, specialist stores and the catering sector. In the same way, Danish Crown has carried on with the experiences from the project at some of their other factories in Denmark. In 2007, they engaged in a public-private partnership with the local authorities of Esbjerg about a project called 'Danish Crowns projekt X-forløb', which in English means 'Danish Crown project X-process'. The purpose of the project is to overcome barriers like economic problems, housing or language problems so that people can get an ordinary job. So far they have succeeded in recruiting around 250 new employees.

Both, the local authorities of Grindsted and Danish Crown find it hard to account for their expectations towards policy makers at different levels. The lack of expectation towards the policy makers is primary due to the fact that the local authorities of Grindsted as well as Danish Crown are quite content with the current legislative framework for public-private partnerships. In Denmark, there is a strong tradition of decentralised government structure. Because of this, the municipalities and regions run the day-to-day delivery of public services and are responsible for the majority of the public spending. Due to their wide decision and tax collection powers, the local and regional decision makers already play an important role for the local companies. Therefore, the idea of public-private partnerships is not completely new in Denmark. However, Danish Crown and the local authorities both believe that they require more knowledge about the extent to which public-private partnerships have been successful in Denmark. They point out that the regulatory framework in some ways is uncertain.

In general, it is concluded by the actors that more empirical research is needed for the assessment of the various risk factors involved in using public-private partnership. Even though in Denmark there is a long tradition of various types of collaboration between public and private actors in, the evidence on performance and broader governance issues is only just emerging. The local authorities of Grindsted points out that such assessment, ideally, should include comparisons with a purely public alternative.

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Youth to School - Estonia

(contributed by Alf Vanags, Baltic International centre for Economic Policy Studies (BICEPS))

General information

'Noored Kooli'/'Youth to School' commenced activity on 6th of February, 2007. The first participants found themselves in a teacher's position already by September 2007. Currently, there is no end date set for the programme. It is expected that approximately 10 - 20 new young teachers will start the programme every year. The subjects for teaching are chosen in accordance with the preferences of participants and the school itself. The survival of the initiative depends mostly on funding as the programme is currently fully financed by private companies. 'Youth to School' is a non-profit foundation which was established on the initiative of the Good Deed foundation in co-operation with Hansapank (financial institution, large company). The Good Deed Foundation approached Hansapank with a project that promised to improve the Estonian education system because of earlier successful co-operation. As Hansapank was willing to donate a substantial amount of funding, it also wished to be involved in the programme (be present on the board, be present in the selection process of new candidates etc). According to the Foundation it was much easier to find sponsors and allies after signing the contract with Hansapank as this partnership enhanced credibility of the programme. Hansapank's contribution guaranteed a duration of at least 2 years for the programme. Besides Hansapank, funding comes also from Eesti Päevaleht (newspaper, SME), Elion (telecommunication, large), Estonian Air (transportation, large company), Pärnu Konverentsid (professional conference organiser, SME), Ragn-Sells (waste disposal, large company), Arco Vara (real estate, large company), Ecoprint (computer services and trainings, large company), Eesti Ekspress (newspaper, SME), PricewaterhouseCoopers Estonia (consulting, SME in Estonia) and Tallinna Vesi (utilities, large company). Among the strategic partners are Fontes PMP (recruiting, SME), Ministry of Education, Hill&Knowlton Estonia (PR, SME in Estonia), Teach First UK and Velvet (design company, SME in Estonia). AIESEC Estonia, AKEN (youth newsletter), Open Mind Institute, BEST Estonia (Board of European Students of Technology), Network of Estonian Non-profit Organisations, Koolitused.ee (internet news portal for youth), Library of Tartu University, Üliõpilasleht (news portal for university students) support the initiative as allies. It has to be noted that all the financial sponsors have proven to be active during the lifetime of the project. They are involved in the support system for the new teachers by organising and lecturing in leadership and motivational training sessions. They are always available to provide know-how for project managers and for mentoring young teachers. The strategic partners and allies are mostly involved during the promotion process in order to attract new participants. Strategic partners contribute by helping with design, printing and other services. The main role of the allies is to distribute information about the programme and attract young intelligent people to participate.

The board of the foundation 'Youth to School' consists of members from supporters (the head of the Baltic business operations division in Hansapank, the head of Hansapank PR department, manager of Good Deed foundation) and relevant institutions (the chairman of the board of the School of Rocca al Mare, the counsellor of Ministry of Education, professor from University of Tallinn). Although currently all the funding originates from private companies, starting from autumn 2008 the Ministry of Education has agreed to make a regular substantial financial contribution. This agreement is a result of a long term negotiation which was initiated by the Good Deed Foundation at the start of the project. Partnership with Ministry of Education enables



the involvement of more schools by giving 'Youth to School' official approval. In the past, the fact that the programme sent people without full education qualifications to basic and high schools generated criticism and suspicion. It should be noted that at the beginning of the project the Ministry of Education was also rather sceptical. Today they have become strong supporters of the project. Currently, there is also no support from EU funds as the application process for the current years was over when the programme started its activities. The foundation is planning to apply for EU support in the upcoming years, when the application process is opened again. The budget in 2007 was around € 250,000. The annual report has not been published yet.

'Youth to School' programme is open to all schools in Estonia. The aim is to improve the reputation of the teaching profession, decrease the drop out rate from basic and high schools, provide schools with more teachers as there is currently a lack of teachers in nearly all schools. The programme is in accordance with the national employment strategy which aims to increase the quality of education and decrease the dropout rate from basic and high schools.

Implementation of the measure

The programme 'Youth to School' has been inspired by successful examples from the United Kingdom ('Teach First') and the United States of America ('Teach for America'). The idea is to bring more young and enthusiastic teachers to Estonian schools, where the shortage of teachers is currently dramatic. Through the direct experience of active youth the problems of the education system are more likely to be brought up. Therefore, the end product of this initiative would be an improvement in the current education system in Estonia.

The initiative came from the representatives of the foundation of Good Deed which approached Hansapank for financial support. Although Hansapank is a multinational company, all the branches have different philanthropical objectives and therefore, their sponsorship programmes differ a lot across the countries. Interestingly, the Latvian office has currently taken over the same project and launches it in 2008. A similar project has also been launched in Lithuania, but at the initiative of a different bank (SEB Group). It took approximately 6 months before the programme was assigned to a project manager within the Good Deed organisation who co-ordinated the development. In February 2007, the project was ready to be launched. After the Hansapank agreement to support the initiative, 'Youth to School' attracted more private companies to fund the programme. As all the supporters provide funding, their involvement in the programme is of a high degree. The representatives of initiators (Hansapank and Good Deed Foundation) are present in the board of the 'Youth to School' foundation. Contributions from the supporters include also communication, consulting and recruiting new participants. All members of the board are involved in the selection process of the young teachers. The companies also exchange know-how and provide mentoring to the participants (have regular meetings, e.g. leadership trainings).



After 2 years of teaching experience in schools participants will have a free choice to carry on in the field of their own interest or to finish their masters degree as a teacher (2 years of teaching and training gives them 40 AP²⁰ which makes up half the points needed for Masters degree). As the supporters have been following the success and developing process of the participants, it provides them with a great chance to recruit among the best available workforce.

The core decisions are taken by the board members of the programme. The board is responsible for setting the budget, mission etc. 5 key people from the Good Deed Foundation who have been involved with the project from the beginning are also present during the meetings. Meetings take place approximately 5 times a year. The board consists mainly of the initial founders of 'Youth to School', therefore disagreements are minor, and the decision making process is currently reasonably fast. In addition, it is too early to implement radical changes as the programme has not yet been subject to thorough analysis and evaluation.

The main problems faced during the implementation process were convincing schools and universities to participate in the programme. As the young participants did not have appropriate education before the programme, schools were sceptical about participation. The teacher shortage in schools and support from highly respective organisations proved to be crucial for basic and high-schools when going along with the project. Convincing the universities to co-operate was more difficult. After a long negotiation period an agreement to provide private curricula to the participants was established. Furthermore, it was agreed that these private courses would lead to credits for half of the Master's degree (= 40 AP) at the end of the 2 year period. In Estonia a person is allowed to work as a teacher only after receiving a bachelor degree and at least 40 AP in a Master's programme in teaching. Therefore, after the 2 year period a participant would have the choice of continuing working as a teacher and/or completing the master's degree in teaching (taking a specialisation and writing a master's thesis) or continue working in any other sphere.

Supporters of the initiative do not compete among each other. There are no restrictions about the new sponsors introduced by any of the supporters at the moment. This implies that firms are supporting the initiative in order to improve the education system in Estonia rather to compete with each other for a better reputation or for new employees.

Characteristics of the practice

Prospective young teachers are sent to schools with the biggest deficit of teachers. Nevertheless, the school is chosen in accordance with the preferences of the participants. Furthermore, most of the time 2 participants are sent to one school. The participants are paid salary according to the Law of Estonian Republic and an additional scholarship in both of the years (€ 1,600 per year).

As there is lack of teachers in most of the schools, due to relatively low salary and bad reputation of the profession, the initiative tries to attract more young people to the schools. The participants are welcome to apply, if they have or will have by the starting point of the programme a bachelor degree, are less than 30 years old, have no

²⁰ AP is the credit point system in Estonian higher education institutions, and corresponds to ECTS. 80 AP are necessary in order to get a Master's degree.

Master's degree in teaching, have not worked in a school as a teacher for more than 6 months. The programme is created to attract young intelligent people who have not yet chosen to become teachers. Most preferred are people with bachelors in sciences (mathematics, economics, physics etc). It must be noted that there is no bachelor's degree in teaching in Estonia. It is possible to acquire a degree in different fields and then proceed with Master's degree in teaching. Currently half of the students who start their Master in teaching in university quit the programme. Frequently students find the teaching career inappropriate after they start teaching in schools.

As participants do not have the appropriate education for teaching a thorough training programme is conducted before they start working in schools. The training starts with observations in schools and 2 months long preparation courses. Throughout the entire 2 year period support programmes, additional teaching courses, leadership training and social meetings are held in order to ensure good teaching quality for students in the participating schools. At the end of each academic year (9 months in Estonia), the participants are obliged to take necessary exams in accordance with the masters programme in teaching.

In short, the aim of the project is to attract young, enthusiastic people who have an interest in working as a teacher for 2 years or more. The emphasis is put on finding people who have not chosen to become teachers, but may find it acceptable after 2 years of practice. Nevertheless, it must be noted that a person who has gone through the programme has no obligation to continue working as a teacher. Neither is there obligation to continue pursuing a Master's degree in teaching. In fact, most of the graduates of the 'Youth to School' programme are seen in the future as filling leading positions in private companies.

As the only funding today comes from private companies the initiative is highly dependent on CSR activities.

As the initiative is rather young a monitoring process has been developed. In order to evaluate the success and importance of the initiative, regular interaction with schools and universities is carried out. No communication and evaluation among the students has been implemented yet.

As it was previously mentioned the idea was taken from similar successful programmes from UK and USA. The model was adjusted to the Estonian environment and economic situation. For example, in the U.S. young teachers are sent to schools where the performance of the students is the lowest. In the UK young teachers are sent to schools populated mostly by immigrants. In Estonia the teachers are sent to schools where the deficit of teachers is highest. Of course the scale of the programme cannot be compared: In USA there are about 3,000 people joining the programme per year corresponding to about 15 in Estonia. Furthermore, the subjects in Estonia are predetermined (mathematics, physics, chemistry, Estonian and English). While in the USA the subjects depend more on the assigned school. As the programme is rather new, no radical changes are planned for the nearest future. The main aim today is to keep the programme funded after the initial 3 years. If the programme survives, deeper analysis can be carried out. Currently, the main emphasis is on attracting the best university graduates. For that, new promotion programmes are to be launched every year. They are also analysed and improved according to applicants' feedback.



The major success factors of the programme are currently the fact that companies and governmental institutions have faith in the programme and support it both financially and strategically (providing know-how through free consulting, helping to design the promotional materials etc). It can be considered as a good sign that the number of applicants has increased already after one year. Nevertheless, it cannot be seen as a trend yet. Currently, the attitude from schools, students, parents and governmental institutions towards the programme is very positive. The initially sceptical attitude has been overcome due to the positive results young teachers have managed to deliver.

Before launching the project it faced a lot of difficulties in convincing schools and universities to participate in the programme. As the participants have no official education in teaching, headmasters were reluctant to employ teachers with only observational experience and unknown training methods. Due to the lack of teachers in Estonia the Good Deed Foundation managed to involve more than 20 schools already from the beginning. Secondly, many problems were faced when it was realised that it is impossible to take the UK example of a similar project and follow it precisely. The Estonian education system can be considered rather conservative compared to the UK and many changes in the system had to be introduced (e.g. in Estonia there are many more official requirements to become a teacher than in UK). Today, basic and high schools wait in line to receive teachers from the programme. The biggest drawback so far comes from the fact that the programme is very recent. Hence, there are no teachers who have finished the 2-year plan yet. Therefore, there are no results to be displayed in order to increase the credibility of the scheme. Secondly, the uncertainty of funding creates problems. It is impossible to increase the take-in as there is no guarantee for the funds.

Impact of the measure on the local labour market

Currently, the second intake is preparing to start teaching from September 2008. Compared to last year the awareness of the programme has increased. It has also led to an increase in the number of applicants (in 2007 there were 75 applications, in 2008 the corresponding number was 115). 10 young people were chosen in 2007 to be engaged in teacher education for 2 years. The corresponding number for 2008 was 13. The number of new teachers will remain rather low also if the programme survives its early state as the idea is not to train as many people as possible, but rather to improve the reputation of the teaching profession, provide insight for young potential leaders of the future who will then be better placed to reform the education system.

It is not possible to measure the impact on the stakeholders as the programme is too young. The first detailed results are likely to come after the first cohort finish their programme and enter the labour market. Follow up research with participants is planned after the end of their programme.

As the programme has not produced even the first graduates it is currently impossible to determine the effect for the involved companies. There has been some positive impact on reputation, but it can not be considered remarkable as the project itself has not gone through major promotional campaigns. Campaigns are held only for the purpose of attracting new participants.

Future issues

As the programme is young the future is unknown. The first participants (10 young teachers) will end their programme in August 2009. The next 13 teachers will end their programme in 2010. There is no intention to increase the number of participants per year dramatically as the idea is not to produce new teachers, but to improve the education system in general. It is too early to create radical changes as the programme is still in an early stage. The survival of the programme is of high importance as the programme will provide results only in future. Currently, the funding is guaranteed for the next 2 years.

The main initiators hope the programme will last.

The Good Deed foundation sees the full results of the programme as accruing only in the long run. Hansapank sees its contribution as being able to start the project. Their aim was to provide the basis of the funding in 2007 in order to improve the situation of education in Estonia. They do not see themselves supporting the project as much during the upcoming year. Their aim was to get the project running and they believe that the programme has enough financial support.

The Ministry of Education is now providing support.

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Les rendez-vous égalité et compétences (SNCF)- France

(contributed by Arielle Feuillas, Citia)

General information

'Les rendez-vous égalité et compétences' (equality and skills meetings) is a private initiative of SNCF (industrial and commercial public company of rail transports) in France, launched in 2006. SNCF is the European leader in its sector of activity. SNCF accounts for 168,000 employees and, together with its 49 subsidiaries, the SNCF group accounts for 233,000 employees. On average, 5,500 new employees are recruited each year in 150 different job categories. Due to the pyramid of ages, SNCF will have to renew half of its workforce between 2006 and 2016.

This initiative aims at increasing the recruitment of employees originating from so-called sensitive areas of urban suburbs (ZUS). There exist 751 such sensitive areas in France where the unemployment rate, among other handicaps, is far higher than the French average, especially the unemployment rate of young people. The initiative consists of organising 'recruitment forums' in ZUS. The objective is to restore equal employment opportunities for inhabitants of ZUS.

'Les rendez-vous égalité et compétences' have been conceived by SNCF Presidency. It is implemented in co-operation with municipalities, local bureau of ANPE (public employment service) and local NGOs in charge of re-inclusion, sports, culture, educational aid etc.

All organisation costs of the forums are totally financed by SNCF, municipalities supplying free of charge the premises where the forums take place. The local bureau of ANPE and local NGOs are in charge of the pre-selection of the attendants of the forum on the basis of the terms of references defined by SNCF.

Implementation of the measure

SNCF has been one of the first enterprises that signed the 'Charte de la diversité' (Diversity Chart) in 2004. This means that SNCF commits itself to:

- Inform and train its employees involved in recruitment and human resources management to the stakes of diversity and non-discrimination;
- Respect and promote the principle of non-discrimination;
- Look for and reflect the ethnic and cultural diversity of the French community in its manpower;
- Inform all employees about this commitment and its practical results;
- Implement a dialogue with employees' representatives as regards the conception and implementation of the diversity policy;
- Include in the annual report a chapter describing this commitment, its implementation, the practical actions conducted and their results.

During 2005, 350 employees in charge of recruitment were trained in diversity and non-discrimination issues.



Important riots took place in suburbs of large cities in the Paris region and elsewhere in France in November 2005, and lasted several weeks. An important message of these events was the feeling of inhabitants of these areas, and especially of young people, that they were set apart from the French community as regards jobs and economic growth notably. They felt as being discriminated due to their ethnic origin and/or due to the place they live.

Louis Gallois, who was at this time the President of SNCF, decided therefore that as a major public company SNCF should commit itself to an ambitious and pragmatic policy to fulfil expectations of inhabitants of those sensitive suburbs. As a major French economic player, SNCF workforce must be the exact reflection of the diversity of the French society and of its clients. The President set an objective of 15 % of recruitment of new employees originated from sensitive areas of suburbs for 2006. The president of SNCF named a councillor especially in charge of equal opportunities issues on February 2006 and asked him to design and implement such a policy.

The following specificities were, therefore, proposed to be shared by all employees of the enterprise:

- To restore equal opportunities for all, which is one of the cornerstones of the French republican model;
- There won't be implemented no quota policy nor 'positive discrimination' policy;
- To implement a performance method, i.e. it is no question to implement a 'discount recruitment policy' (recruitees have to satisfy the same level of capabilities as other new employees).

It is clear that SNCF does not commit itself to an altruistic policy but acts on a business base. Employees' diversity must be a factor of performance. It is no question to make a favour to anyone but to recruit people with requested competences that do not apply for jobs at SNCF. Therefore, it is necessary to implement new methods to reach these potential candidates. As they, in most cases, do not go towards SNCF, SNCF will come to them.

It was then decided to organise recruitment forums at the very heart of ZUS. In order to reach a real efficiency on one hand and not to generate useless frustration, these forums should not be of an 'open to every one type' but on the opposite reserved to people that meet the pre-required needs to apply for the jobs proposed. This demonstrated to be an important success factor of this initiative.

As SNCF has no vocation, nor the resources to identify potential candidates in ZUS, it was decided that the pre-selection phase will be taken in charge by professional actors having a real knowledge and close contacts with them: the local bureau of ANPE, employment missions of municipalities and local NGOs.

It must be stressed that these local actors have never shown any reluctance towards this initiative, on the contrary.

In fact, the main reluctance vis-à-vis the initiative came from SNCF employees. It must be explained that SNCF is a company with strong enterprise culture, including a 'family' aspect. This means that many SNCF employees (railwaymen) are son, grand son, nephew, brother of SNCF employees.



Therefore, there was a real fear of employees that youngsters from ZUS will take the jobs of their children. It has been necessary to explain them and reassure them about the fact that the same criteria as regards abilities and competences will be applied for these recruitments as like for any other recruitment taking place at SNCF.

Characteristics of the practice

4 weeks before the date the forum is planned in a ZUS, human resources managers of SNCF organise a meeting with local actors (municipality, local bureau of ANPE and local NGOs) in order to present them the type of jobs that will be proposed as well as the profiles required in terms of competences and experiences. On this basis, local actors identify potential applicants that are invited to the forum. The co-operation between the various stakeholders is co-ordinated by SNCF.

The D day the forum is organised only the selected applicants are allowed to attend it. During the morning, the forum is introduced by the President of SNCF or a high-level manager and the SNCF Group and the jobs are presented with testimonies of employees. During the afternoon, applicants have a face-to-face interview of 15 to 25 minutes with a recruitment responsible (phase 1 of the recruitment process). They immediately know, if they are selected for the phase 2 of the recruitment process and if so, an appointment for in-depth interview is fixed. If this phase 2 is successful, the phase 3 consists in passing tests.

12 forums took place in 2006 and 11 in 2007. 8,080 persons attended these forums, out of which 6,300 applied for a job at SNCF Group. 2 forums already took place in 2008. In total, 12 forums will take place in 2008.

On average, a forum gathers from 300 to 500 attendants and 50 % to 75 % of them pass the first phase. The fact that forums are very precisely prepared in terms of profiles required together with organisations that know very well their local situation explains this high success rate. Another important success factor is of course that SNCF has real recruiting needs.

Since 2007, a week for equal opportunities is organised in December. A forum is taking place each day of this week. Also since 2007, specific forums are organised for the recruitment of managers, targeted at postgraduates.

In 2008, SNCF has furthermore organised an additional initiative named 'Train pour l'emploi et l'égalité des chances' (train for employment and equal opportunities). This train travelled in France from March 4 to April 18 and stopped in 12 cities (Paris South, Marseille, Toulouse, Bordeaux, Lyon, Nantes, Rennes, Metz, Mulhouse, Lille and Paris North) whereby recruitment sessions are organised aboard the train according the same rules as those prevailing for the forums.

In this case, the initiative has been opened to other potential employers and in fact 10 enterprises and public administrations participated: ACCENTURE, AXA, BNP PARIBAS, LA DÉFENSE NATIONALE (Armée de Terre, Armée de l'Air, Marine Nationale), GROUPE LA POSTE, ORANGE, THE BODY SHOP, KEOLIS, SNCF et TLF. In total, 15,000 jobs and training periods were proposed. 22,000 applicants have been welcome on board, and 40 % of them are actually involved in a recruitment process.



Impact of the measure on the local labour market

1,034 employees originating from sensitive areas have been recruited by SNCF Group between March 2006 and December 2007, that is to say more or less 20 % of all recruitments by SNCF during this time period.

From 7 % to 10 % of attendants of a forum are finally recruited (i.e. 30 to 50 recruitments per forum), a rate that is comparable with the average recruitment rate of SNCF.

The initiative proved to be relevant for ZUS as the results a poll conducted at attendants of the forums demonstrate it. To the question 'did you ever consider to apply for a job at SNCF? And if no, why?', 98 % of respondents said 'no, because I thought it was not an enterprise for me'. This shows that prejudices are not only on the side of employers.

SNCF benefits from the initiative in terms of succeeding to have a workforce that reflects the diversity of the French society as well as to find new reservoirs of recruitment.

The experience proved to be successful for all stakeholders. Local actors promote it very actively. Municipalities now 'queue up' in order that a forum is organised in their ZUS. Quite positively, Mayors are now ready to assume towards their population (and electors) that 'only' 10 % of attendants will be finally recruited. The SNCF employees that participate in the forums are also very much convinced of their efficiency and of the real potential and qualities of applicants. Nevertheless, it can be deplored that the project is not yet fully shared by all SNCF employees. It seems that the initiative is still better known outside SNCF than inside. Furthermore, as regards the different categories of employees, it seems that managers are still lagging behind.

As shown by the success of the initiative 'Train pour l'emploi et l'égalité des chances', this kind of programme proved to be transferable. Also, ACCENTURE and SOCIETE GENERALE reflect about developing such forums. Of course, the success factors should not be neglected: real jobs and real recruitment process, close co-operation with local actors that know their population, strong implication of the very top-management and of employees. The costs also are not negligible. Would smaller enterprises wish to commit themselves in such a practise, they could group to share logistics costs.

Future issues

12 forums will be again organised in 2009.

Now that diversity policy proves to be successful at the level of recruitment, it is time for SNCF to develop a real policy of the day to day management of diversity in order to get the full benefits of it. A training session 'Managing the diversity' has been implemented for middle-scale managers in 2007.

It is quite important also that upper managers now really commit themselves to the diversity policy. Due to the specific organisation of superior education in France, top managers most often are issued from the same universities or 'grandes écoles'. Their resistance rate to diversity finally proves to be higher than it could be expected.



The President's councillor in charge of equal opportunities issues would also like to extend the initiative to rural underdeveloped areas. The fact is that young people living there finally face the same handicaps than in ZUS: lack of opportunities, absence of personal network. They are even more faraway the 'recruitment decisions centres'. The problem is there that whereas ZUS are very clearly identified by the French national public policy (definition and statistical monitoring), these areas have for the moment been poorly taken into account by State authorities. It should be the responsibility of public authorities to define and identify the cartography of such areas.

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‘Marks & Start’ (Marks & Spencer Ireland) - Ireland

(contributed by Tom Martin, Tom Martin&Associates)

General information

This case study describes the Irish dimension of multinational retail giant Marks & Spencer’s flagship CSR-LED initiative ‘Marks & Start.’ The Irish initiative is administered by Marks & Spencer Ireland in co-operation with two principal Irish partners, Business in the Community Ireland (BITCI) and One Family. In Ireland, ‘Marks & Start’ targets two particularly disadvantaged cohorts, homeless persons and one family members, both hugely under-represented in the labour force (employers are understandably wary of employing ‘homeless’ applicants, and a 2004 EU SILC study showed that a person is 3 times more likely to live in poverty if she/he is a member of a one-parent family).

Actors

Marks & Spencer (M&S) is a British clothing and food retail giant, with 760 stores in more than 30 countries around the world. M&S opened its first Irish store in Dublin’s Mary Street in 1979. A second Dublin store opened in Grafton Street in 1988. There are now 18 stores in the Republic of Ireland and 19 stores in the North of Ireland.

Business in the Community Ireland (BITCI) is a non-profit organisation specialising in advice and guidance to leading Irish companies on corporate social responsibility and corporate community involvement. Founded in January 2000, BITCI works with hundreds of companies nationwide through its innovative social inclusion programmes which are designed to assist marginalised people in finding employment, training and education.

One such programme is BITCI’s ‘Ready for Work (RfW)’ programme which offers a bridge between the world of business and the homeless services sector. BITCI attributes the success of RfW to the strong partnerships with Marks & Spencer, its lead placement provider, and with the Homeless Agency (www.homelessagency.ie), a partnership structure bringing together the voluntary and statutory agencies responsible for planning, funding and delivery of services to people experiencing homelessness in Dublin. BITCI also acknowledges the financial support of its main sponsors, Anglo Irish Bank, FÁS (the national statutory agency for training and employment) and the ESB (the national electricity utility company).

One Family is a leading national organisation for one-parent families in Ireland. One Family began life as Cherish in 1972, set up to provide services to single mothers and their children and to campaign for change. When developing its Strategic Plan for 2004 – 2006, it became clear that the society had become very different and that one-parent families existed in many forms in Ireland; in recognition of these changes services were extended to all members of all one-parent families, and Cherish was renamed as One Family.

One Family is completely autonomous from the corresponding UK organisation, One Parent Family/Gingerbread, but the two organisations work closely to fulfil their similar mandates - One Parent Family/Gingerbread contracts One Family Ireland to carry out its work for the Marks & Start initiative in the Republic of Ireland.



Timeline

The 'Ready for Work' initiative was first launched in the UK in 2001 arising from the operation of the Business Action on Homelessness (BAOH) programme by the UK organisation, Business in the Community (BITC). BAOH had been launched in December 1998 and Marks & Spencer was a founding member. 'Ready for Work' commenced in Ireland in 2002.

Marks & Spencer then launched its extended 'Marks & Start' initiative in 2004 as its flagship community employability programme for homeless people, disabled people, young unemployed and lone parents.

The Marks & Start initiative is now firmly established on an ongoing footing in Ireland.

Co-ordination of the initiative

Top level co-ordination of the 'Marks & Start' initiative takes place in the UK between the three parent organisations, Marks & Spencer, BITC and One Parent Family/Gingerbread. Annual work plans and budgets are formally agreed. The Marks & Start co-ordinators in the Irish organisations take their instructions from their parent UK organisations and proceed to implement the work using both formal and informal communications with their Irish colleagues.

Funding

The principal funder of the 'Marks & Start' initiative is the host business organisation, Marks & Spencer.

Expenditure on the initiative represents 50 % of the parent company's total community cash spend. It involves investment of employee time devoted to recruitment, buddying (involving over 1,000 employees) and other supports. Marks & Spencer's contribution to 'Marks & Start' for the UK and Ireland is in the region of 73,021 employee hours annually (1,000 buddies, each contributing 2 weeks to the Marks & Start initiative), estimated to be worth UK£ 1.4 million in London Benchmarking Group (LBG) terms.

Each individual store in the UK and Republic of Ireland is given a modest budget. It typically receives far more requests than it is able to support.

BITCI's 'Ready for Work' programme is supported financially by FÁS, Anglo Irish Bank and the ESB. As a voluntary organisation and registered charity, One Family relies heavily on a range of funders and donors to deliver its services.

The 'Marks & Start' initiative also benefits from EU funding in so far as the tributary organisations supplying candidates to both BITCI and One Family comprise voluntary and community groups and local area partnerships who seek out funds from diverse sources including EU sponsored initiatives such as URBAN and LEADER.

Embeddedness

The Marks & Start initiative is deeply embedded in the social inclusion programme of the Dublin area as it serves the employability efforts of statutory and voluntary organisations involved with two disadvantaged groups, the homeless and lone parents. The work experience initiative has the full support and backing of FÁS which co-ordinates the Local Employment Service (LES) operating mainly through Local Area Partnership Companies to provide services to the most disadvantaged in the labour market.

Though the initiative is not formally nominated within the Social Inclusion suite of initiatives, it is clearly serving Irish Social Inclusion objectives. BITCI are trying to persuade FÁS to take an even greater role in the Ready for Work programme and are anxious to have it mainstreamed with other social inclusion initiatives

Geographic Coverage: Economic Context and Labour Market

The Marks & Start initiative is run in the Greater Dublin City Area. In this prominent region the economic and labour market trajectories mirror the national situation which we now briefly profile.

The unprecedented growth of the Irish economy during the 'Celtic Tiger' period from 1995 to 2000 saw the number in employment almost double from 1.2 million to 2 million, representing a rise in the employment rate from 54 % to 66 %. The unemployment rate fell from 15 % in 1994 to 3.5 % ('virtual full employment') in 2001.

In these early boom years growth was driven by strong export performance in high tech manufacturing sectors and, notably, in business & financial services (Ireland's comparative advantage on world markets is increasingly shifting to these areas, and future employment growth is expected to concentrate in occupations requiring third-level qualifications and high skill levels).

The Celtic boom resulted in wages moving substantially above the EU average, particularly in the Dublin region. Disposable income soared to record levels, enabling a huge rise in consumer spending. This attracted an inflow of international retail businesses as well as inducing an expansion in incumbent operations such as Marks & Spencer Ireland.

Following a global slowdown in 2001 and 2002, Ireland enjoyed a second economic boom from 2003 - 2006. But, behind this second 'specious' boom - driven primarily by increases in domestic consumption and government spending on construction activity - Ireland's competitiveness was being eroded by cumulative inflation from rising wages and other business costs. Its World Economic Forum ranking in 2007 was 11 places beneath its 2001 ranking with the result that new members in the enlarged European Union together with Asian competitors were posing serious threats to the continued competitiveness and sustained growth of the Irish economy. These pressures initially affected unskilled, semi-skilled, and manufacturing jobs, but outsourcing of professional services jobs was soon to follow.



The current turbulence in world financial markets has caused a sharp contraction in the domestic construction sector and put a severe dent in consumer sentiment. The appreciating Euro has exacerbated the unfavourable trade competitiveness. The result of all this economic adversity is stagnating Irish employment levels and a significant resurgence in the unemployment rate, currently broaching 5 % and forecast to reach 6 % in the medium term.

This economic downturn will inevitably mean a decrease in employment opportunities for disadvantaged groups who will have to compete with the new entrants to the unemployment ranks.

Implementation of the measure

Background and Initiators

Marks & Spencer launched the fully-fledged 'Marks & Start' initiative in 2004 as its flagship community employability programme serving homeless people, disabled people, young unemployed and lone parents. As described above, this followed on from Marks & Spencer's involvement as a founding member of the 1998 BITC Business Action on Homelessness (BAOH) programme which introduced its 'Ready for Work' initiative in the UK in 2001.

Business CSR

The CSR contribution of Marks & Spencer constitutes the critical element of the Marks & Start initiative.

This contribution comprises:

- a work experience placement in their retail stores which runs for 2 or 3 weeks and gives the participant an exposure to real-life customer-facing work situations. Specially trained Marks & Spencer employee volunteers act as 'buddies' or mentors to the candidates;
- the Marks & Spencer offer also includes an induction course offered by the Marks & Spencer human resources department and typically covers confidence building, employability skills, communication and work-life balance skills.

Not only does the company provide the key resource of the initiative, viz. the 'buddied' work experience, but it also funds the cost of the initiative in terms of own staff administration and 'buddy' time together with sundry expenses incurred by the candidates.

Moreover, as a founding member of BITC's BAOH programme M&S has provided resources to enable BITC to build up the necessary infrastructure for the long-term success of that programme. Equally M&S is a bulwark of the One Family employment mission for lone parents.

Business Motivations

Marks & Spencer's motivation for the initiative is predominantly altruistic - M&S Ireland are inundated with job applications and are in no way dependent on extending their recruitment drive to 'marginal groups' such as the 'Marks & Start' streams; indeed, they are to be particularly commended for accommodating the homeless candidates, a cohort that is guaranteed to receive short shrift from most employers.

However, M&S does benefit marginally from expanding its pool of potential employees as a result of the 'Marks & Start' initiative, and, much more so, from the favourable public relations it engenders.

Objectives of the Marks & Starts initiative

For both BITCI and One Family the Marks & Start initiative addresses a specific local challenge. Both homelessness and one family membership tend to be concentrated in major population centres where the social fabric may be less supportive.

BITCI's Objectives

The objective of BITCI's 'Ready for Work' programme is to break the cycle of homelessness and social isolation by enabling its candidates to enter (or return to) the labour force. Providing training and, ultimately, longer-term, sustainable employment will help them to develop a sense of importance and belonging, reduce reliance on state supports, and provide a route to independent living.

One Family's Objectives

The objectives of the One Family 'Lone Parents Back to Work' programme is to help lone parents make an informed decision about whether returning to work is right for them at this point in their life; for those who feel it is the right move the goal is to provide further support to seek sustainable employment or further training opportunities.

Description of the Implementation and Decision Processes

In essence the 'Marks & Start' process comprises:

- A 3 day preparation training course typically covering confidence building, employability skills, communication and work-life balance skills;
- a work experience placement phase which runs for 2 or 3 weeks and gives the candidate an exposure to real-life, customer-facing work situations.

Initially these mechanisms were highly innovative, particularly the recruitment and training of voluntary 'buddies' to mentor the candidates.

BITCI's 'Ready for Work' implementation process

The 'Ready for Work' component of the 'Marks & Start' initiative is managed by BITCI for its homeless candidates. The typical throughput has been 4 candidates per programme and, with three programmes per year (pretty much fixed as January, May & October), serves 12 candidates per year.



- **Referral**
The BITCI Ready for Work Coordinator and her Ready for Work team liaise with the Homeless Agency to assemble a group of appropriate candidates.
- **Registration Day**
Registration Day provides an opportunity for candidates to learn what Ready for Work offers and for the BITCI team to assess their readiness for the programme. If unsuccessful they are directed to pre-Ready for Work training/support options and invited to apply at a later date.
- **2 1/2 Days Ready for Work Training**
Elements include change management, communication skills, exploring limiting beliefs, how to compile a C.V., preparation for the workplace, role-play and mock interviews.
- **2 Weeks Work Placement**
The Coordinator liaises with Marks & Spencer to arrange work experience placements - with 'buddies' in the business who volunteer to act as a support. Candidates do not receive pay (they retain their state welfare payments) but the company provides uniforms and covers the costs of meals and travel.
- **1/2 Day Action Day**
At the 1/2 Day Action Day, references and certificates of completion are handed out. The training and placements are reviewed and representatives from businesses, FÁS, and other work-related agencies may attend to present potential next steps towards employment.
- **Access to Training & Employment Officer**
Introduced in 2003, a BITCI Training and Employment Officer (TEO) works one to one with each participant and conducts an assessment of their experience and skills to develop an Action Plan for Employment or referral for further training. The TEO utilises links with employment/training agencies and employers to facilitate the candidates' job search.
- **Support & guidance in job search - referral to Job Coaches**
Job Coaching was introduced in 2005 to supplement the TEO's role. Business volunteers are trained by BITCI specifically in Task Coaching to provide candidates with practical support in job seeking over a six month period.
- **Evaluation**
Evaluations are performed at the end of each programme, drawing from feedback from the companies, individuals and services involved. These reports inform future Ready for Work programmes.

One Family's 'Lone Parents Returning to Work' implementation process

The implementation process for One Family's 'Lone Parents Returning to Work' operates along similar lines:

- Potential candidates are recruited from One Family's flagship training programme 'New Futures' which runs 3 mornings per week over 10 weeks for people 'close to employment.'
- The One Family co-ordinator then liaises with Marks & Spencer to arrange work experience placements. Typical group size is 10 – 15 candidates per programme; programmes are run twice a year yielding an average number of 25 candidates per year.



- The co-ordinator delivers 3 days pre-work experience training in an M&S store to demonstrate the practicalities of working and to enable bonding and confidence building of the candidates.
- [M&S offer their own 3-day work preparation training course covering confidence building, employability skills, communication and work-life balance, but One Family have already covered many of these developmental topics in its New Futures programme.]
- Candidates are then teamed with a 'buddy' for their 2 weeks work experience programme which includes a first day induction.
- Following completion of the work placement phase One Family provide a tracking service, contacting the candidate to monitor progress and give advice:
 - in first 4 weeks;
 - again after 12 weeks;
 - again after 9 months.

Barriers & Challenges

The major problem encountered in the 'Marks & Start' initiative is synchronising the timing of the programmes to meet the specific needs of the different stakeholders. Hindering factors include the time constraints on the lone parent stream due to their child-care pressures and other personal commitments.

Clearly, the most suitable time for Marks & Spencer to run its Marks & Start programme is during quiet trading periods, e.g. the summer holiday season. The BITCI co-ordinator can accommodate Marks & Spencer in regard to slack trading periods; the 'Ready for Work' component of the Marks & Start initiative is organised into three programmes per year, pretty much fixed as late January, May & October. But the One Family co-ordinator is circumscribed by the time constraints on the lone parent cohort due to child-care pressures which are at their most intense during school holiday periods. Accordingly, this co-ordinator arranges two sessions per year with the Marks & Spencer contact before and after the peak summer holiday season.

Other challenges include occasional defaulters among 'Marks & Start' participants in terms of absenteeism, and the odd occasion when the whole experience overwhelms the participant. Such problems are addressed by co-ordinated effort on the part of M&S and the principal partners.

In terms of challenges it has been suggested by some that the work experience would be even more realistic for the candidates, if they received some remuneration; the challenge is finding a mechanism to build in some pay element without endangering the candidate's welfare entitlement, and, of course, funding the additional cost burden.

Characteristics of the practice

The roles/duties of actors

The local timing of the programmes requires close and flexible liaison between the Irish partners. There are window-of-opportunity considerations for Marks & Spencer who decides when its employees are less pressured and will have time to 'buddy'. Involvement of BITCI and One Family partners will be dictated by the flow of suitable



candidates from their 'tributary' organisations; the One Family partner is also constrained by the need to accommodate its clients in 'term time' (i.e. during the school year).

Target groups

In Ireland the 'Marks & Start' initiative targets homeless and one family candidates, two particularly vulnerable cohorts in terms of social inclusion and labour market participation.

Local relevance of the measure to the Labour Market

Impact of the BITCI 'Ready for Work' programmes:

Over the three RfW programmes run in 2007, 59 people were assessed by BITCI, 39 of these went on to start the programme and 24 completed. Out of these completing candidates, 14 (58 %) went on to start employment.

Overall, since 2002, 239 candidates have been assessed, 115 completed and 80 (69 %) started employment.

Impact of the 'Lone Parents back to Work' programmes:

On average 95 % of candidates complete the 2 weeks (all these receive a completion certificate from Marks & Spencer). For 2007, 45 % of completing candidates moved into sustainable employment within 13 weeks of completing the Marks & Start initiative.

Social capital

As a voluntary organisation and registered charity, One Family relies heavily on social capital to mobilise a range of funders and donors to cover the costs of its various services.

The success of BITCI's RfW programme relies heavily on the Homeless Agency, a partnership structure bringing together the voluntary and statutory agencies responsible for planning, funding and delivery of services to people experiencing homelessness in Dublin.

At corporate level in M&S social capital is also at play; the social commitment of the staff, particularly the buddy volunteers, extends well beyond what their normal work duties entail.

Dependency of initiative on the CSR activity

The 'Marks & Start' initiative is totally dependent on the CSR contribution of Marks & Spencer.

Not only does the company provide the key resource of the initiative, viz. the work experience, but it also funds the cost of the initiative in terms of own staff administration and 'buddy' time together with sundry expenses incurred by the candidates.

Perhaps the 'magic factor' in the whole project is the commitment of the M&S 'buddies'. 'Buddies' are Marks & Spencer employees who volunteer to act as escorts for the participants on the Mark & Start programme, showing them the ropes in the world of retail. It is important to note that these volunteers are given specific training by the M&S human resources department on how to perform as effective buddies; among the important mentoring skills imparted is pre-sensitising the buddies to the specific personal and professional challenges perceived by the Mark & Start trainees, many of whom presumably come from 'difficult backgrounds'. The trainees are allowed to work alongside their buddies and sample all aspects of a shop assistant's duties (with the exception of using the money till).

The impact of the buddying experience for the volunteer employees is hugely positive. Buddies questioned about their involvement in the scheme say that they feel it makes M&S a better place to work in:

'I've definitely gained an insight into the lives of people from different backgrounds, and it's good to realise that you have some sound business knowledge to pass on.'

'I've seen people who aren't sure of themselves when they first join the programme grow more confident, and it gives me great personal satisfaction to see people achieving new goals. It's amazing to be part of something that is actually changing people's lives.'

'We're very aware that going out on the floor and interacting with customers can be intimidating, especially if you've never had a customer-facing position before. So the buddy scheme is supposed to make sure there is always someone looking out for them on the floor.'

Contradictions between competitiveness and sustainability

Top management at M&S dismiss the apparent contradictions between the costs of this CSR-LED activities and competitiveness objectives and place their trust in the good public relations flowing from the 'Marks & Start' initiative which they confidently expect to be reflected in consumer loyalty.

Measuring/monitoring/evaluation system, quality assurance

Evaluation

All three principal partners are constantly monitoring the impacts of the initiative on their respective stakeholders to explore how things might be streamlined and what new services could be added.

The fundamental indicator is the number of candidates who proceed to access sustainable employment as a result of the initiative.

Candidate feedback is used to fine-tune the initiative process, e.g. refinements in 'buddy' training, awareness training of other M&S staff members, most useful business areas to provide work experience, and, very importantly, after-initiative services (tracking, guidance and job placement).

Partners hope that this constant scrutiny of impacts and consequent efforts to upgrade the programme should protect stakeholders from the dangers of lock-in.



M&S Evaluation

An M&S Participant Evaluation form is processed for M&S records and is completed by the candidate with help from the buddy on the final day of placement.

BITCI Evaluation

BITCI administers an additional RfW Candidate Feedback form to be completed by the candidate on Action Day (the follow up day after the placement finishes) with help from the RfW staff. There is substantial overlap between this and the M&S Participant Evaluation form.

BITCI encourages group discussion about the placements to identify highlights, challenges and lessons learned. Specific topics covered include:

- Feedback on the high points and low points of the 2 day RfW training (provided before they start their work placement);
- How friendly and welcoming the company staff were;
- The quality of tasks set out;
- Communication between staff and the candidate regarding what was expected of them in the role;
- The extent to which new skills were acquired;
- The extent to which it motivated them to seek employment;
- Grading the placement company in marks out of 10 as a place to work;
- Whether or not candidates felt supported by their key worker and by RfW staff during the programme;
- If candidates would agree to their stories (and photos) being used in case studies to help develop the programme so that more people can benefit.

All the BITCI feedback - from candidates, key workers and companies - is compiled by the co-ordinator into an evaluation report and 'lessons learned' are set out so that BITCI can fine-tune their procedures.

Quality Assurance (QA)

M&S Quality Assurance

M&S only considers projects which fit the following criteria:

- Does the project support employability directly or indirectly?
- Does the work help others to help themselves?
- Can you measure the results?
- Can you show a lasting impact?

QA in BITCI and One Family

For both candidate streams the partner organisations (BITCI and One Family) operate a rigorous vetting process to ensure that candidates are 'placement ready'.



In the case of BITCI candidates are checked for:

- Motivation;
- Where relevant, proof that any addiction is stabilised for 12 weeks and candidate is accessing counselling;
- Stable accommodation arrangements;
- Stable mindset;
- No criminal record - especially for shoplifting.

One Family checks that candidates are:

- Genuinely 'work-experience ready';
- Child care is organised and sustainable;
- The course is right for them (they are at a sufficiently 'developed' stage, e.g. emerging from the One Family 'New Futures' programme).

Communication and reporting

The three principal partners (Marks & Spencer, BITCI and One Family) use their various media channels to disseminate information and promote awareness of the initiative. The BITCI and One Family partners accept the extra onus on them to reach out to their tributary organisation.

Financial aspects

The principal funder of the 'Marks & Start' initiative is the host business organisation, Marks & Spencer.

BITCI's 'Ready for Work' programme is also supported financially by FÁS, Anglo Irish Bank and the ESB. As a voluntary organisation and registered charity, One Family relies heavily on a range of funders and donors to deliver its services. The 'Marks & Start' initiative also benefits from EU funding in so far as the tributary organisations supplying candidates to both BITCI and One Family comprise voluntary and community groups and local area partnerships who seek out funds from diverse sources including EU sponsored initiatives such as URBAN and LEADER.

The innovativeness of the 'Marks & Start' initiative rests not in the use of any novel financial instruments but in its implementation processes, particularly in the recruitment and training of voluntary 'buddies' to mentor the candidates.

Developments

BITC has managed successfully to have the frequency of the Ready for Work initiative increased from two to three programmes per year, and they have also succeeded in expanding the programme duration from two to three weeks of work experience. The expansion request was triggered by candidate feedback that two weeks was insufficient - it took a week to become comfortable with the surroundings and only then did true learning begin.

One Family, too, would favour an expanded programme, but their candidates are finding it hard to get even two weeks free from childcare and personal duties.



So far, the initiative is only available to candidates in the greater Dublin area, but there are plans to roll out the initiative to other Irish cities.

Barriers and bottlenecks include constraints on Marks & Spencer's time availability, and on the flow of suitable candidates. The time constraint problem and its resolution have been discussed above. The flow of suitable candidates is more an issue for BITCI than for One Family (the volatile lifestyle histories of homeless candidates can make commitment to a fixed regular programme problematic for some) and M&S has accommodated BITCI by accepting smaller group sizes.

Flexibility to respond to changes in the framework conditions

M&S in both the UK and Ireland have shown themselves quite flexible in accommodating emerging demands from the two principal partner organisations. Its core business imperative must hold sway, but the Marks & Start administrator has a good deal of latitude in responding to innovative suggestions from the partners.

Success factors of the initiative

Success factors include the goodwill of the staff of all the partners involved in the initiative, particularly the Marks & Spencer store champions and volunteer 'buddies' whose personal satisfaction from the programme provides the enthusiastic mentoring that makes the initiative meaningful and memorable for the candidates. Training of the 'buddies' is thus a key factor so that they are in tune with the sensitivities and perspectives of their candidates.

Maintenance of close working relationships between the co-ordinators from the three principal partners is also vital. Each must be clear about the work pressures on her/his colleagues and the implications of any changes to the programme.

Transferability

The two key constituents for a successful programme are willing private business sponsors (generous in both 'buddying' and underwriting commitments) and efficient support organisations to manage the recruitment and preparation of the marginalised clients.

M&S UK has encouraged other companies such as BarclayCard and Carillon to develop similar schemes to 'Marks & Start'. BITCI is seeking to persuade other Irish businesses to act as placement providers. It is particularly interested in securing Small and Medium Enterprises and businesses operating in outdoor/manual labour environments.

Impact of the measure on the local labour market

Overall Impact

The Marks & Start initiative is a win-win situation for all partners. Clearly the clients of BITCI and One Family are beneficiaries, but Marks & Spencer also derives significant benefits from the exercise - a chance to assess the candidates as potential employees; motivation, training and assessment of 'buddy' staff; goodwill in the local community and with the general public which will help attract customers and future employees.

Acceptance of the target group

Access to meaningful work experiences in a realistic yet supportive environment is reported by homeless candidates as the highlight of the placement. The real-life, customer-facing experiences prove hugely beneficial in challenging their perceptions and employability issues and can provide the trigger to end the cycle of homelessness and social isolation.

The programme helps lone parents make an informed decision about whether returning to work is right for them at this point in their life. For those who feel it is right they will receive references for jobs or further training opportunities.

Candidates in both 'Marks & Start' streams express delight with the experience and are amazed how well they are looked after.

Ready for Work candidates:

'It had been so long since I last worked - it's got rid of my worries and fears. People acted natural around us.'

'It's made me feel alive, to get up and do something meaningful - real work with normal people.'

'I felt respected, I feel like I'm back on the winning side.'

'I loved that Friday feeling - walking home with the working people.'

Homeless service provider:

'Ready for Work offers a great opportunity for the homeless; it challenges their prejudice about the job market ... it helps people to move on and take a step in the right direction.'

Lone Parent:

'I can fit in a part-time job around my child care duties if I get my act together.'

Effects for the involved businesses

Firstly, the Marks & Spencer staff enjoy the direct success of the initiative in helping the target groups get their lives back on track:

'We were able to integrate someone into our company, show them new skills and watch them develop over a short period of time to become a real asset to us.'

But the initiative also helps Marks & Spencer unlock the potential of its existing staff. Mark and Start 'buddies' develop team building and interpersonal skills, and their eyes are opened to important social issues. New skills include greater patience and understanding and skills in mentoring, communication and leadership. The initiative allows the company to assess the development potential of these staff.



But, in addition to employees becoming more motivated and more skilled, the company improves its profile with its customers and the general public through its involvement with community issues. By sponsoring the Marks & Start initiative Marks & Spencer are seen to be directly and actively involved in addressing two of Ireland's key social issues.

In 2004, the Mark and Start initiative received the BUPA Healthy Communities Award supported by the UK Department of Health. In 2006, the Ready for Work programme was recommended by the British Quality Foundation, endorsed by the Department for Trade and Industry, and received the BITC 'Big Tick'.

Value-added created by the 'CSR aspect' included in the LED initiative

The work experience afforded by the Marks & Start initiative provides the vital spur to these marginalised client groups to re-enter the labour market. The exposure to a real retail environment and customer-facing situations is far more valuable than any role-playing simulation offered by the training arms of the client support organisations. An added bonus is the fact that the widespread learning from the many Marks & Start programmes implemented across the UK and Ireland can be co-ordinated by the parent organisations and quickly disseminated to benefit future programmes.

Preventing 'lock-in' effects

The principal actors - M&S, BITCI and One Family - are alive to the very real danger of succumbing to 'lock-in' to established practices of the local network. Efforts to avoid this pitfall are expended on several fronts, both in Ireland and at HQ level in the UK. For example, M&S are constantly on the lookout for new partners; they are now extending the Marks & Start initiative to disabled clients through partnership with DisabledGo, a UK internet service organisation for disabled persons. The BITCI and One Family organisations are actively canvassing other sponsoring businesses to replicate the Marks & Start initiative. They are also lobbying policy makers to improve the statutory services for their clients, and scrutinising emerging EU social policy for potential new supports.

Lessons learned and the messages for the policy audience

The principal lesson learned from the Irish Marks & Start initiative is that the two 'marginalised' cohorts, the homeless and the one family members, can be too readily neglected by Irish labour market policies. The message for the policy audience is that, with thoughtful confidence-building measures and mentored exposure to real job situations, persons from these two groups can be redeemed from a life of hopeless dependence and transformed into positive contributors to the Irish economy.

Future issues

BITCI are looking into the possibility of further increasing the frequency to four programmes per year.

One Family are an active partner in the growing lobby to increase the supply of affordable childcare facilities so that their clients could attend an extended three week Marks & Start programme.



Expectations of actors towards policy makers

Both BITCI and One Family are pursuing an ongoing agenda with policy makers to increase the effectiveness of government services for their respective clients.

- BITCI are trying to persuade FÁS, the national training and employment agency, to take an even greater role in the Ready for Work programme and are anxious to have it mainstreamed with other social inclusion initiatives;
- One Family is actively involved with Government Departments, relevant State agencies and other NGOs in agreeing proposals for fundamental changes in state supports for lone parents - in 2006 the government proposed that the One-Parent Family Payment (OPFP) be replaced by a Parental Allowance (PA) at the same rate and conditions, payable until the youngest child reaches the age of eight (the OPFP applies until the youngest child reaches 18 years).

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Tremplin pour l'emploi (KNEIP)- Luxembourg

(contributed by Arielle Feuillas, Citia)

General information

The pilot programme 'Tremplin pour l'emploi' (stepping stone to employment pilot programme) is a private initiative of KNEIP Communication in Luxembourg. Fund companies and administrators transmit information on a daily basis, whether to satisfy legal and regulatory requirements, to promote name awareness or for purely operational reasons. Managing these information flows between multiple parties and from multiple sources can be a time-consuming and costly business. Founded in 1993, KNEIP is an administrative support to the fund industry and acts as an agent for administrators, promoters and asset management companies, ensuring the timely, efficient and accurate transmission of their dynamic and static fund data. It delivers integrated services for the publishing of net asset values and financial notices, as well as the generation of financial reports. As the trusted international partner for more than 9,000 funds and sub-funds from 16 jurisdictions, KNEIP manages information flows to over 1,200 information channels in 44 countries worldwide. KNEIP Communication has 115 employees in Luxembourg and Switzerland.

This pilot programme was developed and funded in co-operation between the private and the public sector: KNEIP communication SA, investments funds and banks, IFBL, GRETA Moselle Nord (in Lorraine, France), the Ministry in charge of labour and employment and ADEM (the public service for employment).

IFBL is a foundation, created by the Association des Banques et Banquiers (Banks and bankers association) which is in charge of supplying vocational training for the industry.

GRETA Moselle Nord is the member of the GRETA network in the département of Moselle (Lorraine region). GRETA's are establishments of the French public national education system in charge of vocational training for adults.

This pilot programme was prepared in 2007. It took place from September 2007 till February 2008. 'Tremplin pour l'emploi' aims at bridging the gap between the unemployed and the vacancies in jobs affecting the fund industry by supplying a customised training programme for unemployed leading to a professional certificate internationally recognised.

The programme was conceived in co-operation between KNEIP and IFBL. ADEM was in charge of the pre-selection of candidates whereas KNEIP CSR team and IFBL 'recruited' participating banks and investment funds. IFBL supplied the training courses leading towards the professional certificates of Junior UCI accountant and Transfer Agent and was also in charge of the logistics and of the management of financial aspects. GRETA supplied Excel, English and soft skills training. KNEIP CSR team was in charge of the overall co-ordination of the programme. The programme is funded by investment funds and the Ministry in charge of labour and employment.

Luxembourg is the world leading place for investments funds. This economic sector has recorded a constant growth during the last 15 years and needs to recruit many significantly qualified people. It actually faces a workforce shortage, especially for so-called junior jobs. On the other hand, although the unemployment rate is rather low in Luxembourg (4.2 %), there exist unemployed in Luxembourg, and furthermore in the so-called 'Grande Région' (Grand Duché du Luxembourg, Saarland, Rheinland-Pfalz,

Lorraine, Région wallonne, Deutschsprachige Gemeinschaft Belgiens), with good initial education or professional experience and wishing to turn to a sector supplying real perspectives.

An important characteristic of the local labour market is that Luxembourg does not supply job opportunities for people with university diploma in such domains as biology, physics etc. Furthermore, these people (most of them being foreigners or non-native Luxembourgish) do neither speak Luxembourg's language nor German in most cases, additional barriers to find a job in many sectors in Luxembourg.

On the other hand, investment funds do not find enough graduates in economics, accountancy or management to be hired and trained to their needs. Furthermore, workforce shortages result in a high turn-over rate of young recruited.

The possibility for investment funds to recruit well trained employees, either living in Luxembourg or commuting from border regions, should contribute to prevent them to transfer their activities outside Luxembourg.

Implementation of the measure

At the end of 2006, Mr. Kneip, CSO of KNEIP Communication SA, participated in a conference in which workforce shortages in investments funds, KNEIP's clients, were highlighted. At the same time, the number of (long-term) unemployed in Luxembourg, but also in the Grande Region, is known as important. Mr. Kneip then had the idea that KNEIP, whose CSR activities' main axe is educational aid, should develop an action to match the labour demand and supply. This also meets the idea of IFBL that thought that it was possible to adapt the training courses it developed in 2006 for the professional certificates of Junior UCI accountant and Transfer Agent to unemployed. The certificates were developed originally for young graduates in economics, accountancy or management hired by investment funds. This programme is supplied in French only.

Therefore, Bob Kneip requested the CSR team of KNEIP Communication SA to conceive such an initiative targeted at unemployed with no initial qualification in accountancy, economics or management or experience in investment funds.

The CSR team (2 persons) first got in touch with a couple of investment funds in order to 'test' their acceptance of such an idea and make them define what intrinsic abilities (pre-required competences) the applicants to Junior ACI accountant and/or Transfer agent jobs should satisfy. These were the following: an initial education level or professional experience equivalent to BAC (A level) + 2 years at least, basic knowledge of English and computer skills, being at ease with figures. These core competences have then been ratified by the training commission of ALFI (professional organisation of investments funds in Luxembourg), although some reluctance towards the feasibility of the programme still were to be noticed. This barrier was indeed overcome by the dissemination of a CSR culture: Can investment funds that develop so successfully in Luxembourg stay indifferent to the situation of the environment to which they belong, especially if they can in the end benefit from it by reducing their workforce shortage?



Due to their knowledge of the sector and of the training programme leading to Junior UCI accountant and Transfer Agent certificates, IFBL and the CSR team of KNEIP (having long-standing prior relationships being beneficial for the joint development of the curricula) also knew that potential applicants should be French speaking, highly motivated, have a high capability to follow intensive courses and a good level of resistance to stress.

Therefore, it was clear that, in addition to the training programme of IFBL, a training programme as regards English, numerical capabilities and also soft skills had to be implemented. Furthermore, the trainees should be given a good knowledge of the sector of investment funds and good 'human' support along the duration of the programme. GRETA was therefore selected to supply Excel, English and soft skills training because of its high level quality for training in these domains and also because it has experience in training people that operate a vocational redeployment. Furthermore, it was decided to supply mentoring to trainees, by employees in investment funds on a voluntary basis and in their spare time.

KNEIP CSR team and IFBL 'recruited' investments funds and banks ready to supply an internship (training on the job) to one or several applicants to the programme once they followed the theoretical training at IFBL. Enterprises had to sign a commitment to supply this internship and to fund the programme up to € 2,000 per trainee took in. This was considered a rather small amount against the background of the chance to reduce workforce shortage.

The programme was presented to ADEM in order that it 'pre-selects' adequate potential applicants. The main difficulty ADEM feared was that it would not find enough people satisfying the requested criteria in Luxembourg.

The programme and budget were also presented to the ministry in charge of labour and employment in June 2007 that accepted to finance it as a pilot programme.

Characteristics of the practice

The initiative 'Tremplin pour l'emploi' has been officially launched in September 2007 with the signature of their involvement by participating banks and investments funds.

ADEM promoted the programme at unemployed by actively approaching potentially interested registered unemployed that were assumed to fit the criteria and conducted face to face interviews with 70 potential applicants and almost as many telephonic interviews. Out of these, 32 persons have been invited to attend a workshop that took place at ADEM in October 2007 with representatives of ADEM, GRETA, KNEIP CSR team, IFBL and of the investment funds industry. The objective of the workshop was first to present the investments funds industry and the contents of Transfer Agent and of Junior UCI accountant jobs. At this stage, 29 applicants confirmed their interest for the industry and for participating in the programme.

These 29 persons have then been interviewed by IFBL and/or CSR team representatives during 10 to 15 minutes in order to check they satisfied the core pre-required abilities. Finally, 14 applicants have been selected to pass an 'in-depth recruitment interview' and numerical tests. They all have been selected to be presented to participating investment funds during a 'speed recruitment day'.

The speed recruitment day also took place in October 2007. All 14 applicants had a 10 minutes interview with all of the 8 participating investments funds. In the end each applicant ranked from 1 to 8 the investment funds where they would most prefer to have their internship, investment funds doing the same with trainees. KNEIP CSR team was in charge of matching the two rankings and to decide the 'allocation' of trainees to investment funds.

The 14 candidates followed 400 hours of customised training from November 2007 to January 2008. 200 hours at IFBL were targeted towards the professional certificates of Junior UCI accountant and Transfer Agent, issued by ALFI and the IFBL. It must be stressed that candidates followed the same training programme as any other 'ordinary' trainee as they have to pass the same examination, but more time was devoted to courses. The remaining 200 hours focused on English, Excel and soft skills, training supplied by GRETA.

It must be stressed that such a training programme is very demanding. Trainees had to work very hard not only during courses but also during evenings and weekends.

Training was followed by a 4 weeks internship in February 2008 with one of the participating banks or fund administrations. It is interesting to note that at this stage all participating investment funds were favourably impressed by the quality of the trainees. All their initial doubts or reluctances as regards the feasibility and/or success of the initiative were finally removed.

An important characteristic, and success factor, of this initiative is the importance dedicated to successful integration into the industry and to human aspects. Thus, several 'social' activities have been organised by KNEIP CSR team and IFBL during the programme such as visits of banks, investments funds and administrations and lunches or informal meetings with representatives of the industry. Furthermore, all 14 applicants did benefit from the support of a mentor, an employee from KNEIP or from participating investment funds. Mentors were acting on a voluntary basis and have been 'trained' by KNEIP CSR team to their role which is to give advice to and encourage their 'godchildren'. The rule was the mentor should not work in the enterprise where his/her 'godchild' will have his/her internship in order that dialogue with trainees is easiest. This mentoring part of the initiative is totally in line with CSR: Not only should the top management be involved in CSR activities, it is important that employees also contribute to the community which proved indeed to be also an important factor developing the motivation of employees. In total, 11 mentors have been active out of which 4 are employees from KNEIP.

The training costs for the 14 candidates amount to € 108,000, out of which € 80,000 are funded by the Ministry in charge of labour and employment and € 28,000 by participating investment funds. In addition, management and co-ordination costs of KNEIP and IFBL are estimated to represent the equivalent of 1,000 hours, i.e. more or less € 68,000, costs which are totally taken in charge by KNEIP and IFBL, respectively. Furthermore, those trainees that benefited from unemployment allowances or RMG (minimum guaranteed income) continued to benefit from it during all the duration of the programme.



Impact of the measure on the local labour market

All 14 candidates followed the entire programme, whereas the organisers expected a rate of 80 % of candidates would follow the programme until its end.

All 14 trainees were required to pass every exam of the two certification programmes during their training period. They all obtained the Transfer Agent certification and 12 out of 14 have qualified for the Junior UCI accounting certification, with global average results lying between 76 % and 90 %. The results of the Test Of English for International Communication (TOEIC) are also quite good: an average of 724 points out of 990 has been obtained by all candidates.

All 14 candidates were proposed a job in the funds investment industry following the internship whereby it must be recalled that investments funds did not commit themselves to recruit these people. Only one applicant finally refused the job proposal. Out of the 13 people hired, 7 have an unfixed-term contract.

This initiative demonstrates that a vocational redeployment to a new domain can be conducted successfully. This is an important point not only for unemployed but also for investments funds which foresee new perspectives for filling their jobs needs and reducing workforce shortage. This could lead to an evolution of their recruitment culture.

The initiative 'Tremplin pour l'emploi' also demonstrates that CSR and competitiveness are not contradictory. Indeed, this initiative proved to be 'win-win' for all stakeholders. Unemployed found a job in a sector of activity which supplies good perspectives of growth and of vocational evolution. Employers discovered that they have indeed more recruitment perspectives than they thought by enlarging the potential profiles and hired motivated employees that also proved a high level of personal commitment. KNEIP Communication, IFBL but also ADEM and GRETA reinforced their credibility with their 'clients'.

This kind of initiative can be transferred to other sectors/regions providing that the success factors are combined, i.e. designing the initiative with the potential employers, and their formalised involvement since the very beginning, vocational training supplied by institutes/organisations recognised by the industry concerned, mentoring of trainees by employees of the industry, close monitoring of the initiative including from a human perspective and easy and close communication between partners.

It is important that public authorities finance such initiatives, the cost of which is considered too high for enterprises to take it in charge entirely. Public authorities must take their responsibility towards the target group, i.e. unemployed. In the end, when unemployed are hired, this anyway will represent a decrease of unemployment allowances paid by public authorities.

On the other hand, the financial commitment of private actors certainly contributes to the success of such a programme. As they pay they do not realise a pure 'altruistic' action but target a 'return on investment'.

Future issues

A second edition of this programme is actually taking place since March 2008, with 15 unemployed from Lorraine, funding by ASSEDIC (French unemployment allowance system). Interestingly enough, the profile of the trainees is different: lower level of initial education and the success rates are for the moment at least equal. It is expected that this programme will be renewed in the Lorraine region, where the unemployment rate is almost twice as high as the unemployment rate of Luxembourg.

'Tremplin pour l'emploi' is therefore also an interesting example for European border regions, taking into account, nevertheless, that in this specific case there is no language barrier between France and Luxembourg on the one hand and that commuting from Lorraine to Luxembourg is already quite developed on the other hand.

A third edition of 'Tremplin pour l'emploi' is intended to take place in Luxembourg. IFBL intends to split the initiative into one conducted as the first one and one leading to the Transfer Agent certification only. This would allow integrating unemployed with lower initial abilities.

Some participating investments funds would be in favour of a longer internship period. This is difficult to implement because when unemployed do not earn unemployment allowances, this implies for them a longer period without any income as they do not earn anything during the internship.

IFBL considers the possibility to adapt this initiative to other jobs of the finance industry. The professional organisation of barristers also reflects about conducting the same kind of initiative as barristers face workforce shortages for judicial secretary's jobs.

Finally, Mr. Biltgen, the Minister in charge of labour and employment, has expressed the wish that this experience should be adapted to the trade sector where there exist also workforce shortages.

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Michelin Development Foundation - Poland

(contributed by Rafał Żuromski, Entrepreneurship and Economic Development Research Institute)

General information

Fundacja Rozwoju Michelin is a private foundation created by the Michelin Company. It was launched in June 2004 and has a permanent character (no ending date is planned). Its main aim is the support of small and medium-sized companies (SMEs) employing up to 250 persons which are located in the Warmińsko-Mazurskie Voivodeship. The foundation is an independent unit in the structure of the company and has its own management and Board of Supervisors, both of which consist of Michelin employees. The foundation created 2 new work places in the structure of the company, of which one person - the Vice-President of the foundation - since 2008 works additionally as a Chief of Communication Officer of Michelin Polska. When needed, the foundation is also supported by employees from other departments of the company (lawyer, financial expert, accountant). The foundation is financed from the own resources of Michelin Polska, no EU-funding is used. There is no fixed annual budget, instead it is determined proportionally according to the action plan for every year - the main criterion is the number of workplaces to be created each year. This number is planned to be gradually increased every year, the estimated amount of money intended for one workplace varies between PLN 15,000 - 20,000. The overall budget is 'flexible' and may be increased according to the needs - such decision is made by the Board of Michelin Company.

The geographical area which is covered by the initiative is limited to the Warmińsko-Mazurskie Voivodeship, about 100 km circle around Olsztyn. The region is situated in north-eastern Poland, its capital and largest city is Olsztyn (Michelin plant is located there). It is inhabited by 1.4 million people and is the least densely populated region in Poland. The region is mainly of agricultural and tourist character with an increasing role of services. The industry is rather poorly developed, its branches include furniture production and food processing. It is also the second largest tyre production centre in Poland (Michelin). Other notable foreign investors in the region include Ikea, Philips Lighting, Heineken, Smithfield Ford. The Voivodeship is affected by the highest level of unemployment in Poland. The average rate of unemployment refers to 19.6 %, and up to 33.2 % in some parts of the region (as of January 2008).

The described initiative is not embedded into the wider policy framework and is not connected to any plans/programmes concerning Local Employment Development (LED). It is run and managed solely by Michelin Polska.

Implementation of the measure

The initiative of the Michelin Company is realised by its foundations in different European countries and is the company's instrument to realise an idea of Corporate Social Responsibility (CSR). The initiative in Poland has been founded on 29 June 2004 and was the first one in the Eastern European states. It has been initiated by the central headquarters of Michelin in France, but Michelin Polska was its main founder. The main aims for starting the initiative have been declared as increasing the technical and organisational level of SMEs, stimulation of the development of SMEs in the Warmia-Mazury region, creation of new, stable work places. These aims are based on a declaration included in the Charter of Performance and Responsibility Michelin 2003 which states that '[Michelin has] a responsibility to participate in the economic develop-

ment of the regions where our plants are located and to help to create new work places outside our company. We will engage our experience and financial resources in achieving this'. The initiative also helps to promote Michelin by building its positive image of a socially responsible company in the society. The CSR aspect, however, is declared as being much more important. The company also builds relations with the local government, business institutions and learns about the local business environment. The activities of the foundation are promoted among its target group by network of partnership institutions (business organisations, banks etc.), advertising in the local media and sometimes directly, by phone or mail.

The initiative has been continuously developing since the beginning, although every year periods of lowered activity have been observed. This is due to the fact that the investments in supported companies have seasonal character, and depend on the season of the year, the availability of support from EU structural funds etc. The initiative offers two forms of support: economic (loan guarantees for investment loans for companies) and technical (free consulting services). The support is assigned by the board of supervisors, which acts in agreement with the management of the foundation and is accepted in Michelin headquarters in France (their opinion, however, is not decisive).

Several barriers have been encountered during the development of the initiative. First of all, the number of good projects applying for support is relatively small, which is caused by limiting the target group to the production SMEs from the Warmińsko-Mazurskie Voivodeship. The projects must also be aimed at creating new workplaces and furthermore, the company must be able to sustain the created workplace and to pay the credit rates. The second barrier is the lack of a well-developed network of co-operating partners in the region, the flow of information between them is not smooth, and the contacts have mainly informal character. In France, the Foundation receives the signals from banks and labour offices concerning enterprises which are seeking assistance and this increases the effectiveness of the initiative. In Poland, there is currently no co-operation with labour offices, it is however possible in the future. The problem connected with potential co-operation is that the initiative has slightly different aims than labour offices, which simply combat unemployment; the assistance of the Foundation on the other hand must be connected with investments.

Characteristics of the practice

The target group of the initiative are solely small and medium-sized production companies from the Warmińsko-Mazurskie Voivodeship. The choice has been made to support the production companies, as some aspects of production are similar for all the companies from this sector and since Michelin has a significant knowledge in this field it may use it to support them effectively. The initiative is strongly connected with the CSR activity of the company - it is free of charge for its beneficiaries, creates no income and has been launched with intention to support the development of the local enterprises and creation of work places.

The initiative features several partner institutions, the co-operation with them, however, is mainly informal and they do not contribute directly to the basic activities of the foundation, instead they participate in promotional activities, know-how transfer, new initiatives etc. The foundation co-operates closely with the City Council of Olsztyn as well as the Warmińsko-Mazurski University in development of Scientific-Technology Park which will support local SMEs in their initial stage of development. Moreover, the Foundation has a function of intermediary body/transfer of knowledge facilitator



between business and science (in case if SMEs need specific scientific knowledge, the foundation helps them establish a co-operation with particular academic/R&D units, and similarly the academies help local entrepreneurs to obtain e.g. technical assistance provided in the Michelin factories). The co-operation with Olsztyńska Szkoła Biznesu (Olsztyn Business School) includes the organisation of the Top Mazur contest which awards prizes to the best enterprises in the region. Activities related to providing financial support to SMEs are realised in close co-operation with representatives of the banking sector. The banks often direct enterprises seeking for financial assistance to the foundation which helps them in obtaining credit²¹. The foundation also exchanges information with entities representing handicapped people (Warmińsko-Mazurski Sejmik Osób Niepełnosprawnych - Warmińsko-Mazurski Sejm of Handicapped People) about the possibility of employment of the people in SMEs. There is no regular communication routine between partners; contacts are being made according to the needs.

The foundation provides companies in the region with two types of assistance: technical (counselling) and economical (loan guarantees for investment loans). Technical assistance is becoming the main form of support in recent time and more and more companies are receiving it. The counselling covers many different fields such as external audit, management, financial issues, organisation of work, quality systems, IT issues, workplace safety, environment protection etc., and is conducted by Michelin experts. The representatives of the companies are invited to the Michelin factory where they can ask for advice or observe the solutions adopted by Michelin, these sessions are prepared individually for each company. In the near future there are plans to launch 'factory tours' for entrepreneurs to enable them to study technological and organisational aspects of production.

To be eligible for economic assistance, it is necessary to create durable, new workplaces. The value of loans varies from PLN 80,000 to PLN 240,000 and the required own contribution is about 30 %. The only cost paid by SMEs for the loan is a cost of WIBOR (Warsaw Interbank Offered Rate - the interest rate of loans on the Polish interbank market), which is about 4.5 %. The margin of the bank is paid by the foundation. The loan can be granted for: machinery, equipment, IT software, renovation or adaptation of premises etc. The value of the granted guarantee depends on the number of created new workplaces (as result of investment) - ca. PLN 16,000 per 1 workplace. To apply for support, in both cases entrepreneurs have to fill an application and send it by mail or e-mail to the foundation. Information in the application form includes basic data about the company, type of assistance it looks for and the predicted outcome of the assistance.

In case of technical assistance the Foundation looks for an appropriate expert and contacts the company to determine a possible date for a meeting. In case of economic assistance, the company is first invited for a meeting, then, after initial approval it has to provide some documents (business plan together with calculation of outcome, financial balance and a declaration of not being behind with social insurance and Revenue Office fees) and apply for a loan in the bank. After the bank accepts the application, the company is invited to the foundation again to present the project. If the project is accepted by the Michelin experts, the decision is forwarded to the bank which grants a loan.

²¹ In case of problems with preparation of application/business plan Michelin provides assistance, besides that they provide guarantees as mentioned below.

Technical assistance is evaluated through surveys measuring the level of satisfaction of beneficiaries. Economic assistance is not evaluated through surveys, in this case the indicator of success is the number of created workplaces. After the support is granted, Michelin regularly checks with the company and monitors whether it pays the loan. The company declares to keep the work place for the period of at least three years, however, there are no consequences should it fail to happen. The reports concerning the activity of the foundation and its financial condition are regularly sent to the Ministry of Economy, they are not, however, published on the website or in other forms.

Among the strengths of the initiative one can mention the large group of experts involved in technical assistance given to companies (they are experts working for Michelin), the size of the company and high level of its innovation and the fact that this is the only initiative of this kind in the region - providing support and assistance for companies free of charge and without taking profits of it. Weak sides of the initiative are the low level of knowledge about it in the society, the lack of appreciation of counselling as a form of support among companies, companies which apply for assistance sometimes cannot be helped in any way. Another problem includes the low number of good projects which qualify for assistance, projects do not always include the creation of work places, in case of loans sometimes it occurs that after purchasing the new machine the number of workplaces in the company is reduced (this is the general problem in the production sector). Also in the first period of foundation's existence some 'immature' projects were accepted and later turned out to be ineffective. This was due to the lack of experience and intuition of the staff. Presently, the projects are being assessed with greater care.

The initiative is elastic and can be adjusted according to the current needs (decisions are taken by Michelin). The only problem that cannot be overcome is connected with human resources - the physical number of experts involved in technical assistance is limited and cannot be increased easily and quickly. The budget is flexible and can be increased (to a reasonable extent), however, such situation has not yet occurred.

There are several factors indicating that the initiative brings effects. Apart from the increasing number of companies that receive both kinds assistance, the foundation is more and more present in the local media. The level of knowledge about it is also increasing among the companies and more of them apply for assistance.

Impact of the measure on the local labour market

The relevance of the initiative in creating workplaces in the region as a whole is relatively small, this is because it is not aimed at eliminating unemployment in general but targets at a specific group of production companies. Even within this group there are simply not enough resources to support all the companies that apply for it. Generally speaking, the assistance caused effects in the supported companies, but in the reference to the region this effect is rather small. The initiative is considered as important and helpful among its target group but since this is the only initiative of this kind offered in the region, companies are still cautious about it, but more and more of them learn about the foundation and its activities and in result apply for assistance.



Since the beginning of the initiative 15 companies from the region have been assisted financially, and as a result 218 durable workplaces have been created (17 projects have been supported - two companies realised two projects each). The amount of money engaged in this assistance is over PLN 2,700,000. At the same time 24 sessions of technical assistance have been conducted within and outside the Michelin factory. The foundation did not specify the exact number of participants of these sessions, because sometimes they are organised as open workshops/lectures for many participants. The foundation representative stated that so far no beneficiary was dissatisfied with the received assistance.

Future issues

Currently, there are no plans to expand the initiative to different regions or target groups (Michelin philosophy and capabilities limit beneficiaries to production companies, such situation occurs in all countries where such initiatives are operating). There are also no plans to change the character in the nearest future because the initiative is at the early stage of development. It is planned, however, to increase the number of enterprises which are covered with both kinds of assistance in the future.

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Grupa Lotos - Poland

(contributed by Rafał Żuromski, Entrepreneurship and Economic Development Research Institute)

General information

Grupa Lotos is an oil concern based in Gdansk, Pomorskie Voivodeship. It is the biggest company in the region, employing over 4,500 people and listed on the Polish stock market. The decision concerning building a refinery in Gdansk was taken in 1972. Currently, the company is a very important producer and distributor of high quality oil products in Poland.

CSR activities carried out by Grupa LOTOS are supervised by the company's President of the Board. The implementation of the CSR strategy is co-ordinated by the Communication Office which will soon be assisted by the interdisciplinary team responsible for the CSR strategy in different areas. The team will be comprised of high-level managers working in the company and will be reporting directly to the Board. Currently, the activities are co-ordinated by the Chief of the Communication Office. CSR tasks are conducted by employees within the Office who are responsible for internal and social communication as well as employees in other units of the company. They deal with CSR activities in different fields, such as environment protection, HSE, human resources management. The total number of employees involved in the CSR activity in the company comes to about twenty. Some CSR initiatives realised by Grupa Lotos are temporary while others do not have any time limits. Their duration is determined mainly by the aims and expected outcome of the given initiative and depends on different factors such as the assumed perspective of reaching the goals, seasonal character of the labour market and education cycle, company's strategic goals, timetable realisation etc. As a result, some projects have cyclic character while others are framework programmes of co-operation with specified partners. The earliest initiatives were implemented shortly after Grupa Lotos was created and many Good Practices elaborated at that time are being used to the present day, especially in the field of the human resources management.

The company assigns a certain amount of financial resources for different areas of CSR activity. They come exclusively from the company's own resources (generated profits), no external sources of funding (such as EU Structural Funds) are used. The company did not specify a separate budget for the CSR activity but dedicated certain funds for each unit to accomplish CSR projects.

Grupa Lotos' CSR strategy features co-operation with partners who are highly regarded among the society, especially ones that are knowledgeable about certain issues such as environment protection, education or the situation on the local labour market. It allows the company to adjust its course of action to the real needs and expectations at local and regional level. For instance, co-operation with universities takes into consideration not only the staff needs of the company, but also the development plans concerning specific studies and specialisations operated by universities in the given regions. The situation on the local labour market was carefully analysed when restructuring policy for companies taken over by Grupa Lotos was being prepared.



To ensure consistency of company's development goals with the development needs of the region, Grupa Lotos co-operates with Self-Government Units, labour offices, schools and universities. Additionally, representatives of the company participate in works carried out by Voivodeship's commission of social dialogue which analyses the situation and development plans in the key areas of the region in which the company is located and which are important for country's social policy.

The CSR activity of Grupa Lotos is concentrated in the regions where company units are located, especially in Pomorskie, Śląskie, and Podkarpackie Voivodeships, although some activities are carried out at national level. Activities presented in the study are concentrated mainly in Pomorskie Voivodeship where the company's head office is located. The region is situated in northern Poland and is adjacent to the Baltic Sea. Its capital and the largest city is Gdańsk. Most of the company's CSR initiatives are located here. The region is inhabited by 2.2 million people. The main sectors of economy feature shipyards (in Gdańsk and Gdynia), petroleum industry (Lotos), food processing industry, also sea ports in Gdańsk and Gdynia. Several universities are located here featuring University of Gdansk, Politechnika Gdańska (Gdańsk University of Technology) and Akademia Medyczna (Medical University) in Gdańsk. In May 2008, the unemployment rate in the region was 9.3 % (10 % for Poland) and at the same time two cities from the region - Sopot and Gdynia - had the lowest unemployment rate in Poland (below 2 %).

Implementation of the measure

Grupa Lotos states that currently no company is able to function without taking into consideration its social and environmental surroundings, and therefore regards its obligatory and voluntary CSR activity as a form of civic commitment. Therefore, the main reason of launching the CSR activity was just the fact of running a business and the responsibility that lies on the company which arises out of the created workplaces and its influence on the environment. This approach may be supported by the fact that Grupa Lotos has been implementing CSR activities almost from the very beginning of its existence. Realisation of these activities is not motivated by the will to advertise the company. Dissemination of objective and reliable information about the company's CSR activities helps to retain transparency, to increase the level of trust in the company and its management, to win social acceptance and as a result to increase the value of the company. Altruistic reasons for launching CSR activity stand in accordance with personal beliefs of the company's management staff, they are not, however, a prevailing factor for making decisions which involve the financial resources of the company. This is due to the fact that Grupa Lotos is a stock company, and therefore is obliged to carefully administer the financial means of its shareholder's. This means that realisation of every activity is preceded by the detailed analysis of its accordance with the aims of company's social policy and expected results which are aimed at counteracting or neutralising the important social and environmental problems that are considered important by the company's key stakeholders.

The company evaluates the importance of realised initiatives as having significant impact on both, region's promotion and development. Grupa Lotos is engaged into projects which are important for specific groups of stakeholders which results in meaningful benefits such as: increasing the number of workplaces, improvement in the quality of education on engineering studies, reduction of energy use, protection of some animal species etc. Besides such direct involvement there is also some indirect impact connected with the taxes paid by the company which increase the region's budget and by supporting the friendly environment stimulating new economic initiatives



which may contribute to improving the quality of life in the region. Evaluation procedures adopted by Grupa Lotos assume gathering data from partners who report the effectiveness of realised activities and degree of their accordance with previously set aims. This data is further analysed by specially delegated employees, basing on these analyses further decisions concerning the given initiative are being made. The outcome of analysis may result in modifying or stopping the initiative, if it does not bring the expected results. Representatives of Grupa Lotos are also members of organisations which are responsible for the implementation of certain projects. Because of that, they have an opportunity to monitor and to influence the decisive process directly. The current and periodic monitoring of CSR activities is performed by the units which are responsible for implementation of these activities in the individual business fields of the company. CSR activities previously were listed in the annual financial reports published by the company. In 2007, Grupa Lotos published the first issue of *Environmental Report*. In addition, the *Corporate Social Responsibility Report 2006 - 2007* was published for the first time in 2008. It has been prepared in accordance with the international Global Reporting Initiative standards. The company intends to put its CSR activity to the evaluation of its stakeholders by providing them with the result of the reporting system which will allow to compare CSR engagement realised by companies from different sectors.

The CSR activity of Grupa Lotos is strictly connected with the company's aims of development, as a result of temporary changes within the scope or intensity of realised activities. Such situation occurred during restructuring of the companies taken over in southern Poland which resulted in the change of priorities of pro-social activity. The good example of growing involvement of the company into such activities is the triple increase of financial means assigned to pro-ecological investments in 2006 - 2007. In this case such an increase was connected within implementation of the key investment project (10+ Programme). The social dialogue with key groups of stakeholders is perceived as significant by the company. Its aim is not only to recognise expectations, but also to gather opinions concerning the company's actions. Grupa Lotos also analyses changes in the social, environmental and legal surroundings and basing on this knowledge is able to modify the existing initiatives or to launch new ones. Such adjustments however, can be made upon conditions in accordance to the long-term strategic aims of the company as well as plans concerning CSR activity. Among factors showing that the CSR activity of Grupa Lotos is bringing the results, one can mention social acceptance manifesting itself with significant rise of the company's value which has increased six times during the past 5 years. Another factor showing social recognition of CSR activity is that Grupa Lotos has received many awards and distinctions in the past years which were awarded by independent business and environmental organisations and has also taken high positions in various ratings which included opinions from both professionals and public opinion.

Because Grupa Lotos is a large holding consisting of many smaller subsidiaries it became a crucial issue to systematise and co-ordinate its CSR activity. This was done by devising an internal regulation concerning this area and preparing a long-term strategy and periodic action plans. Such approach results in increased effectiveness of realised projects and better use of company's resources. The strategy reduces the number of realised projects but at the same time it allows to develop and intensify initiatives which are realised within fields which have been specified during the process of social dialogue as having top priority for the company. The lack of consistency of CSR activities with company's business and social strategy as well as a lack of clearly set rules of co-operation with external partners are perceived by Grupa Lotos as examples of bad practices which should be avoided by any company.



Characteristics of the practice

Grupa Lotos puts into practice various initiatives concerning both, social and environmental aspects of CSR. Initiatives referring to the Local Employment Development include actions in the fields of education and employment.

Support of science and education is executed mainly by providing equal chances for talented youth from disadvantaged families, investments in science (especially chemistry), computers and engineering, environment protection and ecology and financial support of educational institutions in their initiatives' accomplishment exceeding regular teaching programmes. Grupa Lotos financially supports investments such as: purchase of computers, equipping of laboratories and libraries, renovations of buildings as well as scholarships for students. Activities in the field of education selected for this study include the following initiatives: assistance in modernisation and equipping of a chemical laboratory in Gdynia's high school as an example of support for local schools, scholarships for students from two Polish technical universities: Politechnika Gdańska (Gdańsk University of Technology) in Gdańsk and Akademia Górniczo-Hutnicza (AGH University of Science and Technology) in Kraków, as well as participation in launching a new specialisation in Politechnika Gdańska. All initiatives in this field are realised in accordance with company's social policy.

Support for the high school in equipping its chemical laboratory is an example of Grupa Lotos engagement in development of educational institutions in the region. A formal request was made by the school headmaster and after its positive verification by the company the grant has been admitted. The support had a form of donation for which a formal agreement has been prepared, the school had to create a report confirming the proper usage of the received donation. Modernisation of the laboratory resulted in improved quality of teaching that many pupils took part in and succeed in various competitions. Grupa Lotos also supports other initiatives (renovations, modernisations) carried out by schools in the region. The procedure in every case of donation is the same - first the application is assessed by the employee from appropriate unit (in this case the Communication Office). If the assessment is positive, the application is verified by specially created commission that takes final decisions as long as it is to be taken by the Board, depending on the value of the support. In 2008, Grupa Lotos created a special fund intended for supporting social initiatives in the form of donations.

The scholarship programmes are realised in co-operation with Politechnika Gdańsk (Technical University of Gdansk) and Akademia Górniczo-Hutnicza. The information about scholarships is placed in both universities after the beginning of the academic year. After students are qualified for receiving the financial support, they have an opportunity to attend meetings organised in the company headquarters, to visit production facilities and to serve a traineeship (unpaid) in one of Grupa Lotos subsidiaries. The company states that students have a positive opinion about both scholarships and apprenticeships which are perceived as an investment in their future career.

As a part of its involvement in education sector, Grupa Lotos co-operated with Politechnika Gdańska in launching new a specialisation - Technology of Refinery and Petrochemical Industry. The reason for this co-operation is connected with a huge investment task called '10+Programme' as a result of which Grupa Lotos will increase employment in the near future and will seek highly qualified engineers. After initial consultations the decision was made by Politechnika Gdańska and Grupa Lotos declared the will to collaborate. The classes are held by company's employees who

use their experience for preparing lectures, laboratory classes and student apprenticeships. Students who graduate will have a chance to find employment in company laboratories and technological units. Although no promotional activities were undertaken, the specialisation was met with significant interest of students and during the recruitment procedure the number of candidates was higher than the number of offered places. Apart from providing potential new employees, the initiative also allows employees of Grupa Lotos to gain new experience connected with teaching.

The company realises several initiatives which are connected with Local Employment Development and creation of new workplaces. The most significant ones in this area are apprenticeships and traineeships for students and company's participation in the job fair rounds.

Currently, the company carries out four apprenticeship and traineeship programmes:

- Trilateral Co-operation Agreement Between Grupa LOTOS, Politechnika Gdańska and Akademia Górniczo-Hutnicza which has been initiated by Grupa Lotos;
- 'Absolwent' (Graduate) programme launched solely by Grupa Lotos, national range;
- 'Wakacyjny Staż' (Holiday Student Traineeships), action realised under the patronage of the President of Gdańsk, regional range, Grupa Lotos is one of the partners;
- 'Grasz o staż' (You Play For Apprenticeship), which is a national competition organised by PriceWaterhouseCoopers and Gazeta Wyborcza (major daily newspaper), Grupa Lotos is one of the partners.

The reason to engage into apprenticeship/traineeship programmes was the company's will to support students' vocational careers and to allow them for easy transition from university to vocational environment. Apprenticeships/traineeships usually last 2 - 6 weeks, the 'Absolwent' programme lasts 1 year. Traineeships are unpaid, in case of apprenticeships the salary is determined by Grupa Lotos or by the entity that organises it. Practice shows that usually 2 - 3 apprentices are employed in Grupa Lotos each year, either permanently or temporarily. Besides that 72 participants of the 'Absolwent' programme have been employed by the company so far. The information concerning apprenticeships/traineeships is cited in the universities and on organisers' websites. Applications for the apprenticeships/traineeships are being sent by email. The following criteria are being considered while processing each application: 1. verification of the unit's requirements in which applicant is interested in; 2. average mark from the whole period of studies; 3. correctly filled application; 4. additionally - knowledge of foreign languages. Company's capabilities allow to fill approximately 160 - 180 positions every year. During the apprenticeships/traineeships every participant is supervised by the appointed 'coach'. After completing the programme students fill evaluation surveys, so that the company receives feedback concerning the degree of satisfaction and possible improvements to be made and therefore, is able to adjust the programmes to the current needs. Grupa Lotos states that the interest in the programmes is significant and new applications are being sent almost every day, all participants are also content with the experience they gain. All activities connected with this initiative are co-ordinated by company's Human Resources Management Office.



Another initiative referring to employment issue is Grupa Lotos' co-operation with the local Labour Office and participation in the job fair rounds. According to the Act on Employment Promotion and Labour Market Institutions the employers are obliged to regularly inform the Labour Offices about vacant job positions. Besides this obligation the company decided to co-operate with Labour Offices which have to deal with vocational elicitation of different social groups, also having in mind its own plans of employment and restructuring processes. The job fair rounds are prepared by the Local Labour Offices which also organise its promotion in the local media (television, radio, press) before and during the event. Grupa Lotos is invited for every job fair round, however, it does not participate in all of them, the invitation is accepted only if the company has vacant positions which may be interesting for the participants of such event. The usual number of offers ranges from several to about a dozen, these offers have always met with significant interests among potential candidates. The job fair rounds give the applicants the possibility to learn about the company, the recruitment process and allow them to evaluate their chances for employment. Participation of Grupa Lotos in the events and the co-operation with Labour Offices results in strengthening the image of the company on the labour market, gives the opportunity to present its offer to potential candidates and to support the Offices in vocational elicitation of unemployed people. The co-operation is highly regarded by the company due to the professional level of organisation of these events. Labour Offices are also satisfied within collaboration because of the large number of offered positions that appear during rounds and attractive way of their presentation. The weak side of this initiative is the fact that some the job offers require persons with higher levels of qualification than the one possessed by the average participant, so this way of recruitment is not always effective. The number of positions offered for employees with low qualifications (elementary and vocational education) is relatively low, while such persons usually represent the majority of job fair participants. However, since 2007 Grupa Lotos realised the 'Kadra 2009' (Staff 2009) project which resulted in creating 120 new workplaces in the company, many of these positions were filled during job fair rounds.

Impact of the measure on the local labour market

The initiatives accomplished by the company have both, direct and indirect effects on the local labour market. Activities in the field of education, such as financial support for local schools or scholarships for students do not create workplaces, however, they help young people to develop their interests and as a result it may influence on their future careers. Apprenticeship/traineeship programmes bring direct results - creation of new workplaces, but also allow students to gain work experience and practical abilities which will increase their competitiveness on the labour market. The creation of new specialisation on Politechnika Gdanska not only results in fulfilment the staff needs of Grupa Lotos, as not all graduates will be employed in the company, but qualifications earned in the course of studies will allow them to seek jobs in chemistry sector, and since there are few universities in Poland that educate specialists of this kind, their rarely gained knowledge will increase their chances to find attractive job.

Activities aimed directly at creating workplaces also bring benefits. Apart from employees employed so far as a result of various initiatives, the company has launched a large investment programme 'Program 10+' which will result in creation of several hundred new vacancies. Some of these positions will be filled during job fair rounds, also trainees as well as graduates from technical universities may be employed in the company. These positions, however, require a certain level of qualifications and therefore, do not contribute to a considerable reduction of unemployment in the region.



Summarising, the impact of company actions on LED can be assessed as significant, although not always aimed at direct creation of workplaces.

Future issues

In 2008, the Management Board of Grupa Lotos adopted the strategic directions of CSR activity until 2012. It will be executed by a soon-to-be created team of company managers. There are also plans for the company to join organisation grouping enterprises which implement the best practices in the field of CSR. The basic course of action concerning CSR activities of Grupa Lotos will remain unchanged, however, the number of activities can be diminished in accordance to increase the level of engagement and effectiveness in those initiatives that are strategic for the company.

Another important issue hindering the wide adoption of CSR values by Polish companies is their lack of openness and understanding towards self-restricting initiatives. This results in a relatively low number of ethical codes adopted by the companies from specific industries. According to Grupa Lotos, the most important issue for popularising the idea of CSR activities in business is to receive the support of the State in the form of formal incorporation of CSR into the country's social policy at both, national and regional level. This should be achieved in the course of consultations between environment and business organisations and all kinds of enterprises from different sectors. The possible tax reliefs for entrepreneurs implementing important CSR initiatives have also significant importance. Currently, the legal regulations which influence CSR activity are mostly consistent with the expectations of the company, with the exception of law concerning public procurement and public-private partnerships which according to Grupa Lotos assessment is definitely less satisfactory.

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Oeiras PRO: Organisations' Social Responsibility Project - Portugal

(contributed by Antonio Coimbra, Tecninvest)

General information

The Oeiras - PRO initiative started in 2005 as project co-funded by the EQUAL programme, under action 2 (PT-2004-183). After a preparation phase of about 6 months, the project was implemented during 2 years and its results are currently disseminated. It will end in December 2008. The project included transnational co-operation activities under the RES.COOP (Social responsibility in the Social Enterprise Sector).

The project is led by the Oeiras Town Council (TC) which chairs a group of partners operating in the Oeiras municipality:

- **ISQ**, a private not-for-profit association, founded in 1965, which provides technical services, research, development and training activities to private and public organisations.
- **FMP**, the Foundation of Marquis of Pombal, a private entity of public utility, created by the Town Council, providing social services (supporting services to children, youth and elderly citizens and to the family integration into the community) as well as promoting culture, education, contemporary arts, scientific research and sports. It is basically funded by contributions from private companies of the municipality.
- **LPDM.CRS**, a private charity, founded in the 1950s, which is now organised as a Social Resources Centre, providing services for disadvantaged persons of all ages, namely persons with disabilities, elderly people, children and youngsters at risk, among other groups.

The partners have been actively approached by the TC and asked for co-operation. All partners have prior experience of collaborating with the TC. As the objectives of the project were congruent with the missions of all the partners recruited by the TC, all of the partners agreed easily to team up for the submission to the EQUAL initiative.

The budget allocated to the project during the 2005 - 2008 period amounted to € 510,000. Funding comes mainly from EQUAL. The TC, ISQ, FMP and LPDM.CRS also contribute, either in cash or in kind.

The project is part of the Oeiras TC social development programme, within a set of innovative initiatives aiming at fostering collaborative actions between the corporate sector and the social sector, under the Town Council umbrella. In this way, a cross fertilisation process can take place, charities and other socially oriented organisations benefiting from the professional approach to their managerial activities provided by the collaborating corporations and these benefiting from a more significant and focused approach to their CSR activities by interacting with the charities that practice social work on a day-to-day basis. The social programme of the TC is overseen by a municipal commissioner²².

²² Ms. Elisabete Oliveira

Oeiras is a municipality or county (NUTS IV region) in the western Lisbon Metropolitan Area (LMA), with an area of 45.84 km² (1.5 % of the LMA) and a population of about 170,000 inhabitants (6 % of the LMA). The capital town of the municipality, the 'vila' of Oeiras, is one of the most populous towns in Portugal.

The municipality enjoys an activity rate higher and an unemployment rate lower than the Lisbon Metropolitan Area. The illiteracy rate (3.7 %) is also lower than the LMA's (5.3 %). The purchasing power is substantially higher (160 %) than the national average.

It has several industrial and commercial facilities and many large multinational companies (such as Nestlé, Microsoft, Cadbury-Adams, Cisco Systems, General Electric, GlaxoSmithKline, McDonald's, Pfizer, Ericsson and Nokia) have their Portuguese central offices located there, making it one of the wealthiest municipalities in Portugal. It is also well known by Taguspark (the premier science and technology park in the country) and the Jamor Valley (where the National Stadium is located). A major NATO command (Allied Joint Command Lisbon) and a maritime academy are located in the area.

During most of the last century, Oeiras was a peri-urban area, a satellite of the capital city, Lisbon. Most of its resident population were working in Lisbon to where many thousands of commuters travelled daily. In the last decades, the municipality was quite successful in reducing its dependency from the capital city. Through an aggressive programme of private investment promotion, the county managed to attract many large and medium-sized companies, both domestic and foreign, together with some developers that invested in business parks and industrial facilities, as well as the academia community, currently with 2 campuses and a science and technology park in the area. Thus, today there is a new centrality in the county generated by the activities that resulted and were induced by these investments. Oeiras also benefits from a number of beaches in the southern part of the territory, making it a summer destination quite popular among Lisboners.

Implementation of the measure

The main reasons that led the TC of Oeiras to consider submitting the project to EQUAL support resulted from an analysis of the situation of CSR activities in the county and what could be the possible contributions of CSR activities to help in dealing with a number of social issues that were identified during that process. The summary statement of the findings of the analysis was as follows:

- The concept of CSR was not widely disseminated among the business community in the municipality and the local population was not aware of its potential benefits.
- Local social organisations (charities, parishes etc.) were having difficulties in recruiting qualified personnel, particularly for some business administration functions (finance, inventory and warehousing management etc.).
- It was felt a need to have new collaborative work methods in place to help in attaining local development objectives in a sustainable manner.
- Certain groups of the population at risk of social and professional exclusion were lacking the educational qualifications and professional skills needed to improve their employability.



- The rate at which local businesses were recruiting people with problems in accessing the labour market (e.g. people with disabilities) were not deemed to be sufficient.
- There were deficiencies as regards the adaptation of office facilities to the needs of people with disabilities.

So, to multiply CSR initiatives in the county and, simultaneously, to increase the employability of groups at risk of social exclusion, the following major objectives were defined for the project:

- To create a centre for organisational responsibility and innovation (CRIO) aiming at developing, testing and disseminating management tools designed to facilitate the implementation of Corporate Social Responsibility (CSR) programmes.
- To create an observatory of CSR activities in the municipality aiming at following up CSR activities in the municipality.
- To improve the social and professional skills of the staff of selected beneficiaries of the project.
- To share CSR methods and instruments with the other organisations involved in the transnational component of the project (France: Transares; Spain: RES.COOP; Italy: Empresa Giusta and Customer and People Satisfaction).

The main beneficiaries targeted were:

- Owners, managers and staff of the business community
- Owners, managers and staff of NPOs
- Local authorities
- People at risk of social exclusion

The project team wanted to build co-operation bridges between the enterprises and the social organisations of the county in such way that:

- companies could help to improve the performance of social organisations as regards management processes, such as financial management, recruitment and selection of personnel etc.;
- on the other hand, social organisations could help enterprises in fulfilling their CSR objectives by offering opportunities to exercise their CSR programmes, particularly in what company volunteer work is concerned;
- through this co-operation, both sectors could contribute to enhance the integration of disadvantaged groups of the local population as citizens and as members of the working community.

The project was implemented under an approach fostering the empowerment of the actors involved, notably through the creation of discussion/decision panels for designing and implementing the project activities, thus promoting the improvement of technical and social skills of the staff of the target organisations. The target group was informed about the initiative by phone, e-mail, postings at the website, meetings etc. and co-operates on a voluntary basis.

The not-for-profit social organisations acted as mediators between the business organisations and the socially disadvantaged groups, by making available their knowledge of the milieu and by activating their linkages with the disadvantaged groups of the county, but were also beneficiaries of the process when the companies provide them with business training and counselling which they find useful for their current operations.

The project responsibilities were allocated to the partnership according to their own capabilities and institutional specialisation:

- the Town Council was in charge of the overall co-ordination and of the publicity and awareness programme;
- ISQ handled the training and counselling programmes aiming at improving the sustainability of the jobs of social organisations;
- FMP acted as a focal point for helping in gathering the participation of the newly established companies, tenants of their business incubator;
- LPDM.CRS dealt with specific counselling to accessibility and accommodation matters as well as with web site design and maintenance.

Two major barriers were felt during project implementation:

- The first one was a rather unexpected lack of acceptance of the concept by many staff members of the Town Council. This needed an extra effort by the project management team in conducting a special inducement and persuasion programme (awareness lectures and workshops conducted by specialists) to prevent possible obstructions.

When implementing the empowerment approach there were difficulties in gathering and making functional the various discussion/decision panels due to the lack of availability from many members of collaborating organisations, including partners, that were heavily involved in their daily routine activities; though this was dealt with by more assertive convening instructions, it implied some delays in implementing some activities of the project.

Characteristics of the practice

Due to the fact that Oeiras-PRO is a procedural and methodologically oriented project, the activities collectively programmed by the partners were basically dedicated to the setting up of a set of mechanisms and tools within a resource centre, the Centre for CSR and Innovation (CRIO):

1. Design and implementation of a Centre for CSR and Innovation (CRIO)

For designing the Centre, the partnership used existing reference documents with information on CSR and developmental issues in the county, such as the 'Social Diagnostic of Oeiras' [Diagnóstico Social de Oeiras] and a study conducted by the local Employment Observatory. To enable a more focused design of the Centre, the partnership conducted a survey to organisations and individuals located in the municipality.



Based on this information, a comprehensive list of issues was developed, covering the specific problems to be tackled by the partnership as regards:

- enterprises;
- not-for-profit organisations;
- agencies of the local government (town council, parishes);
- socially vulnerable individuals

The issues were screened against the results of a SWOT analysis of the partnership aiming at establishing the thrusts and agencies that this specific partnership could deploy so as to contribute decisively to the overall objective of the project: to put in place a system aiming at promoting, developing, sharing, and disseminating CSR practices in the county and, simultaneously, increasing the employability of the socially vulnerable groups of the population in the county. CRIO, the Centre, was viewed as the materialisation of this fundamental objective.

For implementing the Centre, the partnership designed a strategy based in 5 major points:

- identifying local organisations with CSR practices already established and interested in participating in sharing and disseminating such practices;
- setting up a collaborative network made up with those organisations and mediated by the partnership;
- promoting the active participation of the network members in the activities of the Centre;
- developing a communication plan for the project;
- building up relationships based on understanding and trust among the members of the network.

and 5 sets of activities:

- surveying and interpreting the current CSR practices in the county;
- transferring and experimenting such practices into organisational contexts different from the original ones;
- making available information on CSR practices to all participant organisations;
- providing counseling on CSR and on business management matters to the participating organisations;
- organising workshops and conferences on CSR matters.

The Centre was installed at the facilities of one of the partners, the FMP, near the incubator run by this Foundation and adapted to become accessible for physically disabled people. It was appropriately furnished, equipped and endowed with the technical means (computers, software, databases, library and documentation centre). It was staffed by personnel recruited from the cadres of the partners, so creating a joint team assigned with the responsibility of launching the Centre.

Besides setting up the overall functioning of the Centre and its mode of operation, this team was responsible for carrying out the activities conducive to a number of specific or instrumental objectives. These are briefly discussed in the following paragraphs.

2. Setting up an Observatory for Local CSR activities within CRIO

This observatory aims at identifying and describing CSR practices occurring in the county and run by different organisations (enterprises, not-for-profit organisations, local administration etc.) in such way that allows the interpretation and analysis of the methods and systems used and their transfer to other organisations together with a process of continuous self-evaluation.

3. Setting up a CSR Lab within CRIO

The idea was to encourage the practice of CSR activities in the organisation of and to create a county network county for social responsibility, through sharing existing and proved and testing them in different organisational contexts.

As not-for-profit organisations were more in need of management development actions, they were surveyed by the management team to identify their major needs. Such developmental needs (covering themes such as organisational strategy, information and communication technologies, financial management, marketing, human resources, sustainable development) were then translated into an action plan, based on a matrix of co-operation opportunities, where the organisations in need, their specific needs and the organisations possessing the competences appropriate to fulfil the needs were mapped.

From this mapping exercise, concrete training/development actions were agreed upon (on a voluntary basis). Some were already performed (and mentioned below), others were kept to be carried out when the launching period is concluded and project enters its standard operation mode, after 2008.

4. Development of CSR Knowledge Platform and Communication Programme

This is basically an internet platform designed according to the principles laid down in the document 'Best Practices for Accessible Flash Design', Bob Regan, (2005), allows the download and upload of documents, and benefited from the support of one of the organisation of the network (the Associations for Teaching the Blinds) so as to accommodate all directive and practices regarding internet accessibility by disabled citizens.

All partners collaborated in these activities through the action of joint themes. Due to their different capabilities and experience of them, the TC executives tended to be more involved in project managing and control activities, FMP's in facility planning and management and liaison with the incubating tenants, LPDM.CRS's with liaising with not-for-profit organisations and identifying social needs and ISQ's in management training and development issues.



According to an independent evaluation carried out in December 2007, the Oeiras-PRO project:

- effectively carried out all scheduled activities (e.g. the Centre for CSR and Innovation was inaugurated in May 2007 and all of its features were already implemented, such as the Lab and the Observatory);
- the partnership has shown to possess all the key competencies needed (notably as regards technical qualifications and decision making skills) to attain the proposed objectives and, furthermore, was able to generate a transparent and collaborative climate among several co-operating institutions;
- was able to timely resolve some shortcomings (e.g. time management and information processing) that occurred during the execution (e.g. by allowing more time to discuss matters and conduct empowerment sessions so as to involve as many participants as possible and by providing more resources, such as computers and researchers, to enable a more in depth analysis of the available information) and
- reached all the objectives that were scheduled for the implementation phase (EQUAL Action 2)

Besides this work directly related to the achievement of project objectives, the project also made possible that some collaborative work actually had taken place. The idea to carry out such activities which were not foreseen in the implementation plan arose in the discussion panels when the needs were submitted by the social organisations. In view of the willingness and the existence of the required resources made available by the business collaborators, the management made the decision to go on so their ideas and methods could be immediately tested on the ground. Some examples:

- Metro de Lisboa, the operator of the underground mass transit system of the Lisbon area, developed a training programme on inventory and warehouse management for a Parish Centre running a day centre, a home for elderly and activity centres for the elderly;
- The local operation of Eriksson helped a charity in redesigning its facilities (kindergarten and activity centre) under an ergonomic approach, particularly suited for children;
- A communications consultancy supported the same charity in developing a marketing and communications plan;
- The local operation of Nestlé provided nutritional counselling to the cafeteria of the same charity to help in programming the children's meals;
- Sumol, a soft drinks manufacturer, which routinely runs an internal idea contest to promote innovation, adapted and applied this idea contest to an incubator run by FMP, one of the members of the project partnership, to promote innovation in the shared services and common facilities of the incubator.

Besides the above supplemental activities, there was a small shift in the direction of the project, also due to lessons derived from the actual practice. One of the members, the foundation FMP, is running an incubator of about 50 start-ups with special emphasis on arts and crafts. After starting to use some of the incubated SMEs as test bed for project methods and mechanisms the project management decided to focus exclusively the actions in the firms of the incubator, thus increasing the support to the sustainability of the current jobs of the tenants, thus disregarding other potential beneficiaries.



This narrowing down of the beneficiaries of the project now seems a good decision, because the concentration of the resources and efforts makes the whole process more effective.

Besides the already mentioned independent evaluation, required by EQUAL, the project management conducts yearly self-evaluation exercises with the participation of the partners, collaborating firms, and beneficiaries. These documents are publicly available.

Besides the evaluation exercises conducted so far (these, because they were covering the definition and setting-up phases of the process, only compared direct results of project activities against the ones set out in the initial project programme), the partnership already identified a number of indicators, in terms of both direct results of internal activities and of project effects in the community of beneficiaries, for the subsequent phase of full operation of the Centre. Some examples:

- Number of supported disadvantaged individuals seeking jobs;
- Number of supported disadvantaged employed needing skill improvement;
- Number of beneficiaries (enterprises) of CSR consultancy actions;
- Number of good practices identified (by the Observatory);
- Number of good practices replicated (by the Lab);
- Number of workshops carried out.

The practice of the Oeiras-PRO project is deemed to be transferable, if adapted to the specific conditions of the place to where it is being transferred and obvious pre-requisites are available (e.g. organisations willing and able to play similar roles, companies willing to develop CSR activities). Actually during the action 3 of the project (which started in January 2008 and will be completed in December), project ideas and methods are being transferred to 2 other groups of municipalities-incubators (as explained before, the accent on the target audience is now on incubating start-ups as beneficiaries of CSR based support).

These are:

- Town Council of Abrantes and 'Tagus Valley' incubator;
- Town Council of Covilhã and 'Parque Urbis' incubator.

Impact of the measure on the local labour market

The project is considered a success though, due to its nature, there are no results yet in terms of its effects in the labour market (the few existing 'real life' cases mentioned before are, say, experimental).

The acceptance of the CSR participants (the local businesses) is growing and beneficiaries seem happy with the results so far.



Future issues

The findings and methods of the project are currently being disseminated to 2 special targets.

After this phase ends (and EQUAL funding ceases) it is the intention of the TC to pursue the initiative. The new centre is deemed to be sustainable as it holds some value-added products (methods, mechanisms and tools developed in the last 2 years) and practical experience that can be used elsewhere for similar purposes, thus generating income for its maintenance and development.

There is the intention of incorporating CRIO, the centre for CSR and innovation, into FMP, as an organisational unit of the foundation. Though, for the time being and before its financial viability is proved, it will remain under the financial and organisational umbrellas of the Town Council.

The managers of Oeiras Pro consider that the success factors of the initiative are:

- making available to the county social organisations a resource centre able to provide consultancy in CSR matters free of charge;
- offering such free counselling within an inter-organisational collaborative fashion (meaning that the consultancy activities are provided free, in an 'in-kind' or voluntary basis by business organisations);
- its location in the Portuguese territory (the Oeiras location is a success factor due to the already mentioned assets of the municipality, notably as regards the number and the quality of the organisations in presence)

In order to sustain these characteristics they deem necessary to direct its activities in such way that generates responses to economic, social, cultural and environmental needs of the county, so as to keep a high level of societal relevance.

On one hand, the TC is committed to provide funding for the costs with the existing facilities of the centre, its staff and general administration. On the other hand, there is still a gap, to cover direct costs of the actions in favour of the social organisations (these, that should remain totally free, frequently involve other costs besides the ones that are provided free by contributing business organisations²³). The Centre management expects to fill this gap by generating revenues from public workshops, seminars, conferences and similar events and by applying to sources of public funding at state and European level.

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²³ E.g: computers and software for organization actions, venues and equipment for training actions, etc.

Oeiras Solidarity - Portugal

(contributed by Antonio Coimbra, Tecninvest)

General information

The Oeiras Solidarity (Oeiras Solidária) programme started in 2004 by initiative of the local Town Council (TC). It is an open-ended operation.

At the inception, 15 companies associated to the TC as founding members. Currently (2008), there are more than 60 companies actively involved in the programme.

The operation runs without any pre-established budget as the contribution of individual firms is left to their discretionary decision. The contribution of the TC is provided mainly in kind, by allocating managerial and technical staff to co-ordinate the project and to provide support services to some of its activities and, in some circumstances, by making available the facilities and equipment that are required by the operations.

The programme is part of the Oeiras Town Council social development activities, within a set of innovative initiatives aiming at fostering the participation of corporations in social development programmes in the municipality. The social activities of the TC are overseen by a municipal commissioner²⁴.

Oeiras is a municipality or county (NUTS IV region) in the western Lisbon Metropolitan Area (LMA), with an area of 45.84 km² (1.5 % of the LMA) and a population of about 170,000 inhabitants (6 % of the LMA). The capital town of the municipality, the 'vila' of Oeiras, is one of the most populous towns in Portugal.

The municipality enjoys an activity rate higher and an unemployment rate lower than the Lisbon Metropolitan Area. The illiteracy rate (3.7 %) is also lower than the LMA's (5.3 %). The purchasing power of the Oeiras residents is substantially higher (160 %) than the national average.

It has several industrial and commercial facilities and many large multinational companies (such as Nestlé, Microsoft, CadburyAdams, Cisco Systems, General Electric, GlaxoSmithKline, McDonald's, Pfizer, Ericsson and Nokia) have their Portuguese central offices located there, making it one of the wealthiest municipalities in Portugal. It is also well known by Taguspark (the premier science and technology park in the country) and the Jamor Valley (where the National Stadium is located). A major NATO command (Allied Joint Command Lisbon) and a maritime academy are located in the area.

During most of the last century, Oeiras was peri-urban area, a satellite of the capital city, Lisbon. Most of its resident population were working in Lisbon to where many thousands of commuters travelled daily. In the last decades, the municipality was quite successful in reducing its dependency from the capital city. Through an aggressive programme of private investment promotion, the county managed to attract many large and medium-sized companies, both domestic and foreign, together with some developers, that invested in business parks and industrial facilities, as well as the academia community, currently with 2 campuses and a science and technology park in the area.

²⁴ Ms Elisabete Oliveira.



Thus, today there is a new centrality in the county generated by the activities that resulted and were induced by these investments. Oeiras also benefits from a number of beaches in the southern part of the territory, making it a summer destination quite popular among Lisboners.

Implementation of the measure

The Oeiras Solidarity programme stems from a diagnostic study on social conditions of the local population carried out in 2003 by the social committees of the county²⁵. The study identified a number of problems, such as:

- Need for more support to disadvantaged families, particularly as regards loneliness and depression of the elderly
- More attention required for supporting people carrying mental illness
- Need for more initiatives to integrate into the labour market people with disabilities
- Increasing needs to develop prevention measures to drug addiction

To help in tackling these social problems, the TC devised a number of actions that were organised on a county social plan. The 'Oeiras Solidarity' programme was one of these actions, specifically designed for channelling financial and in kind support derived from the CSR programmes of the large and medium-sized private companies headquartered or having significant operations in the municipality.

As the participation of private companies was envisaged as strictly voluntary, the launch of Oeiras Solidarity was carefully prepared by the TC, to rapidly create visibility and attract a critical mass of participants. So, the TC sought the professional help of a communications and public relations consultancy to develop a publicity programme that started in September 2003 and involved several events (galas, auctions, conferences) and a number of insertions, articles, appearances, interviews and other awareness development actions in the media, including radio, television and internet.

These promotional actions constitute a continuing programme and new events are added periodically, including special galas where the companies that contributed with outstanding CSR activities are recognised by the TC, through awards and other honorary mentions. In this way, a high visibility of the programme is kept which is instrumental for maintaining and increasing the number of participating companies.

There are currently 62 corporations participating in the programme, most of which (about 2/3) are local subsidiaries of large multinationals. The largest part of the participants have centrally defined CSR programmes which are deployed locally by their local operations within approved budgeted limits as it is customary with multinationals. Their contributions are taken as part of their corporate strategy in supporting socially meaningful programmes which generally are not directly connected to their local business activities. For most of them it is also part of their publicity strategies.

²⁵ These committees are functioning under the umbrella of the national 'social network' (rede social) and are organised at parish level (there are 10 parishes in the Oeiras county). These parish social committees are organised exclusively on a voluntary work basis and have as main objective to fight poverty and social exclusion.

The programme started and is running rather smoothly, without major problems. This is due, in particular, to the special conditions the county has in terms of the number of wealthy subsidiaries of large multinationals located in the area, conditions which do not have parallel in any other county in Portugal.

Characteristics of the practice

This programme operates as a social responsibility investment club following a 'cafeteria' approach. Under the chairmanship of the Oeiras Town Council the participant corporations make the individual decision to participate in specific social projects selected from a list drafted by the TC. The corporations, besides selecting the projects to be sponsored, also define the kind of contribution they will be providing (financial, in kind, volunteer work etc.). The programme is flexible allowing corporations to start or discontinue their participation at their own will.

The role of the Town Council in the programme is 3-fold:

- identifying, assessing, documenting and regularly submitting projects and other initiatives of social development to be supported; for this purpose, next to own staff, requests, ideas and other inputs from NGOs are collected;
- disseminating information on future and ongoing actions and maintaining regular formal and informal contacts with the corporate community that are members of the programme;
- following up the execution of individual projects (i.e. monitoring of the outcome).

On average, there are more than 20 new projects approved for sponsoring each year (the execution of some may take more than one year). The nature and magnitude of such projects vary substantially. The table below depicts some examples of projects approved in the last 3 years:

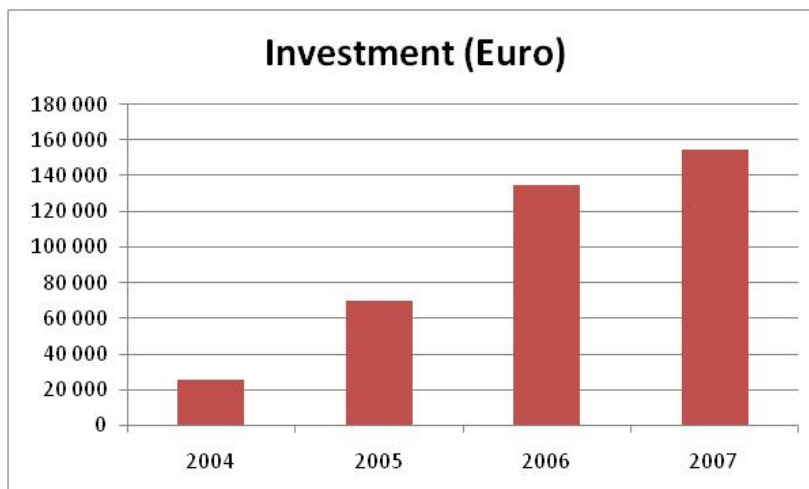


Sponsor	Beneficiary	Project/Action
Microsoft Portugal	Several institutions	'NetSenior' Project: computer and internet training for seniors who reside in home institutions in the area
My Change	Day Centre of Lage	Support to regular leisure and recreational activities for elderly
Merck, Sharp & Dohme, Solinca, Solplay, Amgen, and Clínica	County residents	'Live Health Week': medical check-ups, conferences, workshops, fitness activities
Nestlé and Carrefour	95 children and youths	Summer camp for children and youths (6 to 14) in August for children of low income families of the county
Sumolis	County residents	Media and outdoor campaign on the prevention of alcoholism
Bristol-Myers Squibb	Gulbenkian Science Institute	Support to a programme aiming to fight malaria disease in the island of Principe (Republic of S. Tome & Principe, Africa)
Mota-Engil and Nestlé	Parish Centre of Padre Dehon	Support to inter-generational activities of the centre
Nestlé and Jumbo Hipermarkets	Commission for the Protection of Children and Youths of Oeiras	Support to 'Let the Children Speak' initiative through providing snacks and gifts
Tetrapack	Association of the Deaf of 'Linha' (Oeiras/Cascais region)	Acquisition of a 9-seat van for transportation of members of the association
Montepio Geral (bank)	Start-up	Creation of a workshop for the manufacturing and restoring of musical instruments, thus promoting the self-employment of one professional and some apprentices
Mota-Engil (contractor)	Several low income families	Adaptation of several dwellings of low income families with members carrying physical disabilities to remove architectural barriers to mobility
Bristol Myers Squibb	Women trainees	Prizes to distinguish people that have developed outstanding efforts to improve their educational and professional skills (2 single mothers were awarded this prize in 2006)
General Electric (Elfun Community Foundation ²⁶)	S. Bento House (a charity dedicated to help young people at risk)	Support to setting up a computer lab and to improve the security system of the facilities of the charity (contribution of € 10,000 plus volunteer work of employees and retirees)

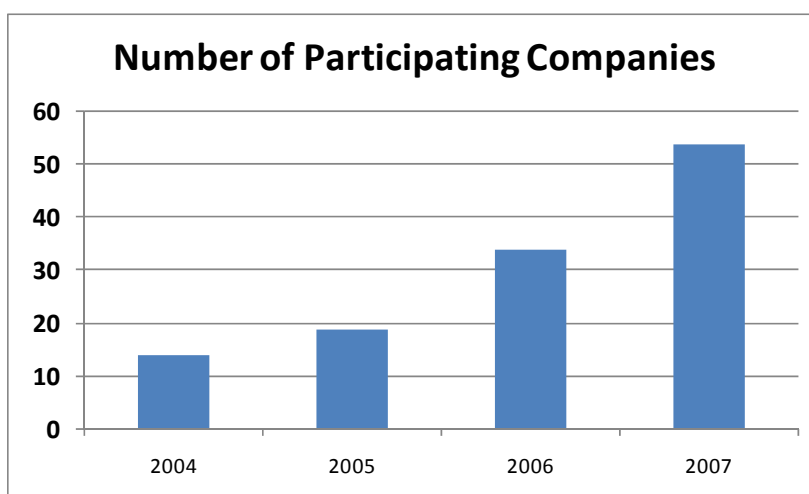
Other actions cover support to several charities (mental illness, elderly, socially excluded groups etc.), scholarships, social inclusion actions, recreational activities for low income and other disadvantaged persons, training programmes, community development initiatives.

²⁶ Elfun Community Foundation or GE Volunteers Foundation, a tax deductible vehicle of General Electric.

The following graph shows the Euro amount that has been invested in each year since the operations started in 2004.



The number of participating firms has increased steadily since the inception of the programme:



The TC publishes annual reports with details on projects approved and their sponsors and a short account of the performance of the operation. In 2007, 24 projects/activities were approved, of which 17 were selected by the corporations from proposals submitted by the TC and 7 were proposed by corporations (and accepted by the TC). The execution performance was 96 % (of the 24 planned project/activities, 23 were carried out successfully).

The mediating role of the Town Council in selecting the most socially relevant projects to be supported (according to its own criteria) makes available a wider range of support opportunities from which the corporations can select the ones that best match their own CSR criteria. This makes the programme unique in Portugal.



On the other hand, the programme is totally dependent on the CSR contributions of the participating corporations. As already mentioned, the existence of a large number of subsidiaries of multinationals in the county was a fundamental pre-condition for the success of the initiative. This is a fundamental pre-requisite of the programme that somehow limits its 'as is' transferability to regions enjoying similar conditions²⁷.

Though there is no formal evaluation of its impact yet, the programme is viewed very favourably by the participating business community which is using their participation in their communication and PR activities. According to declarations to the press or public addresses during special events aiming at publicising the initiative, the favourable evaluation is shared by the TC as well as by most of the benefiting organisations.

Impact of the measure on the local labour market

The programme targets special disadvantaged groups of the population and does not aim, directly, at creating new jobs. Notwithstanding, through some of the supported actions (e.g. the above mentioned case of the creation of a musical instruments workshop), it has some impact on the local labour market, especially by creating job opportunities to the members of the targeted disadvantaged groups or by increasing the prospects that existing jobs are maintained in the social sector organisations that are beneficiaries of the programme.

To businesses operating locally the programme offers further opportunities to enhance their image with the local community and with the population at large in Portugal and to upgrade their standing with the local government. An additional effect on businesses that should not be neglected is the increased awareness of the local management and staff of the participating companies to the social issues of the region they operate and to their social responsibilities as citizens and as members of 'corporate citizens'.

Future issues

The growing number of participating companies is well above the initial expectations of the TC. This trend is likely to continue as there are currently new members in the pipeline. These are good news for the Town Council and for the social organisations that are benefiting from the programme, the more so that social conditions tend to deteriorate under the current slowdown of the global and national economies.

The increase of the number of participating companies will allow a large number of initiatives to be supported. This, in turn, will put more pressure in terms of workload in the current task force that is managing the programme, within the Division of Social Affairs of the TC. So, it may be needed in the future that this small structure is spun off from the Division and become a full fledged operating unit of the Town Council.

²⁷ The approach could be adapted to larger areas by appropriate regional governments, thus tapping bigger CSR support from a larger set of corporations and providing support to larger and more diversified target groups of beneficiaries.

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Access to communication (Orange Romania) - Romania

(contributed by Mihaela Vasvari and Simona Gheorghe, The Chamber of Commerce and Industry of Romania)

General information

Access to communication is an initiative that defines Orange Romania's contribution to the Universal Service Programme initiated by The National Regulatory Authority for Communications and Information Technology and implemented with the contribution of universal service providers (such as Orange Romania) and the public local administrations.

One of the current problems faced by the Romanian society of today is the difference between the rural and urban environments in terms of access to information and to modern means of communication. In this context, the National Regulatory Authority for Communications and Information Technology (ANRCTI)²⁸, and Orange Romania²⁹, as partner in the project, agreed that development and prosperity of the rural communities by means of technology is mandatory.

The initiative was implemented in Romanian isolated rural establishments with a deficit of access to communication and internet.

Romania has a population of approximately 21.7 million inhabitants and a surface of 238.391 km². It is the second country after Poland in terms of population and territory in Central and Eastern Europe. One third of the country's territory is covered by mountains and sparsely populated, which makes network rollout particularly difficult. GDP per capita represents 30 % of the average GDP per capita in the EU-25. These particularities affect the natural deployment of telephone services throughout the country.

In the first trimester of year of 2008, at national level the active population was of 9,736,000 persons, of which 9,119,000 persons were employed and 617,000 were unemployed.

²⁸ The National Regulatory Authority for Communications and Information Technology (ANRCTI) is an independent institution responsible for the regulation of national markets for electronic communications and postal services. In its activity, ANRCTI has as main objective promotion of competition in the field of electronic communications and postal services and protection of the rights and interests of the users of electronic communications services and networks and of postal services concerning the transparency of the providers towards the users in terms of tariffs and conditions applicable to use of services, as well as in terms of processing personal data. It was set up by G.E.O no. 134/2006.

ANRCTI was set up in September 2002 as a fully independent body, in line with the EC Directives and Recommendations, which call for the liberalization of the telecom sector and full harmonization of the regulatory environment in Romania as future part of the enlarged EU. <http://www.anrc.ro>

²⁹ Orange Romania is a private corporation, the leader of the mobile telecommunication market in Romania with 10.088 million customers registered at the end of June 2008. Orange Romania is part of France Telecom Group, one of the largest communications company in the world. Its involvement in the two projects "Universal Service" and "Knowledge-based Economy" allowed Orange to make a contribution to enhancing the access of people in rural areas to modern information and communications technologies, to improving computer knowledge, modernization of the education and tuition process. www.orange.ro

The rate of employed people (15 - 64 years old) was 57.7 %, having higher values for men (64.6 % compared to 50.8 % for women) and for persons from rural regions (58.9 % compared to 56.9 % in urban regions). The highest occupation rate for employed persons (15 - 64 years old) was registered for persons with a higher education (86.1 %). When the educational level is decreasing the rate of occupation is decreasing also.

The rate of unemployed people at national level was 6.3%. The highest rates were registered for male persons (7.4 % compared to 4.9 % for unemployed female) and for the ones from rural regions (7.2 % compared to 5.3 % in urban regions).

At development regions level:

The activity rate for the population (15 - 64 years old) had lower values in North West Regions (57.8 %) and North East (58.3%) and higher values in South-Muntenia Region (65.1 %) and Bucuresti Ilfov Region (64.7 %).

The occupation rate of the population had the highest values in Bucuresti-Ilfov (62.7 %) and South-Muntenia Region (59.3 %), and the lowest values were registered in South-East Region (53.3 %) and Centre Region (55.1 %)

The rate of unemployed people had the highest values in Centre Region (9.0 %), South-Muntenia Region and South-East Region (both with 8.3 %), and the lowest rates were registered in North-East Region (4.7 %), Bucuresti-Ilfov Region (3.1 %) and North-West Region (3.4 %).

Within the initiative under consideration the responsibilities of the partners are:

Partner 1 – The Universal Service provider – The universal service provider is responsible towards ANRCTI for the provision of access and connection, at a fixed location, to a public telephone network and for the provision of access to publicly available telephone services, at a fixed location. The universal service provider must therefore provide, operate and maintain the access connection, as well as provide and maintain the terminal equipment (including insurance of equipment, service and technical support for administrator of the telecentre).

Partner 2 – The local administration – management of the telecentre and provision of services to end-users. The local administration will ensure the operation of the terminal equipments in the telecentre and the end-user billing. The local administration will cover the costs for ensuring the telecentre location (min. 10 m²), operation (including personnel), management and security. Where the local administration does not have enough resources to fully cover these expenses, the universal service providers may reimburse some of the costs.

Partner 3 –The regulatory authority – monitoring of partners' performance and financing of the project. The National Regulatory Authority for Communications and Information Technology (ANRCTI) is responsible for monitoring compliance by universal service providers and local administrations with their contractual obligations and for financing the net costs as resulted from the bidding process from the universal service fund gathered up by the authority from the annual fees (taxes) provided by private providers of telephony services. An one-off payment is made to the universal service provider after the telecentre becomes operational, intending to cover the present value of the difference between the total cost of installing and operating the telecentre for a minimum period of three years, under the price and quality conditions established by ANRCTI.



Between 2004 and 2008, Orange joined, as partner, the National Regulatory Authority for Communications and Information Technology in its effort to facilitate access to information for the rural environment.

Orange has implemented this initiative in 95 isolated rural establishments from counties belonging to the 8 development regions of Romania.

DEVELOPMENT REGIONS	COUNTY	ESTABLISHMENT
North-West Region	Bihor	Serghis, Cornișești, Șauaieu, Măgura
	Bistrita Nasaud	Breaza, Singeorzul-Nou
	Cluj	Valea Ierii, Berindu
	Satu Mare	Peleş, Medieș Râturi, Medieș Vii, Stina
	Salaj	Sighetu Silvaniei, Marin, Fildu de Sus
Central region	Alba	Rachita, Panade, Valea Lupsii, Musca, Purcăreț
	Brasov	Sinca, Moieciu de Sus, Cheia
	Harghita	Corund
	Mures	Fănațele Mădărașului, Sângeorgiu de Câmpie, Tușinu
North-East Region	Botosani	Padureni
	Neamt	Padureni
	Suceava	Poiana Marului, Moiaș, Săcuța, Cotu Băii, Fântâna Mare, Brădățel
	Vaslui	Ciocani
South-East Region	Braila	Olaneasca, Cotu Lung
	Buzau	Margineanu, Olari, Rușăvăț
	Constanta	Vlahii, Galita
	Tulcea	Dunavatu de Jos
South- Muntenia Region	Arges	Albesti de Muscel, Barla
	Calarasi	Plumbuita, Satu Nou, Vlăiculești, Solacolu
	Dambovita	Colacu, Raci, Fantanele, Butoiu de Jos, Costesti, Patroaia Vale, Bumbaia, Cojocaru, Mereni
	Giurgiu	Bila, Rasuceni, Dobreni
	Ialomita	Horia, Rasimnicea, Murgeanca
	Teleorman	Baldovinești, Prundu
Bucuresti-Ilfov Region	Ilfov	Piteasca, Sindrilita
South-East Oltenia Region	Dolj	Tunarii Noi
	Gorj	Pinoasa, Dolcești
	Olt	Profa, Leotesti, Mirila, Tudor Vladimirescu, Vartopu, Fagetelu, Comanita, Cucueti, Dumitresti, Poganu, Pietriș, Racoviță
	Valcea	Dozești, Rusănești, Stănești, Ciorăști, Șirineasa
West Region	Arad	Fiscut, Cladova
	Caras Severin	
	Hunedoara	Aninoasa, Săliște, Trestia, Federi, Uric
	Timis	Bencecu de Sus, Dubești, Bencecu de Jos

Implementation of the measure

By mid-2005, penetration of fixed telephony in Romania was of 20.14 % of the population (number of lines per 100 inhabitants) and 53.02 % of households (number of lines per 100 inhabitants). There is still high demand, as the waiting list for fixed telephone lines counts about 380,000 unsolved applications, according to the information provided by the incumbent in June 2005. The discrepancy between urban and rural areas only benefit of approximately 10 fixed lines per 100 inhabitants.

Romania has an important growth potential in this area which is expected to be better exploited in the future as the telecommunications services' market was fully liberalised at the beginning of 2003. By the end of June 2005, there were 225 companies authorised to provide telephony services by means of fixed public networks, of which 65 companies actually provide telephony services. Also by mid-2005, there were 64 active alternative providers on the market, with 199,070 subscribers, as compared to 36 active alternative providers at the end of 2003. Telephone service providers, however, target mainly the urban areas, where business users and higher income population ensure profitability.

Why telecentres in Romania?

- Large country, great geographical diversity
- Low fixed penetration rate (around 20 at national level and around 10 % in rural areas, in 2004)
- Hundreds of rural communities out side the coverage area of the fixed networks
- Low population purchasing power
- The net cost of installing fixed lines in order to meet user demand would represent an unbearable burden for the state budget or for the industry

The solution

Installation of telecentres to ensure access of isolated communities to the public telephone network at fixed locations.

Connecting about 600 large isolated villages by providing access to the public telephone network, at a fixed location, for an entire community at a time, by means of telecentres, is the cost-effective solution for Romania's access problem.

Under the national telecentres programme, universal service providers designated for each village by a public tender procedure are installing telecentres where citizens have access to telephone, fax and internet services. Development of telecentres is intended to establish infrastructure 'bridgeheads' in the areas with extremely low coverage or with no coverage at all and, therefore, to stimulate future market supply, facilitating natural rollout of telephone networks. At the same time, deployment of telecentres helps educating consumers to use the electronic communications services, which would consequently increase future market demand in the rural areas. The mechanism for the introduction of telecentres is taking utmost account of the principles of least market distortion, technological neutrality, transparency, non-discrimination and proportionality. Public tenders are organised for several villages at a time. The minimum mandatory duration for the functioning of the telecentres is 3 years.



In order to provide the citizens in the areas deprived of/with limited access to telephone and internet services with the possibility of exercising this lawful right, ANRCTI established the conditions and the procedure by which the local communities in these areas may benefit from the installation of telecentres of public pay telephones.

So, the legal framework regarding universal service in Romania, put in place by 2003, defines the right of access to universal service as the right of all end-users in the Romanian territory to benefit from the provision of services which are within the scope of the universal service, at a certain quality level, independently of geographic location, and at affordable price. The services within the scope of the universal service are: provision of access to the public telephone network, at a fixed location; directory enquiry services and making available of directories of subscribers; and access to public pay telephones.

ANRCTI has identified, based on a study carried out at national level, around 1,200 Romanian villages eligible for the implementation of telecentres. These are communities where telephone services are available on a very limited scale or not available at all and which have a population of at least 400 inhabitants (to ensure the economic efficiency of the telecentres). In August 2004, ANRCTI has set up the procedure for the designation of universal service providers in charge with installing telecentres in the eligible communities.

At the end of 2004, ANRCTI decided the installation of 5 pilot telecentres in villages. The installation of the first lot of telecentres was made by Orange Romania as the first universal service provider.

In 2005, ANRCTI revised the implementation arrangements in order to increase the attractiveness of telecentres and to limit the business risk in rural areas.

Following consultation with The Ministry of Communications and Information Technology³⁰, with representatives of local administrations and of the electronic communications industry, ANRCTI proposed the improvement of the operational mechanism for the introduction of telecentres, in order to stimulate providers' interest in participating in the implementation of universal service. A procedural framework for the establishment of a partnership between ANRCTI, the universal service providers and local public administrations was thus created.

In the next phase, ANRCTI conducted information campaigns targeted at the local administrations in charge, informing the inhabitants of the necessity of installing telecentres, this will offer them windows towards a wide range of opportunities: education, emergency calls, employment opportunities, business opportunities, funding, enhanced access to information.

The novelties consist of the direct involvement of the mayoralities in the management of the telecentres installed by the universal service providers (by signing trilateral agreements).

³⁰ The Ministry of Communications and Information Technology is the specialized body of the central public administration in the field of communications and information technology, being responsible for the policy applied by the Government of Romania on this domain www.mcti.ro

The designation of the universal service providers will be organised based on same tender organising procedure, with a higher formal character, in order to diminish the business risk involved in the provision of electronic communications in the rural area. The main stages in the process of implementing universal service are the following:

1. Ensure the local administration support. To this end, ANRCTI will conduct an information campaign for the local authorities in charge of the rural localities (villages) deprived of/with limited access to the fixed public telephone network, which are considered eligible for the installation on telecentres, while assessing their availability for participating in the telecentre management. This campaign will consist of local meetings. The involvement of the local administrations may take several forms: ensuring the location required for the telecentre operation and maintenance of the telecentre, covering the operational and current costs, ensuring the equipment security etc.
2. Select the localities. Based on the demographic characteristics, the accessibility of publicly available telephone services and the commitments made by the local authorities, the localities will be scored. According to the score of each locality, ANRCTI will establish the order of implementing the projects, depending on the resources available. The mayoralties in the selected localities will conclude a pre-contract with ANRCTI, by which they undertake the obligation of participating in the implementation of universal service (the standard pre-contract is under public consultation).
3. Open public tender. ANRCTI submits to public consultation the number of localities for which each tender session will be organised, as well as the locality grouping model of each tender (individual or group tenders). Following the public consultation, ANRCTI will choose one of the following options: several individual tender sessions, every 2 - 3 weeks, for a limited number of localities, e.g. 20; one individual tender session for a number of 100 - 200 localities; one mixed tender session for several groups of 20 – 50 localities, situated in the same geographic area. The tenders will aim to minimise the subsidies required for financing the net cost of the telecentre installation and operation and will be held according to the procedure established by the ANRCTI President's Decision no.1074/2004.
4. Conclude trilateral agreements. These agreements, concluded between ANRCTI, the designated universal service provider and the mayoralty of the respective locality, establish the rights and obligations of the parties regarding the telecentre installation, management and operation and monitoring (the standard agreement is under public consultation).
5. Install telecentres. The designated universal service providers will have the obligation to install the telecentres in accordance with the terms and parameters established in the terms of reference. The maximum term for the installation of telecentres is also under public consultation.

The aim of the initiative is facilitating the participation of disadvantaged communities from an information access point of view to achieve a modern informational society in Romania; this will determine a irreversible process of cultural changes and improving the life quality.



This initiative contributes to extend a faster access to the communication and informational technologies for rural regions, to improve computers skills, to modernise the educational process in offering information and communication possibilities, contact with labour market and creating development possibilities for entrepreneurs that can lead to creating new jobs for the inhabitants.

It has an essential role in fighting social exclusion, in regional development and, mostly, in ensuring the possibility of communication for all citizens, removing barriers existing in the way of the structural development of the Romanian society towards a modern and solid Information Society, compatible with EU standards, which can ensure a full and efficient integration within the EU structures.

The projects contribute to expanding access to information technologies and modern communications and to improving the computer knowledge of the citizens of the selected communities, the development and promotion of e-government services, the modernisation of the tuition process and the promotion of electronic commerce and adoption of innovative solutions in the business environment.

The initiative is promoted/communicated to the target group by the national authority that organised a launch event in almost each location to inform people (with power point presentations, flyers, video presentations etc.). Also the initiative is promoted in local and national newspapers, on the website of every partner involved in the project, in the annual rapports of the partners.

Characteristics of practice

This initiative is aimed at rural environment

- members of rural communities
- local public authorities (municipality, local council)
- tuition institutions (school)
- cultural institutions (library, cultural house)
- companies operating in local communities

The source of funding the initiative is the universal service fund gathered up by the National Regulatory Authority for Communications and Information Technology (ANRCTI) from the annual fees (taxes) provided by the telephony operators (providers of telephony services for public) such as Orange Romania.

So this universal service fund is a public fund offered by private companies (providers of telephony services for public), like Orange.

For more details regarding universal service fund please access the link below:
<http://www.anrcti.ro/DesktopDefault.aspx?tabid=898>

The amount of the universal service fund for 2004 is approximately EUR 14.3 million, for 2006. For 2005, the amount allotted for the installation of telecentres was EUR 14 million. The medium cost for installing one telecentre is EUR 10,000.



What is a telecentre?

The telecommunication center is a room that is provided with at least 2 phone sets, 2 computers connected to the internet and one fax machine available to all the inhabitants of the village to communicate nationally and internationally. Additionally, the presence of the computers in the telecommunication center offers, especially to young people, equal opportunities with the persons that have already become familiar with the latest technologies.

The standard characteristics of a telecentre are:

Communications equipment: the telecentre is equipped with a minimum of 2 access lines to the public telephone network, each being capable of supporting voice and data services (min. 33 kbps), with the possibility to connect at least 3 additional lines.

Terminal equipment: the telecentre is equipped with a minimum of 2 telephone sets, 2 computers with access to the internet and one fax machine

The minimum set of services provided in the telecentre includes:

- making calls (local, national and international)
- receiving calls and voice messages
- facsimile services (send and service)
- connection at data rates permitting functional Internet access (minimum speed of 33kbps per line)
- emergency calls, free of charge, non-stop

Orange contribution

In December 2004, Orange Romania contributed to enhancing people's access to communications, being awarded, by public tender, the contract of installing, implementing 5 pilot telecommunication centers (telecentres) as part of the national programme of telecommunication centers installations known as 'Universal Service'.

The company got involved in the project 'Universal Services - Telecenters' as it believed it was important to use the technology available to further develop the community.

Orange was the first operator to get involved as partner (supplier of universal service provider), ensuring access to communication and internet services.

Orange Romania, as supplier of the universal service, provided connectivity, procured and installed the equipments in the telecentre, supported the insurance, service and technical support for the equipments, offered free training for local persons in operating the system, as well as a series of facilities in case of non-payment of the telephone bill, to families earning low income and requiring additional protection.

The local authority covered the costs relating to the location, operation, management and security of the telecommunication centre and whenever the local authorities did not have available enough resources to cover in full these costs, the providers of the universal services would pay the required amount.



After a 3 year period Orange Romania donated to the villages where the telecentres have been implemented the equipments that have been installed.

7 auctions for licenses took place 2004 - 2008. In total, Orange will have implemented telecenters in 95 telecenters out of 633 covered by this ANRCTI initiative.

In the pilot phase of the project, Orange installed telecommunication centers in 5 villages of Romania: Colacu, commune Racari, county of Dambovita; Breaza, commune of Negrilesti, county of Bistrita Nasaud; Barla, commune of Barla, county of Arges; Raci, commune of Lucieni, county of Dambovita; Poiana Marului, commune of Malini, county of Suceava.

In the following stages of the project, Orange installed:

- in 2005, 3 telecommunication centers in the following localities: Serghis (county of Bihor), Moieciu de Sus (county of Brasov), Fantanele (county of Dambovita)
- in 2006, 9 telecommunication centers in the following localities: Margineanu (county of Buzau), Plumbuita (county of Calarasi), Valea Ierii (county of Cluj), Butoiu de Jos (county of Dambovita), Costesti (county of Dambovita), Piteasca (county of Ilfov), Profa (county of Olt), Dunavatu de Jos (county of Tulcea), Baldovinesti (Teleorman)
- in December 2006, 36 telecommunication centers in the following localities: County of Alba- Rachita, Panade, Valea Lupsii, Musca, county of Arad – Fiscut, county of Braila – Olaneasca, county of Bistrita-Nasaud - Singeorzul-Nou, county of Brasov – Cheia, county of Botosani – Padureni, county of Cluj – Berindu, county of Constanta – Vlahii, Galita, county of Dambovita - Patroaia Vale, Bumbuia, Cojocaru, county of Dolj – Tunarii Noi, county of Giurgiu – Bila, Rasuceni, Dobreni, county of Ialomita – Horia, county of Ilfov- Sindrilita, county of Olt – Leotesti, Mirila, Tudor Vladimirescu, Vartopu, Fagetelu, Comanita, Cucueti, Dumitresti, Poganu, county of Satu Mare- Stina, county of Salaj - Sighetu Silvaniei, Marin, Fildu de Sus, county of Teleorman – Prundu, county of Timis - Bencecu de Sus
- in July - August 2007 42 telecommunication centers in the following localities: county of Alba – Purcăreț, county of Arad- Cladova, county of Bihor – Cornișești, Șauaie, Măgura, county of Braila - Cotu Lung, county of Buzau – Olari, Rușăvăț, county of Caralasi - Satu Nou, Vlăiculești, Solacolu, county of Dambovita – Mereni, county of Gorj – Pinoasa, Dolcești, county of Hunedoara – Săliște, Trestia, Federi, Uric, county of Ialomita – Rasimnicea, Murgeanca, county of Mures - Fânațele Mădărașului, Sângeorgiu de Câmpie, Tușinu, county of Neamt – Pădureni, county of Olt – Pietriș, Racoviță, county of Satu Mare – Peleş, Medieș Rături, Medieș Vii, county of Suceava – Moişa, Săcuța, Cotu Băii, Fântâna Mare, Brădățel, county of Timis – Dubești, Bencecu de Jos, county of Vaslui – Ciocani, county of Valcea – Dozești, Rusănești, Stănești, Ciorăști, Șirineasa

Some examples of telecommunication centers installed by Orange Romania.

Localisation: County of DAMBOVITA, commune of RACIU, locality: RACIU



Venue of the telecommunication center : Cultural House

Description: Raciú has 1,580 inhabitants and is part of the commune with the same name that consists of two more establishments, located 2 and 3 km away from Raciú. The establishment has a primary school (classes I – VIII) that accommodates approximately 250 children and a kindergarten for 30 pre-school children. The inhabitants visiting the telecommunication center use mostly the international calls services.

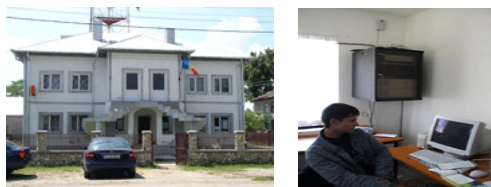
Localisation: County of DAMBOVITA, town of RACARI, establishment COLACU



Venue of the telecommunication center: former headquarters of the City Hall

Description: With a population of 1,042 inhabitants, Colacu is the second largest establishment in the area of Racari town. All the other establishments, administratively-subordinated to the town, are located in a range of 1 to 4 km away, allowing easy access for the citizens to the services offered by the telecommunication centers of Colacu. The establishment has a primary school that accommodates approximately 300 children and a kindergarten for 50 pre-school children. The inhabitants are using the communication services offered by the center mainly to access healthcare services (pharmacies, family doctor), to search for jobs online, as well as to talk to relatives and friends or to do research in educational purposes, in case of pupils.

Localisation: County of ARGES, commune BARLA, locality of Barla



Venue of the telecommunication center: Cultural House

Description: Barla has 1,146 inhabitants and is the establishment with the biggest number of inhabitants in the commune with the same name. The establishment has a primary school that accommodates approximately 220 children.

Localisation: County of Brasov, commune of Moieciu, locality of: Moieciu de Sus



Venue of the telecommunication center: Cultural House

Description: The 936 inhabitants of Moieciu de Sus have access to a primary school (classes I - VIII) where 120 pupils study under the guidance of 11 teachers.

Since Moieciu de Sus has neither a police station, nor a health center, the inhabitants use the communication services offered by the telecommunication center to access medical services or call the emergency services. Likewise, the inhabitants enjoy the benefits of telephony and internet to search for jobs online, as well as to stay in touch with relatives and friends living abroad.

Communication is critical for the economic, social and cultural development of the communities. Access to a minimum set of electronic communication services is considered a fundamental right of the citizens. In rural areas of Romania, there are establishments that have no such access to this type of services. As a communications provider, Orange Romania believed it was important to make available its technology for the development of the community.

Orange motivation was in a way of collaboration with the authority and making use of its technology to give people in isolated areas the access to modern communication means.

Orange means the desire to put its values in the service of a better future and to offer an unique communication experience, as simple as intuitive. Orange is more than technology, mobile telephony or GSM networks; it is a brand developed to facilitate communication between people and bring value to all the communities where it is present. In this way Orange Romania contributed to the development of its own Corporate Social Responsibility strategy, since France Telecom Group has developed a well defined Corporate Social Responsibility strategy whereby they try to make sure their activities are carried-out with responsibility, getting in line with the Group strategy and also in creating a better image for the company, since Orange enjoyed wide coverage in the mass-media and in the online environment.

The CSR aspect refers to the fact that Orange's motivation was not driven by revenues, but was a way of collaboration with the authority and making use of its technology to give people in isolated areas the access to modern communication means.

Impact of the measure on the local labour market

By getting involved in these projects, Orange contributed to the development of the rural communities by:

- expanding access to information;
- modern communication services (including email, internet, telephone, fax etc.);
- support to business and communities development;
- enhancing tuition received (in schools) by children and youngsters;
- guaranteed access to information for the inhabitants and the companies in the local communities;
- allowing people to get familiar with computers and use of latest technologies;
- access to the electronic services of the public administration, at low costs;
- enhancing the contacts between local SMEs and national and international business community – building partnerships;
- impelling tourism through a more efficient online promotion;
- development of commerce;
- the inhabitants have access to communication services such as: calling the emergency service (112), staying in touch with family and friends that left the locality, access to online information for completing school education, improving access to the labor market.

The services offered as a result of implementing the projects are mainly used by children and young people. The share of male and female users is quite balanced, both genders enjoying to an equal extent the internet and technology facilities. In terms of the level of education, most of the users are pupils and students, that is to say young people, up to the age of 30.

Future issues

ANRCTI will continue this programme and will promote the benefits that telecentres brings to the inhabitant, pursuing the accommodation of a larger number of persons with the new ways of communication and with immediate and free access to information's.



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Download the CSR Reports of Orange Romania from: www.orange.ro/about/raport-ro.html

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U.S. Steel Košice - Slovak Republic

(contributed by Juraj Poledna, PERITUS)

General information

Eastern Slovakia, which consists of the Košice and Prešov region, is the least developed part of Slovakia concerning GDP per capita. The reason is that for long time agricultural production has dominated. There are only a few large enterprises in the region. Due to a lower standard of infrastructure this region has not been very attractive for foreign investors. Therefore, the unemployment rate is very high. There is also a high density of Roma population with a low education level.

U.S. Steel Košice - the largest steel maker in Slovakia - is not only a successful company prospering in a difficult competitive market, but is also a company behaving as a responsible citizen and partner. It is the daughter company of its U.S. parent. Currently, it has 13,350 employees according to its average in 2007. Every year it actively contributes millions of crowns towards regional development and support for charities, health care, education, culture and sport. The company is autonomous in its decision how to distribute resources for CSR.

Due to the high unemployment rate and difficult social conditions in Eastern Slovakia U.S. Steel Košice designed a project with an intention to change this situation. In May 2004, U.S. Steel Košice launched the Scholarship Programme which is aimed at supporting university studies for talented students from children's homes and socially disadvantaged families from the Košice and Prešov regions.

Talented students from final classes of secondary schools (max. 26 years old) applying for a university study in Slovakia or abroad are its focus group. Scholarships are provided to talented undergraduates after successful university entrance exams.

High unemployment is a target for economic policies at national as well as at regional levels. The economic development is closely related to higher competitiveness through innovations and using the newest research results. It is only possible by increasing education and skills of available workforce. Therefore, investing into education and human resources development is a good investment for the future of company as well as the community and region.

In October 2007, the programme expanded to support university studies for talented children of U.S. Steel Košice full-time employees.

Implementation of the measure

Based on the ranking of regional problems as well as its own development needs the management decided in its CSR activities to support university education for students who otherwise could not afford it. The company offers also scholarships for children of its own employees. Taking into account the difficult socio-economic situation in Košice, it was decided to initiate a social scholarship programme. U.S. Steel Košice has received many applications requesting study support for secondary school and university students, study stays and postgraduate studies. It has been searching for a key to assess these applications.



In May 2004, the company launched the Scholarship Programme of U.S. Steel Košice, which aims at supporting university studies for talented students from children's homes and socially disadvantaged families from the Košice and Prešov regions. The earnings of the supported family have to be lower than 1.5 times the official minimum living income, and the student's academic grade have to be better than 1.8. The company management is personally involved in this project and its achievements. The final criterion is a personal interview with the managers of USSK, what is a time demanding practice, but is the most interesting part of the evaluation process. The management wants to know personally the students who could soon become the 'scholars of U.S. Steel Košice'. This personal contact motivates applicants to study and responsibly plan their future after graduation. This individual approach also forms their attitude to the company and its corporate values. Participants, even during their studies, are engaged in various of the company's socially beneficial activities, specifically charity events organised in the framework of CSR. The programme is still ongoing; the company continually accepts and evaluates applications. Deadline for applications is December 31 in each year.

The Director's Office for Corporate Affairs is actively participating in the project. It is managing all programme activities as well as decides on programme modifications based on feedback from the assessment of results and impacts. The programme is organised from its beginning by U.S. Steel Košice itself. Since 2007, it is organised in co-operation with SAIA - Slovak Academic Information Agency, the NGO located in Košice which is U.S. Steel Košice partner for the scholarship administration. This Agency has long-term experiences with university exchange programmes and providing opportunities for Slovak students to study abroad. Therefore, U.S. Steel Košice engaged SAIA to help with specific tasks in the programme organisation. This co-operation has brought a professional approach to the programme administration, selection process and useful counselling for applicants.

U.S. Steel Košice considers this programme as very successful. It is attractive for students and permanent organisation improvements make the programme running smoothly. During its relatively short duration already 148 students were awarded by the scholarship. This programme has correctly identified needs of the labour market and uses simple application procedures. These can be considered as main success factors. Similar initiatives can be applied elsewhere with balancing criteria to real needs of a company and its region.

Characteristics of the practice

Eastern Slovakia is the most deprived region and U.S. Steel Košice one of the largest manufacturing companies in Slovakia. It is natural that the company wants to contribute not only to economic but also general development in the region to improve the business environment. In 2002, the U.S. Steel Košice Foundation was set up with the aim of supporting public benefit projects in health-care and education, financially supporting science, culture and charity. U.S. Steel Košice's priorities in the field of donations focus primarily on assisting and supporting those who are directly dependent on such support, especially children's homes and the disabled as well as organisations and clubs involved in social and charity activities.

The Scholarship Programme is characterised by means of support, where successful applicants receive financial support for university studies in the form of individual scholarships for one year (and may be prolonged to cover the whole course, if the criteria are fulfilled). Maximum support for one academic year is SKK 80,000 (€ 2,600)



payable in four equal instalments, regardless of whether the student studies in Slovakia or abroad. The scholarship should cover all necessary costs related to university studies including living allowances. The Scholarship Programme is financed by the U.S. Steel Košice Foundation.

There are strict selection criteria. Within the sponsorship approval procedure U.S. Steel Košice's top management is deciding on the student selection based on the following criteria:

- applicant's permanent address is in either the Košice or Prešov region
- applicant's social conditions (the average income for each family member is lower than 1.5 times the official minimum living income)
- applicant's study results at secondary school or university (minimum average grade 1.8 in each academic year)
- children of USSK employees are not limited by income, but the following aspects are considered:
 - students successfully passed through U.S. Steel Košice Summer Internship Programme
 - unusual personal or family circumstances (physical handicap, incomplete family)

Impact of the measure on the local labour market

The labour market in Eastern Slovakia is distorted by specific conditions in this region. The undeveloped infrastructure has resulted in lower economic activities and lower inflow of foreign direct investments. There is a high unemployment negatively affecting living standards of inhabitants. It forces emigration especially of young and educated people. This programme contributes to a higher supply of university educated people on the labour market. It helps to offer university education to those who otherwise could not afford it. On the other side the permanent contacts of participants with the company builds closer ties and responsibility to the region.

The programme has achieved following outcomes:

- U.S. Steel Košice has supported students from all school types, regardless of the focus of its own business. There are scholars not only in the technical branches but also physicians, lawyers, priests, teachers, artists etc.
- The committee carefully assesses achievements of applicants and offers individual scholarships according to the actual costs of the study.
- Until now, 148 students from socially disadvantaged environment have got the chance of full-time study at universities in Slovakia or abroad.
- The Scholarship Programme motivates students from secondary schools to continue their education. Their participation in the programme also depends on their academic results.
- The scholars are often involved also in the charitable activities of the company, what creates a deeper feeling of mutual fellowship.



For its philanthropic activities U.S. Steel Košice has gained the U.S. State Department's Award for Corporate Excellence and the Pontis Foundation's Via Bona Slovakia award.

Future issues

The Scholarship Programme is very successful during whole its existence and U.S. Steel Košice wants to extend it even further concerning the number of scholarships to satisfy increasing interest of students as well as the needs of the labour market concerning educated workforce. This initiative is a specific part of a broader approach of company activities to support the overall economic development of the region.

U.S. Steel Košice is an active and responsible integral part of society, significantly supporting economic development in the Košice region as well as the Slovak economy as a whole. The scholarship is not restricted only to study fields corresponding to the company needs. To be effective, graduate participants must be able to find attractive jobs in the region. In addition to supporting education there are other activities aiming to increase employment and boost the economy of Eastern Slovakia, the company established the Economic Development Centre (EDC).

During its existence since 2001, the EDC assisted 27 foreign investors to set up in Eastern Slovakia what contributed to the creation of 4,700 new jobs. Part of the EDC's activity was to participate actively in the development of Industrial Parks, thus further supporting economic growth in this part of Slovakia.

The EDC has shared its best practices with the relevant authorities in the Košice Self-governing Region which have progressively used these experiences for assisting investors and promoting the Region as a suitable investment environment.

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Town Hall Open Markets - Support for Protected Workshops - Slovak Republic

(contributed by Juraj Poledna, PERITUS)

General information

At the beginning of October 2001, protected workshops from whole Slovakia have been presented for the first time on the event 'Radničkine trhy' (Town Hall Open Markets - Support for Protected Workshops) what attracted vivid interest mainly of foreign visitors in Bratislava. A broad selection of different products ranging from ceramic pots through weaved and sewed bags, painted T-shirts, wooden or paper products to salted and sweet pastry is displayed and offered. The market has not only been an opportunity to present skills of disabled, but also an occasion for communication and discussions between managements of individual protected workshops, designers and producers.

The initiator and main organiser of this event is the Civic Association Inklúzia. It is a NPO focused on supporting disabled people, specifically their employment and social integration. It organises 'Town Hall Open Markets - Support for Protected Workshops' since 2001 in co-operation with the Bratislava municipality and several large banks, companies and media. There is a longer co-operation between Inklúzia and Bratislava municipality because there are several protected workshops established in several municipality social facilities. Participating banks and large companies provide financial resources for organising this event as well as for supporting protected workshops. This event takes part in the very centre of the Bratislava Old Town where space and infrastructure are provided by the municipality. It is accompanied by concerts and performances of artists what makes it attractive for citizens as well as tourists. This event has become interesting for sponsors to promote themselves.

In 2005, the general partner for this event was Všeobecná úverová banka, a.s. (General Credit Bank), which in co-operation with the Civil Association Inklúzia organised in addition to open markets also a promotion campaign for protected workshops and awareness raising activities about employment of health disabled citizens. This issue was widely presented in media. The co-operation at this event has focused the bank management on supporting health disabled employment in the framework of their Corporate Social Responsibility activities.

This initiative responds to the problem of insufficient availability of work opportunities for disabled persons and their marginalisation on the labour market as well as their unsatisfactory integration in social life. It is in accordance with the national employment strategy concerning employment and integration of disabled in the labour market.

This event aims to support protected workshops by increasing demand for their products and services, what should enhance employment in these facilities. This activity is in accordance with the Governmental policy to integrate health disabled citizens into the society and labour market based on their abilities. This is a very demanding process and many disabled citizens are unemployed.

Despite the location of this event is in Bratislava, the effects are for whole Slovakia. Not only that the participating protected workshops are from different parts in Slovakia but the problem of providing jobs for disabled persons and their social integration is nationwide and exists also in regions with low overall unemployment.



Implementation of the measure

This initiative has been initiated and implemented by the Inklúzia Civil Association that functions as the agency for supported employment. Its goal has been to promote activities of protected workshops to boost demand for their products and such a way to increase employment of health disabled persons.

Protected workshops are established by for-profit firms as well as NPOs with the financial support of Offices of Labour, Social Affairs and Family (OLSAF). They are accommodated to create favourable working conditions for disabled employees. These additional costs as well as costs for their operation are partly covered according to the law by OLSAF. There must be at least 50 % of disabled employees.

According to the law, companies with more than 20 employees are obliged to employ at least 3.2 % disabled persons and create favourable working conditions for them. One option for accommodating working places for disabled employees is a sheltered workshop that can be subsidised according to the Act No. 435/2004 Coll. about employment services. The employer may also fulfil the obligation to employ disabled persons in the obligatory proportion by placing orders suitable for the employing of such citizens in protected workshops.

The main aim of this event is social integration of disabled, support of labour market and to raise awareness about protected workshops, to advertise their production and present them as an alternative for fulfilling the legal obligation of employing disabled persons for companies that due to different reasons are not able to do it themselves.

Employers are not sufficiently informed about protected workshops for health disabled employees or about the possibility of supporting them as an alternative to the obligation defined in law to employ health disabled people. Therefore, the aim of the Town Hall Markets has been to inform employers about this option. For this reason organisers included additional awareness raising activities. In co-operation with CA Inklúzia, the VUB bank published an information bulletin including basic information on sheltered workshops and social service centres which serves as presentation material as well as an aid to gaining clients. The VÚB Foundation co-organised the Town Hall Markets (Radničkine Trhy) 2005 which aimed to make the sheltered workshops more visible and to encourage employers to use their offered services and fulfil their legal obligations at the same time. The bank organised a press trip to some sheltered workshops, prepared press materials and presented the problems on the TV broadcast stations Markiza and TA3. There has been also promoted this topic by means of a press conference on the opening day of the markets.

Characteristics of the practice

Since 2001, this market is organised every year at the beginning of October. There are usually more than 30 exhibitors. Individual companies running protected workshops are selling products attractive for citizens and tourists. In addition to the exclusive location, these are main success factors of this event. However, their goal is to promote also products interesting for corporate clients.

The aim of the 'Radničkine trhy' event is not only to present the results of work of health disabled people, but also to cultivate environment and public opinion about abilities and skills of disabled. The long term goal is to raise awareness among employers and firms to use options in the legislation that allow either to employ the required number of health disabled persons or to place orders for sheltered workshops in an adequate amount what creates additional demand for their work.

The VUB bank considers the support for disabled people as well as their integration through employment in protected workshops as an important CSR activity. There are several company departments actively participating in the project:

- Marketing Communications Department
- Internal Communications Department
- Publicity Department

Impact of the measure on the local labour market

The problem of health disabled people's employment has several aspects. The employment rate of health disabled citizens is quite low due to reluctance of employers. A state contribution for accommodation costs for establishing protected workshops and protected workplaces and for operation costs are very low. For employers, it is necessary to accommodate workplaces, adopt specific work safety measures, change organisation in company to cope with part time work of some disabled employees and their lower productivity, there are restrictions for some technology operations etc. However, employment of health disabled people not only increases their living standards but guarantees their social integration and human values. To raise awareness of employers and possible consumers of the services and products of sheltered workshops plays important role in improving labour market for health disabled citizens. Many of them are educated and skilled. Integration of disabled people into labour market provides additional benefits for the economy.

There have been achieved several important outcomes:

- The main achieved objective was an open dialogue on the topic of support for sheltered workshops in the media.
- Several media reporters wrote spontaneously about the project which helped sheltered workshops in presenting their complicated situation and problems.
- Addressing employers and possible consumers of the services and products of sheltered workshops
- The bank is perceived more favourably by the public.
- The bank is perceived more favourably by its employees - it has shown that it cares about social problems.

Future issues

The 'Radničkine trhy' event has already tradition for Bratislava citizens and visitors. This helps to raise sponsorships to finance it. Therefore, the VUB Bank has switched to other specific activities related to sheltered workshops where it can be more visible and its Corporate Social Responsibility contribution is more effective.



This event has initiated for the bank deeper interest for issues of disabled people and the VUB bank has continued to broaden its co-operation with sheltered workshops in the following years. The bank established VUB Foundation to co-ordinate and finance all its CSR activities. In recent years grants have been one of the most important forms to support disabled people and their employment. Provided resources are better targeted for those who need it most, and are more effectively used. For example, in the last two years the Foundation awarded and financed 13 projects for employing health disabled persons mainly by creation of protected workshops.

VUB Bank intentionally also supports the operation of sheltered workshops by buying their products, e.g. gifts and advertising materials, T-shirts (Dúha sheltered workshop), Christmas presents (Manna sheltered workshop) etc. The in-house magazine and Svet VÚB (VUB world) is issued in co-operation with the Alius sheltered workshop.

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Junior Achievement - Young Enterprise - Slovenia

(contributed by Barbara Bradac, Faculty of Economics and Business, University of Maribor)

General information

The initiative 'Junior Achievement - Young Enterprise, Zavod za podjetniško izobraževanje mladih' (Junior Achievement - Young Enterprise, Institute for entrepreneurship education of young people), short name: YA-JE, is registered as a NGO and NPO. It is a multi-level and community-based Private-Public Partnership, encouraging business people to be involved in classrooms as volunteers, in the organisation themselves as board members and in programme expansion through sponsorship. The Institute was established in November 2003. However, first education programmes were performed in March 2004. It is based on continual activities and it is a permanent initiative. It will be performed also in the future.

Involved organisation, based on CSR, is the company Danfoss Trata Ltd. It was the initiator of the undertaking and is also its main donator. Danfoss Trata is a manufacturing company in the field of industrial processes rudders, manufacturing of taps and valves, and wholesale trade with metal products, installation material and heating devices. It had 182 employees in 2006. Additional involved medium-sized or large companies which are donating financial funds are: PricewaterhouseCoopers, Helios, Ericsson, SiMobil, HewlettPackard, Microsoft Slovenia, Podkrižnik, Podjetnik, and a bank Nova KBM. Partners are also Faculty of Electrical Engineering at the University of Ljubljana and IEDC Bled School of Management. The City municipality Nova Gorica is a co-financer.

The Institute uses traditional and new instruments to acquire financial resources in terms of the establishment of a partner relationship with donating companies, i.e. the realisation of continual donations.

The Institute is publicly and privately funded. The private part is financed by the above mentioned companies donating some funds. Public funds are acquired through public tenders invited by different governmental bodies (e.g. ministries) based on a law. The Institute was publicly funded by the 'Office of the Republic of Slovenia for Youth' in the year 2007. Additionally, in previous years, the Institute was funded by different public tenders:

- Public tender for co-financing entrepreneurship training and other projects as a part of the Programme for developing entrepreneurship and creativeness of youth for the period 2004 - 2005, published by the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments - JAPTI
- Public tender for selecting performers of the programme 'Summer-camps for foundation of Zois scholarships' in years 2004, 2005 and 2006, published by the Employment service of Slovenia
- Public tender for co-financing Programmes of promoting education and training in 2006, published by the Ministry of Education and Sport

It was also funded by the NGO development grants programme, published by the Public Affairs Section, U.S. Embassy (Ljubljana, Slovenia) in 2006 and 2007.



The initiative has not been financed by EU yet. The annual budget of the Institute is € 60,000 (€ 40,000 represents donations and € 20,000 are acquired by public funds).

The initiative is not a part of any formal policy framework. However, information on its activities can be found on different web pages of entrepreneurship supportive organisations. One of them is the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments - JAPTI, which has presented programmes of the Institute on its web pages (<http://test.podjetniski-portal.si/content.aspx?nodeid=149&rootnodeid=22>).

The initiative is run across whole Slovenia, mostly in secondary schools and partly in elementary schools. Included are 45 secondary schools and 16 elementary schools. The initiative is implemented in urban and rural areas and in almost all statistical regions in Slovenia.

To understand the meaning of the initiative the information about the characteristics of the population and regions in Slovenia is important. In Slovenia, there are 13 statistical regions with specific characteristics: Pomurska, Podravska, Koroška, Savinjska, Zasavska, Spodnje-posavska, Jugovzhodna Slovenija, Osrednjeslovenska, Gorenjska, Notranjskokraška, Goriška and Obalnodraška regions. The unemployment rate was 7.3 % in Slovenia in 2007 and 9.4 % in 2006. The most developed region is Osrednjeslovenska region with following characteristics: the highest total increase of population in Slovenia, the highest number of pupils per elementary school (257), the highest average monthly gross earnings per person in paid employment (€ 849.15), the highest gross domestic product per capita (€ 20,364). The least developed region is Pomurska region with following characteristics: the highest unemployment rate for women (18.1 %) and for men (14 %), the lowest average monthly gross earnings per person in paid employment (€ 669.38), the most recipients of one of the four types of social welfare benefits according to the Social Security Act (85 per 1,000 population), the lowest GDP per capita (€ 9,399). Additionally, among less developed regions are also Obalnodraška and Goriška regions. However, in 2005, the most developed region in comparison to the average of the EU-27 measured by GDP per capita in purchasing power standards was Osrednjeslovenska with index 125 and the least developed was Pomurska with index 58.

Implementation of the measure

The initiator of the initiative is the company Danfoss Trata. The company decided to be active in several fields of CSR, such as support and consideration of internationally recognised human rights, protection of employees' rights, fight against all types of extortion, child labour, discrimination in the workplace, and corruption, including extortion and bribery. Danfoss Trata was stimulated to establish the Institute and implement the initiative because it was also a strategy of the owner - the international company Danfoss (Core Company). Other companies (which have been approached by Danfoss Trata and convinced to participate) are either donors or partner organisations. Motivations of all involved companies are altruistic because they are taking part in the initiative as a part of their CSR activities.

Companies' reasons to support the Initiative are:

- Slovenian students are given the opportunity of entrepreneurship education.
- JA-YE programmes offer young people a very useful basis for their future career.
- Young people who underwent these programmes will integrate easily and more quickly into the companies where the speed of adaptation in competitive global environment is of essential importance.

The aim of the initiative is to educate young people to become aware of the importance of entrepreneurship. With the new acquired knowledge they could have a higher quality of life. The mission of the initiative is to educate and inspire as many young people as possible about the world of business, entrepreneurship, economics, and the role of business in society.

The main aim of the Institute is to perform and develop business and entrepreneurship education and training for young persons in co-operation with business and education organisations and public institutes. They decided to co-operate because they had recognised additional benefit to their costumers (additional knowledge that is not provided by regular or official national school programmes). Those organisations provide participants for different programmes and promote programmes (e.g. on web pages, internal promotion). The main topics of so far generated programmes are creativity, independency, team work and responsibility for businesses, economy, careers' development and entrepreneurship. Programmes are performed by businessmen in co-operation with teachers what reflects in their applicability. Schools do not have additional expenses because of donations of local communities.

Expected results:

- App. 1,000 young people participate at trainings per year,
- 15 to 20 new qualified mentors per year,
- about 5 partners/entrepreneurs per year.

The Institute provides several programmes on entrepreneurship (JAMP-my enterprise, 'Economics for success', 'Summer camp of entrepreneurship', competitions and trainings) which are mainly very practically/empirically oriented. The education is supported by didactical instruments; all programmes are free of charge. Participants are motivated directly in schools, by organising round tables, conferences and seminars, as well as by publicity (articles in national and local newspapers, short broadcasts on radio and TV). At the local level the Institute tries to co-operate with the local economy and communities to jointly promote the initiative and its programmes at several levels and to include local needs into the programmes.

The Institute JA-YE was established in November 2003 on the initiative of Danfoss Trata and is run by volunteers. The same year the council of the Institute, the professional council of the Institute and the director were named. Also the preparation of the pilot programme and didactical instruments began in 2003.



At the same time promotion of the organisation at different ministries and local communities started. In 2003, the following activities were performed:

- November: establishment of the Institute JA-YE
- November and December: preparation of the pilot programme 'Junior Achievement - My Enterprise' (JAMP) and of didactical instrument JAMP

Main challenges and barriers were:

- The initiative was not known in Slovenia,
- People have not been familiar with the programmes of JA-YE,
- Teaching and learning entrepreneurship was not a practice in Slovenian schools, especially not in elementary schools,

Therefore, the main challenge was to convince potential participants and partners about the importance and relevance of the programmes. They addressed them, introduced the initiative and invited them to take a part in the initiative. All participating companies are active on the field of Corporate Social Responsibility and have recognised its importance. However, after successfully implemented pilot programmes more and more schools and entrepreneurs wanted to join the initiative.

Characteristics of the practice

The Institute is responsible for programmes' implementation. However, supporting organisations - donators and partners - are more or less only informed on activities of the Institute. The main company involved in the initiative is Danfoss Trata as an initiator and main donator. They are regularly co-operating, communicating and controlling the Institute.

Target groups are young people at elementary and secondary schools in Slovenia. They are the most important target group. The initiative helps them to understand economics of life by real-life exercises. Young people perceive real world and spread their horizons by co-operating with partners' companies.

The initiative is aimed at promoting entrepreneurship among young people to become aware of the importance of the entrepreneurial style of life, to become familiar with basic concepts of establishing, running and developing an own enterprise.

Since 2004, more than 2,000 young people participated at the programmes. The network has 60 partner secondary schools throughout Slovenia. Educated were 133 mentors. The programme JAMP - my enterprise was recognised by the Ministry of Education and Sport.

The initiative is aimed at training and education of young people. It is an innovative initiative and is the only one in Slovenia.

In 2004, the following activities were performed:

- March: start of the pilot programme JAMP
- March and April: training of the first generation of teachers
- March to June: implementing the pilot programme JAMP with 341 participants from 7 secondary schools



- June: evaluation of the programme JAMP
- August: programme 'Summer camp of entrepreneurship', 16 participants from secondary schools
- September: first implementation of the programme JAMP
- November: training of teachers

In 2005, the following activities were performed:

- January to June: programme JAMP with 647 participants from 14 secondary schools, 16 teachers and 5 entrepreneurs
- August: programme 'Summer camp of entrepreneurship', 16 participants from secondary schools
- September and October: training of teachers
- October: second execution of the programme JAMP

In 2006, the following activities were performed:

- January to June: programme JAMP with 417 participants from 11 secondary schools, 18 teachers and 12 entrepreneurs
- March: European Trade Fair
- August: programme 'Summer camp of entrepreneurship', 24 participants from secondary schools
- September: third execution of the programme JAMP with 295 participants from 22 secondary schools and 25 students' enterprises
- September and October: training of teachers
- October: pilot programme 'Economics for success' with 415 participants from elementary schools and 14 teachers

In 2007, the following activities were performed:

- Programme JAMP with 650 participants from 22 secondary schools and 27 students' enterprises, 30 volunteers from companies
- Programme 'Economics for success' with 300 participants from 13 elementary schools (from 5th to 9th year) and 25 participants from 1 secondary school (1st year), 10 volunteers
- Trainings in September: attending were 24 teachers from secondary schools and 21 teachers from 13 elementary schools
- renovated programmes and prepared additional e-learning materials

The performed activities could be divided into few areas:

1. Programme JAMP - Junior Achievement My Enterprise
2. Programme JA - Economics for success
3. Summer camp of entrepreneurship
4. Competitions
5. Trainings



All programmes are very practical and empirical based and are exposing the importance of open market, the role of entrepreneurship in the global economy, responsibility of entrepreneurship for the environment and for social issues, and acting in accordance with ethic principles. Additionally, they are exposing the importance of education at job, the impact of economy on the future of young people and the importance of recognising own potentials.

All programmes are performed in accordance with the international Junior Achievement method. It means that every group of participants gets a didactical instrument which contains a handbook for teachers/lecturers and for scholars, and all other material needed for performing the programme. Didactical material is mostly free of charge, only sometimes they have to pay for it. Lectures are performed in co-operation with voluntary business advisers and teachers which are lined by the Institute.

The Institute JA-YE is responsible for financing programmes, for education and training of teachers and for administration.

Programmes are performed in co-operation between teachers and advisers. A business adviser (so called mentor entrepreneur) is a special guest and expert in a specific field and is representing a 'working council'. The business expert is a person who is working in business practice. His task is to introduce a specific topic (e.g. organising and managing every day operations in a company, preparing business plans, providing some best business practice). It is especially interesting for participants because most of them are not familiar with business practice.

1. Programme JAMP - Junior Achievement My Enterprise

The programme is aimed at secondary schoolboys and girls. The programme is formed in the way that participants get to know the organisation and management of the enterprise. It could be performed in formal lessons at secondary schools, in special clubs or as a part of other schools' programmes. Through the programme young people respect and understand the role of entrepreneurship in our society. In contact with entrepreneurs, participants recognise the system of free entrepreneurship and business.

This programme was verified by the Council of the Republic of Slovenia for General Education and is a part of formal education system in secondary schools.

The content of the JAMP programme:

- Arrangement of organisation
- Elaborating a business plan
- Management of an enterprise
- Final accounting of the business year

Aims of 'Arrangement of organisation' are:

- By lectures and workshops recognise practical activities in enterprises
- Familiarise with managing skills
- Asses managing, social and learning abilities
- Organise business, selling stock and products, offer different services and prepare financial reports



Aims of 'Elaborating a business plan' are:

- Preparation of business strategies and additional plans (financial, manufacturing, services, trading etc.)
- Showing ability to manage
- To prepare a business plan and implement it
- To establish manufacturing and selling objectives for products or services

Aims of 'Management of an enterprise' are:

- Developing key selling activities
- Distinguishing between production and productivity
- Controlling the quality
- Describing the impact of relationships and skills of employees on productivity
- Assessing the impact of technology, management and regulations on productivity

Aims of 'Final accounting of the business year' are:

- Describe and calculate taxes
- Explain dividends
- Assess the impact of entrepreneurs on the local economic system

2. Programme JA - Economics for success

This programme is giving practical information about personal finance and on the meaning of determining educational and career goals which depends on knowledge, skills, interests and values of participants.

Content of the programme:

- Selection and self-recognition
- Deciding
- Education and career
- Budget planning
- Loans
- Financial risks

3. Summer camps (lasting one week) of entrepreneurship

In the summer camps participants establish their own (fictitious) companies with human resources, financial, marketing and technology departments and with management. Participants elect directors of departments, a general manager and a president of the supervisory board. By preparation of market research they define offered services. With help of mentors (economists with many teaching experiences and lecturers - successful entrepreneurs) they acquire knowledge on organising company, preparing business plans, managing company and preparing final accounting of a business year.



The camp is organised as a workshop with teamwork and development of careers and creativeness.

The realisation of summer camps is organised in co-operation by some Slovenian organisations:

- Danfoss Trata
- Bank SKB
- Faculty of Electrical Engineering of University of Ljubljana
- Institute Jožef Štefan
- Company Cosylab

Representatives from those companies are joining the workshops and give lectures.

4. Competitions

The Institute organises competitions for the best prepared business plan among secondary schoolboys' and girls' teams at national level. The winners could attend the international meeting JA-YE European Trade Fair.

5. Trainings

By training is meant training of teachers and mentors who are implementing JA programmes.

Companies are joining the initiative for different reasons:

- They are aware of Corporate Social Responsibility
- They know that by participation at JA programmes young people get information and knowledge useful for their life
- Through their funds Slovenian pupils are enabled to get free of charge entrepreneurship education
- They could find potential employees who are interested in entrepreneurship and already have some knowledge about it
- Participants are able to join the company faster and more successfully, what is very important for companies in the dynamic environment

The measure almost totally depends on Corporate Social Responsibility of companies because the main funds are coming from them. The initiative is promoted at different levels and in different ways that depend on particular target groups:

- Ministry of Education and Sport: Directorate for secondary schools and Directorate for elementary schools
- Municipalities: meetings with directors of departments for education and economy
- Teachers: presentations to study groups of teachers, at seminars, meetings of directors, round tables, festivals, and presentations at particular schools
- Pupils: promotion in schools, web page



Changes in programmes and activities depend on changes in the main organisation JA-YE Europe. The work of the Institute is inspected by the Council of the Institute and the Expert Council of the Institute. The Council of the Institute has a president (from company Danfoss Trata), vice-president (from IEDC Bled) and 8 members (from companies Danfoss Trata, Ericsson, PricewaterhouseCoopers, Podkrižnik, Municipality Nova Gorica, Helios, and Faculty of Electrical Engineering at the University of Ljubljana). The Expert Council of the Institute has only a president from Faculty of Economics and Business at University of Maribor. The implementation of programmes is inspected by the organisations who are donating funds, such as local communities, ministries, JAPTI and city municipalities. Additionally, at the conclusion of every programme all participants evaluate it and the results are analysed annually. Evaluations' results are published in reports and on web pages. There have not been negative evaluations yet.

Among effects of the initiative could be found the following issues:

- companies could know potential future workers that have additional knowledge about businesses;
- recognition in the local environment: companies that are supporting the initiative are recognised in the local environment;
- better companies' image;
- employees could get additional knowledge;
- Companies transfer their knowledge (business practice) to participants.

Outcomes of initiative could be best described by showing numbers:

- More than 2,000 young people participated since 2004;
- The initiative has connected 60 participating schools;
- They have trained 133 trainers and mentors;
- Ministry of Education and Sport has confirmed the JAMP handbook as an independent notebook for teaching entrepreneurship;
- The programme JAMP was certified by the Council of Republic of Slovenia for General Education;
- Professional visits of companies were organised for almost 600 pupils.

Co-ordinating mechanisms are based on informal communication between two levels:

- Management of the Institute and Council of the Institute,
- Council of the Institute and performers (schools - teachers and pupils, companies)

The implementation of the programme is standardised. Performers acquire knowledge and methodology at preliminary seminars. Additionally, they get didactical material prepared by the Institute. Also co-operation with entrepreneurs, performance of programmes and expected results are standardised.

All decisions are reached by the management and Council of the Institute.



Impact of the measure on the local labour market

The Institute JA-YE is the only NGO in Slovenia which is offering entrepreneurship programmes and free of charge training of teachers and mentors.

The initiative is generally well accepted in the local environment and among participants. All target groups assess the initiative as well prepared and needed.

In Slovenia, the level of entrepreneurship is relatively low, even though the majority of people start their businesses because they want to exploit the opportunity. Also the public/overall opinion on entrepreneurship and entrepreneurs is not very supportive and among young people entrepreneurship and establishing and managing enterprises is not well accepted. Therefore, the initiative fosters the recognition and awareness of entrepreneurship among young people who will build their careers in the future. The initiative also benefits the society at changing attitudes of young people towards entrepreneurship. By the initiative young people acquire knowledge important for their careers, changes their attitudes towards the entrepreneurship and gain insight into the business.

The impact of initiative is shown at different levels:

- Programmes prepare young people on acting in the real business world;
- Participating in the programmes they acquire entrepreneurship experiences;
- Participants acquire new entrepreneurship knowledge;

Those young participants will easier start their own careers what is very important for their competitive advantage on the labour market.

The success of the initiative could be seen also by a number of young participants who decided to establish their own companies and by decisions to study.

Participants get first experiences of entrepreneurship and develop their entrepreneurial attitudes and spirit. The effectiveness of programmes is shown by higher motivation of participants and by acquiring new knowledge. Pupils get a chance to know economics of life and to experience different situations in real business life. Those experiences could not be gained in any formal education in Slovenia. Effects are measured by standardised questionnaire and by interviews.

Participating companies are well accepted and their CSR acting is recognised in the local environment. Companies have additional benefits by investing in the initiative:

- improve the level and skill-set of the local workforce which greatly affects a company's potential competitiveness,
- improve the reliability of local partnerships, suppliers and reliance on outsourcing,
- implement far less expensive ways to strengthen a local base of sophisticated skills than developing training in-house,
- secure greater availability of specifically trained graduates,
- expand the potential market by turning students and teachers into more sophisticated customers,
- ensure direct connection with potential human resources that are interested in entrepreneurship and are already familiar with the company operating rules.

The Institute's main barriers and challenges are small financial funds and constant difficulties in acquiring funds from companies. Companies are very reluctant in deciding to support the initiative and to donate some financial resources. Additionally, the Ministry of Education and Sport is very inactive at preparing the national strategy for implementing entrepreneurship education into the school system in Slovenia.

Future issues

Activities of the Institute will continue to be carried on in Slovenia. However, currently the Institute is facing major financial problems and its way of funding should be changed to ensure its future activities and development. The Institute needs local communities' support. Governmental institutions, competent ministries - the Ministry of Education and Sport, the Ministry of Economy and Ministry of Labour, Family and Social Affairs - should support the Institute. However, till now all efforts to stimulate ministries' co-operation and support have been inefficient. Its development of programmes will depend on their development at the main organisation Junior Achievement-Young Enterprise Europe.

Main organisation Junior Achievement-Young Enterprise Europe (JA-YE Europe) in Brussels (<http://ja-ye.org>) is successfully implemented in 43 European countries (also in Slovenia). The organisation is efficiently co-ordinating regional organisations and all programmes are based on the same methodology. The spread of organisations among countries shows its transferability among different countries, nations, cultures and environments.

The mission of JA-YE is to use hands-on experiences to help young people understand the economics of life. In partnership with businesses and educators, JA-YE brings the real world to students and opens their minds to their potential. JA-YE enterprise and economic education programmes are designed for young people aged 6 - 25 and are implemented through a partnership between local businesses and schools. The purpose of JA-YE Europe and JA-YE organisations in other countries is to inspire and prepare young people to succeed in a global economy. JA-YE values are:

- Belief in the boundless potential of young people;
- Commitment to the principles of market-based economics and entrepreneurship;
- Passion for what we do together with honesty, integrity, and excellence in how we do it;
- Respect for the talents, creativity, perspectives, and backgrounds of all individuals;
- Belief in the power of partnership and collaboration;
- Belief in the educational and motivational impact of relevant, hands-on learning;

Evaluations show that enterprise education does stimulate entrepreneurship later on. The JA-YE Company Programme is recognised by the European Commission Enterprise Directorate General as a 'Best Practice in Entrepreneurship Education'.



Contact information

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‘You Choose: You Decide’ (Caja Navarra)- Spain

(contributed by Laura Gallo and Iñigo Isusi, Ikei Research and Consultancy)

General information

The name of the Initiative is ‘Tú Eliges: Tú Decides’ (‘You Choose: You Decide’). The initiator of the activity is the Caja Navarra (CAN). Caja Navarra is a Spanish Saving Bank involved in the provision of universal financial services. Currently, CAN has got 362 branches, 1,913 employees and 650,000 clients. The official webpage of Caja Navarra is <http://www.cajanavarra.es>, but the webpage of the initiative is <http://www.tueligestudecides.com>.

The initiative was launched in 2004, and due to its success, it has been renewed every year up to now. The initiative is strongly (but not formally) embedded within the regional economic and social inclusion policy, and it is intended to financially support those initiatives already initiated by local, national or international third parties and NGOs in a number of social domains.

From a geographical perspective, the initiative is run in the Spanish region of Navarra, a NUTS II level region in Spain. Navarra is a highly developed region in Spain, with a sound productive and economic balance. The region has got a total population of 605,876 inhabitants in 2007, with an average population density of 55.65 inhabitants per km². The main City is Pamplona, with a total population slightly above 200,000 inhabitants. The service sector is the main sector in the region, and it accounts for around 55 % of the total workforce. Meanwhile, the manufacturing sector employs 28 % of the workforce, whereas the building and the agriculture sectors represent 11 % and 6 % of the regional workforce, respectively. Meanwhile, the employment rate of Navarra (above 72 % in 2007) is higher than in Spain (around 67 %) and the unemployment rate is smaller (5 % in Navarra opposite to 8 % of Spain). The female unemployment rate (9 %) is higher than the male unemployment rate (3 %).

Implementation of the measure

Caja Navarra, equally to other Spanish Saving Banks, has no shareholders. This means that obtained profits are either reinvested in the Bank or used for different ‘social’ goals (the so-called ‘Obra Social de las Cajas’ or Social Work of the Spanish Saving Banks). In fact, and according to Law, Spanish Saving banks (‘Cajas de Ahorros’) are obliged to devote a percentage of their profits to so-called social activities (‘Obra Social’ In Spanish), approximately 30 % of their total profits after taxes.

Interestingly, it is usually the case that governing bodies of Spanish Saving Banks decide by themselves the main beneficiaries of these important resources. In the case of CAN, and since 2004, the Bank opened to clients the possibility to decide by themselves who the beneficiaries of the social investment should be (through the initiative ‘You Choose: You Decide’). The main reason for this decision was because there was a strong feeling within the CAN managing board that during years Caja Navarra had tried to involve the clients and the rest of the society in their social investment without much success. The inertia of more than 100 years had moved Caja Navarra’s social investments away from those investments wished by the clients.



Therefore, the CAN governing bodies decided to completely change this dynamics, so they decided to implement a new way of allocating available resources trying to respond to clients' wishes and perspectives. As already mentioned, the initiative 'You Choose: You Decide' was initiated in 2004, after being approved by unanimity by the CAN governing bodies.

Characteristics of the practice

From 2004 onwards, every client of CAN that is contracting a financial product or services with the Saving Bank is requested to decide the way he/she would like the 'social' money to be invested, from a list of eight main areas of action, this is to say, i) Disabled people; ii) Co-operation; iii) Research; iv) Employment and Entrepreneurship; v) Welfare, Sports and Leisure activities; vi) Patrimony and heritage preservation; vii) Culture; and, finally, viii) Environment.

The procedure is as follows: those non-profit making institutions and NGOs that want to receive funding from CAN have to submit their social projects to the CAN. All these projects are examined by an external technical secretary (external auditors), based on the following criteria:

- projects have to be non-profit,
- projects have to be social and economically responsible and, finally,
- projects have to be ready to be externally checked about the use of the resources provided by CAN.

It is worth stressing that any non-profit entity located in any part of the world can submit a request for funding to CAN, although most of the money-requesting entities are located in Spain and especially in Navarra (in fact, half of the supported activities are located in the boundaries of the region of Navarra). Usually, projects are co-financed by Caja Navarra, which means that beneficiaries may obtain additional resources from other sources, depending on the concrete activities performed.

CAN decides the final list of projects eligible to be supported by clients. Subsequently, CAN presents all these projects to its clients, so they finally decide the final use of the available funds. Every CAN customer, when performing an operation with CAN, has the right to choose which projects are to be funded. The amount of money devoted depends on the products/services and amount the client has contracted with CAN, and it comes from the calculation of monies that will be devoted to the Social Work from each concrete operation.

If one of the project finally gets all the money that its has requested to CAN, the project is regarded as closed, so no more additional resources can be devoted to that project and have to be subsequently redirected to other projects.

The Initiative 'You Choose: you Decide' has had two main phases:

1. In the first stage of the initiative (from 2004 to 2006), CAN invited the clients to take part in the choice of big lines of social action, without support to concrete projects. In this initial stage, clients were just able to choose an area of intervention, without any reference to any concrete project.

2. From 2006 onwards, CAN has opened the possibility for every client to choose concrete projects and, even more, to take part in them via voluntary work. Thus, and since 2006, CAN clients do not only select the area of action but also up to three concrete social projects to be supported. In addition to this, clients are also offered the possibility to get personally involved in any social project as a volunteer. In this way, the client has a direct knowledge about the concrete activities supported, as it was felt by CAN governing body that clients were not very conscious about the final use of their resources.

In addition to this, CAN sends every year a personalised letter to each client where it is shown the amount of total resources devoted by each client to their selected projects as a consequence of the initiative under study (the so-called 'Civic Account' or 'Cuenta Cívica'). In addition to this, and on a daily basis, the information for each supported project is updated (how many clients have chosen it and the amount of obtained resources). This information can be consulted via on-line (<http://www.tueligestudecides.com/>) as well as in the different offices and cash dispensers of CAN, and it is elaborated by CAN internal services.

Finally, it is worth mentioning that external auditors of CAN not only analyse every year the different projects to be supported, but also they verify that the provided money has been used for the purposes suggested. These external auditors also verify the origin of this funding. In cases where project do not pass this verification process, the reasons for this are published in the annual memory of CAN.

Impact of the measure on the local labour market

The general effects of the initiative are being evaluated as very positive for a number of reasons:

- Every year the number of projects increases, even in the international area.
- At the same time, more and more clients realise the importance of their decisions. In fact, CAN observes an increasing interest and satisfaction amongst clients on this initiative, as clients are the unique and absolute protagonists of their decisions.
- CAN recognises that this initiative is also helping to attract new clients to the bank, with a growth of 8 % in the last exercise, where up to 15 % of these new clients have done so 'exclusively' for reasons related to this initiative. Therefore, a substantial part of CAN's current business strategy depends on this initiative.
- CAN notes that the initiative has implied a bigger commitment of the personnel of CAN with the initiative and the enterprise itself.
- This initiative is a very innovative one (it is the only financial entity in Spain and Europe where clients decide how and to spend the money on). At the same time, it has reinforced the social image of the Bank within the regional society and economy.
- Finally, society has been benefiting from the initiative, as resources are socially invested in the way society actually demands.

According to the last available numbers, and during 2007, 2,133 non-profit-making institutions (local third parties or NGOs) took part in the initiative with a whole of 2,707 social projects supported. Also in 2007, CAN's social investment grew up to € 50.25 million. The main areas of support have been, in this order, Assistance to disabled



people (32.4 % of all resources), followed by Welfare, sport and leisure activities (18.1 %) and Co-operation activities (17.0 %). Other important supported activities have included Research activities (8.7 %), Patrimony and heritage preservation and (7.8 %), Environment (6.5 %), Culture (6.2 %) and Support to employment/entrepreneurship (3.3 %). Historically, the type of activities mostly benefited have included disabled people and rural social communities. Approximately half of the projects are aimed within the boundaries of the region.

Some of the projects are especially devoted to support employment and entrepreneurship projects within the regional economy. Examples of concrete projects include:

- Support activities to new entrepreneurs, both in rural and urban areas,
- Training activities for disadvantaged groups and new entrepreneurs,
- Support to entrepreneurship amongst primary and secondary education students.

It is worth mentioning also that in 2007, 828 projects did manage to obtain 100 % of the requested funding, whereas 1,194 projects received more than 50 % of the requested funding support. In addition to this, the possibility opened up by CAN of voluntary work by clients has been used up to now by 2,307 clients in 2007 (approximately a 0.4 % of all clients) who perform voluntary work.

Concerning the barriers, there have not been major barriers for the initiative, apart from the necessary 'learning process' required in the initial stage of the initiative. This learning process is explained by two main factors:

- On the one hand, non-profit organisations were not used to 'fight' for projects before the public.
- On the other hand, there were some problems with the clients as they were not very aware of the criteria to select projects.

In order to solve this situation, CAN carried out an 'educational campaign' among both sectors (non-profit organisations and clients) showing the mechanism of presentation and choice of the projects, basically through an important effort conducted directly with clients in the CAN premises during daily operations.

Future issues

The initiative is expected to continue in the future, reinforcing the link between clients and the activities of CAN in the social domain. CAN believes also that this initiative can be transferable to other entities, although subject to the following conditions:

- Those who run the companies devoting the money and their budgets should be ready to delegate the decision process to others (at least to some percentage, as CAN has done it)
- It is important the existence of a group of non-profit organisations actively involved in acquiring external funds.
- Citizens need to have free access to information and participation, so they can be fully aware of their decisions



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Danone - Spain

(contributed by Laura Gallo and Iñigo Isusi, Ikei Research and Consultancy)

General information

The initiative refers to the closing down of a Danone production plant located in Ultzama (local area in Navarra), as part of the multinational's larger restructuring process. Danone is a multinational food company specialised in dairy products.

The project was initiated by the Danone group itself as a response to its decision to close the plant of Ultzama.

The closing process was announced the 22th November 1994 and it was finalised three years afterwards. As it can be seen, it is a relatively 'old' case study, but it is a very interesting one and one of the most relevant and successful examples of social responsible restructuring practices ever taken place in Spain.

The initiative was strongly embedded in the local economy of the Valley (although not formally embedded in any political strategy), as there was a need to give an answer to the local workers affected by the restructuring process (174 affected workers). The initiative also helped to develop and upgrade the local labour market in Ultzama Valley.

From a geographical perspective, Ultzama Valley is a rural valley, located approximately 26 km to the north of Pamplona, capital city of Navarra. In Iraitzoiz village, the company Danone had got a productive centre between the year 1965 and 1995 dedicated to the production of dairy fresh products, like yogurts, milk and cheeses. The closing process was initiated in the mid-1990s and finalised three years after. In those years, the unemployment rate of Navarra was around 13 % of the active population.

Implementation of the measure

This case is about the closing of a Danone production plant in Ultzama as part of the multinational's larger restructuring process. The restructuring was led by problems of excess capacity, however, the plant was profitable. The Danone Group was interested in avoiding a solution based solely on redundancy payments for the restructured workers in part for financial considerations as well as social and brand image considerations. In spite of the fact that in Danone Group already there was some previous similar experience in the restructuring domain, this project was completely innovative in Spain.

From an employment perspective, the Danone's Ultzama Manufacturing Centre had 174 working persons in 1993, whereby 75 % of them were workmen, 15 % had intermediate functions within the company and the remaining 10 % were involved in managerial positions. 78 % were men and the average age was overcoming 41 years, half with primary studies and with an average antiquity standard of 17 years in the company. 40 % of the employees were inhabitants of Ultzama Valley, so they were strongly rooted within the social and cultural life of the Valley.

In order to deal with the restructuring process, a specific Foundation for the development of productive activities in the Ultzama Valley was set up. Relevant actors within this foundation included Danone itself, the Regional Government of Navarra, the Ultzama City Hall and, finally, the unions active in the plant (4 separate union groups).

Characteristics of the practice

The key elements of the Danone restructuring plan were twofold:

- On the one hand, a Social Plan which included i) the management of employees who wanted to move to the plant which would be absorbing the Ultzama plant production capacity, in Seville; ii) the search for new jobs in other firms nearby.
- On the other hand, an Industrial Plan to rejuvenate the local economy of the Valley of Ultzama. The idea behind this industrial plan was to create as many jobs in the region as would be destroyed by the planned restructuring process. This industrial plan was centred around several actions, this is, i) look for company/companies interested in occupying the former Danone premises (with the help of a business consultancy firm specialised in these activities); ii) Identify and help new or existing business projects in the Valley of Ultzama, specially those initiated by restructured employees (basically through an offer of start-up capital to help launching the new enterprises as well as a commitment of assistance to those in need for the following three years.

Also as a result of the industrial plan, and as already mentioned before, a specific Foundation for the development of productive activities in the Ultzama Valley was set up. Relevant actors within this Foundation included Danone itself, the Regional Government of Navarra, the Ultzama City Hall and, finally, the unions active in the plant (4 separate union groups). The leading role within this Foundation was assumed by Danone itself, which was successful enough to convince all parties about the interest of becoming part of this Foundation. This convincing role was especially difficult with workers' representatives as they were very sceptical about the success of the initiative in the initial steps.

The principal activities of this Foundation were:

- To carry out an in-depth exploration of existing economic possibilities available in the area and not sufficiently developed up to that date
- To direct the publicity campaign intended to attract new businesses to the area
- To evaluate the new business projects to be subject to external finance and help
- To intervene in the design of the agreements between different parties
- The development and management of a municipal industrial park, located in Danone's former premises

From a funding perspective, the initiative was primarily financed by Danone itself, although the Regional Government of Navarra also financed several of the actions to be carried out. It is relevant to specify that the creation of new employment in the Valley was heavily subsidised by the public sector (approximately € 6,000 per each new created job position).



Impact of the measure on the local labour market

Generally speaking, this initiative is a good example of the interaction between local employment development and Corporate Social Responsibility. The main area of CSR of this project was the employment and labour insertion of the employees of Danone in Ultzama. The CSR activities were based in part by financial considerations as well as social and brand image considerations of Danone.

Positive elements of this initiative include the following ones:

- The main contribution of CSR activities developed by Danone in Ultzama was the economic development of the Valley, especially from the affected workers' perspective. The project did significantly contribute to the creation of jobs and positive economic outlooks in the area. Thus, and according to official information, three years after the Danone plant closure, 14 new enterprises had been relocated to the Ultzama Valley with more than 335 new jobs (in comparison to the original 174 displaced workers).
- The Social Plan was received by 52 % of the workforce. (The remaining 48 % opted for the redundancy payments.) Regarding the launch of self-employment businesses, 6 % of the original workforce chose this option. The search for new employment and the launch of self-employment enterprises were aided by professional assistance supported by Danone.
- Danone also valued very positive the process. Firstly, the Danone's image and brand were not deteriorated, and the company did not lose market share with no interruptions in production. On the other hand, the conflict diminished in the local area and did not spread to other centres of the company in Spain.
- From the institutional and social point of view the evaluation was also very positive. Especially relevant is the fact that a strong collaboration between the different players (company, workers' representatives, regional and local authorities) helped to create strong relationships among them, facilitating the agreement and the development of actions. This is especially noteworthy since previous to this restructuring announcement, the plant already had a difficult background in terms of labour relations (strikes etc.).

Meanwhile, the initiative was also subject to a number of difficulties, especially at the beginning when it was required to explain to employees the new situation and the need to close down the factory within a high degree of scepticism about the success of the initiative in the initial steps. In this sense, it is worth stressing that the fact that the target group was informed since the beginning about the initiative, as well as the active and credible involvement of the Danone Group, also helped to reduce this scepticism among workers.

Future issues

The initiative is no longer existent, and support from Danone was extinguished in 1997. It is worth also mentioning that Danone undertook a similar scheme of action in other areas and based on the Ultzama experience, for example in Italy when closing down one of its biscuit production facilities in Locate Triulzi. Conditions for transferring this initiative to other areas include the following ones:

- Active involvement of the enterprise in the restructuring process, with a clear orientation to stress both, the social elements included in any restructuring situation and the long-term development of the local/regional areas affected by these processes.
- Close collaboration and fluent social dialogue between all stakeholders involved (especially between company and workers' representatives)
- Strong support (not only in political but also in financial terms) from regional/local authorities, so they may help to provide the means (money, space, etc) to overcome existing problems.

Contact information

The responsables of the restructuring process do no longer exist. In any case, and for more information, see the following document:

Lozano JM and C. Folguera, 'Danone en Ultzama' (Danone in Ultzama), ESADE-IPES, Barcelona, 2003 (available at Internet at: http://www.esade.es/pfw_files/cma/institution/institutos/ipes/Danoneultzama.pdf)



‘On the Border’ - Sweden

(contributed by Kim Moeller, Oxford Research A/S)

General information

The original name of the project is: På Gränsen (Swed.)- Rajalla (Fin), - which in English means ‘On the Border’ and refers to that the project encompasses the border in the region between Sweden and Finland building together the two cities Haparanda and Tornio. The project is public and the municipalities are totally autonomous as they do not depend on high public levels or support from other entities for realising the project.

About 12 years, ago in 1996, the project ‘På Gränsen’ started as an architecture contest. From this concept the idea of co-operation between the cities was born and the vision was initiated that Haparanda-Tornio would become an international centre for the Barents region, a meeting place for culture, knowledge, goods, innovation and for people. This was pursued of a vision for developing plans. A detailed plan for conducting inquiries of the economy of the project, social effects and environment was also carried out.

In 1998, a parallel process also began in the search for a commercial trade centre. The results of this search finally led to the establishment of the 16th Swedish IKEA store, which was set up in Haparanda-Tornio in 2006, the 15th November. Thus, the major IKEA investment of the start up of the store was completed at 2006.

The potential end in one document for the public project ‘On the Border’ date is 2018 but could become shorter due to economical reasons, decided by the municipalities or if the project becomes finished earlier than scheduled. Formally it is the board of the municipalities that decides upon this issue. However, according to the current project leader Göran Wigren there is no official end date as the integration of the two cities is an ongoing continuous process, and it is likely that the process will be prolonged after 2018 since the political majority in both cities are for the project and the integration between the cities. However, it will after the project date cease to exist in a project form, which is now calculated to end in 2014, 4 years earlier. In addition it will after this date proceed as a normal everyday ongoing city planning of the municipalities and integration between the cities, which has now become a normal process.

The whole process of planning has been publicly financed. Infrastructure which is part of the normal city development is financed by the normal budget, partly is infrastructure also financed through costs from the sales of land. The municipals have sold land and gained financing through this action. After that the private investment took place. Since 2006, no buildings are publicly financed as all financing of the projects ‘On the Border’ derives from income from land sales and private investments.

The cities have since the start led the project in form of an official project team. Since 2002, the project leaders for ‘On the border’ is Göran Wigren and Jarmo Lokio.

The project team is an ad hoc organisation and changes depending on what issue is involved. Which additional partners that are incorporated is decided informally upon the project leading team and the project leaders as well as the chair of the municipality board, the environmental board, the local government commissioner and formally the Board of the municipalities. The team could consist of the personnel staff of the municipalities that have been involved together with the social agency, technical units,



external consults who are experienced in international work and have knowledge of both countries laws together with the Swedish road administration. According to the project leader Göran Wigren, it has been a great asset to have the road administration as part of the team.

About 15 people have been involved from the civil servants. Civil servants and politicians from both cities interact in regular formal meetings but also informally. The project also involves schools and pupils by encouraging them to contribute with ideas how to develop the border region, the project and the new city centre.

The most important financial actors in the project 'On the border' are:

- The municipalities Haparanda and Tornio. The municipalities of the cities are the driving force in this project. The cities' political governance has decided the distribution of costs of the common investments. The financial share of investments between the cities is 50 % - 50 %.
- The Swedish and Finish state, mainly for major infrastructure investments as restoring and rebuilding the E4 Highway, where hundreds of millions SEK are invested. The E4 needed to be rebuilt as a consequence of the project 'On the border' as the new City Center/shopping area demands that the highway need to be modified otherwise the water of Torne river (Torneälv) would block the way. Finland is building a new custom service house with a regional office that will employ many people.
- EU-funding through Interreg 3 programme accounted for up to half of the sum, financing the project 'Gränngatan', behind the E4 highway. The municipalities Haparanda and Tornio financed the other half. Other projects that are EU-financed are the planning projects, funding for projects within On the Border and networking. No other contributions are made from other funding sources.
- Other investments formally outside the project but as a result of the project are private investments local in the city made by mainly the larger companies like IKEA, Ikano, NCC, Akelius, HSB and SMEs like local building contractors/landlords. These are also the main actors that bought land for property buildings attached to the project 'On the Border'. NCC was the first actor who invested in Tornio in building apartments as a result of the project. After that followed IKEA in 2006, thereafter the bank Ikano, and after the IKEA decision all private investors were interested to follow on (Wigren 2008).

Formally, no links are made to the national employment strategy. The initiative is local in order to increase employment and to get access to a commercial trade centre for local consumers. The public administrative scope is local and international at the same time involving two different states into a combined city core. Local and regional investments are made into this project.

This project would not have been possible, if not both Sweden and Finland had joined the EU in 1995 so in one way the local project needed a wider policy framework that could tear down hinders of national borders. Before the free movement of goods that resulted from the EU accession there was a maximum of SEK 1,000 (€ 109) value for exported goods to Finland. This narrowed the local home market to be restricted within the border. Local investors did not see the point in investing with such small market potential and this hindered the development for the cities. The project meant that the home market is not stopped at the border but are expanded which had implication not only for the commercial/trade sector but also for the service sector.



The cities were during the project involved in getting information and benchmarking from border regions in Holland and Germany as well as border of Germany and Denmark. Haparanda-Tornio have now themselves become a best practice case to other border regions in adapting the European idea in forms of creating a region that has been divided by an unnatural border for 200 years, where the region have historically been a natural region of trade and exchange, are now once again becoming a place for a common trade and labor market.

The project is realising the European idea as it is developed at local level to create natural regions that have been hindered by borders. They are co-operating with the organisation, Association of Border Regions, AEBR, where the cities are members since 1996/1997.

From a social inclusion perspective the co-operation has increased possibilities for the people as many of the inhabitants can get a better education or a job on the other side of the border. For an example of a cross-national benefits has Tornio an occupational college where many from Haparanda are participating. Other examples are job commuting where people from one side are commuting to the other city for new job opportunities.

The city Haparanda-Tornio is located on the borderline between Sweden and Finland in the most southern point of the border with a lot of commuting between the borders. The Swedish border city Haparanda is a city of 11,000 inhabitants in a rural area in the province of Norrbotten in Sweden, one of the most northern regions of Sweden. Tornio, in the province of Lappland, consists of more than 23,000 inhabitants. The total number of inhabitants in Haparanda-Tornio is around 34,000. However, the geographical spread for market opportunities is widespread as the region covers about 70,000 people within 30 km and 500,000 people within 150 km in Sweden and Finland. If the ratio is expanded into 500 km the region also reaches the markets of Russia and Norway encompassing more than a million people with neighboring countries. About 14,000 people commute every day over the border where the E4 trunk road passes.

The current employment situation in the local area is clearly better than before. The total unemployment in Haparanda municipal is 10 % in March 2008, this is significantly higher (about 70 % more at that time) than the average unemployment in the whole country in Sweden (6 %). However unemployment in Haparanda has decreased from 16 % of the work force to 10 % from 2006 to 2008, which is a remarkable fast decrease as unemployment in Sweden has not decreased as much the same years although national unemployment figures have also been decreasing during this time period (Haparanda Kommunfakta 2008).

This local development is due to the establishment of the IKEA store and to a very large account due to the project On the Border. The project was a prerequisite for the IKEA establishment. Since the 1st of October 2005 to 1 October 2006, 240 new jobs were created which would equal 240,000 jobs in whole Sweden as a comparison for the importance of this project for the local area, as the ratio of inhabitants are about 1:1000 for Haparanda compared to the 9 million inhabitants in Sweden. In ordinary years before the IKEA establishment about 30 companies would establish them in Haparanda, now since 2006 this figure has doubled or tripled annually. In total today the number of companies is 934 that are established in Haparanda.

Since the initiative there has been an additional contribution with annually 30 to even 100 at the peak level (2005 - 2006) of new companies established. However, if one considers the subcontractors this figure will be altered into a much higher figure, but it is at this stage unclear how high (Kerttu 2008).

Haparanda-Tornio has the same population figures as in 2002, but the trend from the 1970s was before a declining population with a heavy out-migration. There have been expectations from the municipality that in-migration would result from the investments that are created from the project 'On the Border', however, there has been less commuting to jobs to Tornio as more jobs have been created in Haparanda and more job commuting from Tornio to Haparanda. In general, job commuting to Haparanda takes place within the trade, healthcare and service sector where job commuting to Tornio takes place to the industrial sector.

In 2007, the numbers of people with higher education living in Haparanda are about half of the average in Sweden.

The most important industrial sectors in Haparanda are Trade and communication, manufacturing and extraction, health and healthcare and finally the sector, education and research.

The number of early-retired people is twice as many in Haparanda than the average number in Sweden, with about 20 % of the people between 20 - 64 being early retired from the worklife in Haparanda (Haparanda kommunfakta 2007). This is partly explained by taxation rules as if one has worked in Sweden but lived in Finland earlier and if they would return to Finland they could risk double taxation, so after retirement they choose to live on the Swedish side of the border. According to the Enterprise Unit of the Municipal not many recruitments to early retirement are occurring at present time (Kerttu 2008).

Income per capita and source of revenues of taxation in Haparanda are below average with about 80 % of the average in Sweden. (Haparanda kommunfakta 2007).

Implementation of the measure

På Gränsen - Rajalla is a co-operative project of two cities located in two different countries, Haparanda (Sweden) and Tornio (Finland). In the middle of the border line they are building a centre where one can find - besides commercial services - also apartments, educational possibilities, jobs, culture and free-time options.

The aim of the project is to develop and built together the city centres of the Swedish city Haparanda and the Finish city Tornio into one common city centre area. The wider objective is to create pre-conditions to further develop business life, as well as service and accommodation for the inhabitants in the city centre thus improve mobility between the cities and for the inhabitants. Furthermore, the objective is also to increase the quality and comfort of the local surroundings. In addition the traffic security is also expected to be improved (Wigren 2008).

The start-up for the ideas of integrating the cities and their people started already for 20 years ago in 1987 (the joint committee : Provincia Bothniensis) in how to use the common resources in a better way and how to attract more people and business. During this period accompanied by a long political process a lot of projects have been launched in forms of a common school, common language campaigns and a Swedish



Finish adult education at high school level (*Folkhögskola*). Railway investments and other infrastructure projects are being made and since the entrance of the Euro this currency can be used in both cities with the same exchange rate (although Sweden has not introduced Euro nationally).

The overall goal of the project 'On the Border' was to increase attractiveness for the 2 cities. However, little of real value was accomplished during the first 8 year period as the border remained an obstacle in many ways, although some co-operation was made at municipal level through common waste water purification and water works. The distance of the cities at the time 1995 was only about 500 - 600 metres and the buildings that were closest to the border was the customhouse. The settings for integration was remarkable altered since both Sweden and Finland joined the European Union in 1995. The change in the international and local context with the EU-membership meant that new conditions and possibilities took place for integration and this was the start up for a long process for the search of new strategies to realise what this implication could give the cities in form of development and progress.

There is a win-win situation of co-operation between the cities. The national states have given their approval of the integration that is requested. However, not every request has gone through. For an example, are there requests for a common political body like a union of municipality assembly and a common organisation for the firemen department which due to national laws have not been possible.

One other large reason for the project is to reduce all kinds of border obstacles and to improve the everyday life for people and companies as well as optimise the economy of the community.

Objectives are also to create more employment as a result of promoting the infrastructure for business and attract more investors to make local investments in the area.

Membership in the EU has created conditions to implement concrete cross-border development projects. Haparanda and Tornio are situated at the centre of North Scandinavia as a practical example, and a link between people and countries.

One reason for the project 'On the border' are the historical close links between the people of Sweden and Finland in the local region. From the Middle-Ages has Tornio and Haparanda been lively places where trading took place and people met each other. The North Calotte Council (Nordkalottrådet) in different ways played a decisive role at an early date, by initiating co-operation and broadening exchange in North Scandinavia between Norway, Sweden and Finland.

Haparanda-Tornio also plays an important role in a wider perspective: as a point of entry into the Barents Region. Furthermore, the development in Russia in the 1990s totally transformed the situation, and made possible exchanges with Northwestern Russia.

From this perspective the public councils wishes to develop further interaction and trade within the region. The Barents Region once more will become a whole region. In the past too, Haparanda-Tornio functioned as a trade clearing centre, but also as an important entry point into the region. In historic times, the river was an artery, and today the Barents Road can take over that role, linking Norway, Sweden, Finland and Russia.

The administrative scope of the initiative was municipal. All start up talks and initiative was made from public representatives in a top-down perspective. Bengt Westman was the key political actor in Sweden and his counterpart on the Finish side was Raimo Ronkkainen.

The former local government commissioner Bo Erik Nilsson was before the project one of those who tried to get IKEA or another huge commercial actor to establish for the purpose of a commercial trade center. The present local government commissioner Sven Erik Bucht together with his predecessor Bengt Westman finally convinced IKEA to invest in Haparanda. Other political actors on the Finish side were Seppo Pelttari and Pekka Penttari.

To mention other initiators of the project 'On the Border' were the civil servants Håkan Sundkvist who were earlier head of the leading group and Mats Karlssons, at that time City architect, and are now on the Agency for roads (Vägverket) who was involved in the rebuilding of the E4 highway, which was of local central importance. On the Finish side Heiki Piriälä, architect, who had been a teacher and knew Swedish, Urjö Alamäki, principal of the Tornio School and Ritva Nousiainen, Co-ordinator Secretary, were all important for the start up of the project. The leading group consisted of various civil servants such as co-ordinators, people part of different community planning functions, civil engineers, architects and teachers/represents from the educational system. Most of the civil servants were a part of the Province of Bothnia (Provincia Bothniensis) which is the Haparanda-Tornio joint committee since 1987 with the purpose of integrating and to develop the cooperation further between the cities.

As a result IKEA was involved in talks of locating a new store in the border area between the two cities. The project was planning to establish a viable centre with a boost for the commercial area with some kind of a big actor setting up a larger department store.

Ingvar Kamprad, head of IKEA was not directly involved in the initiative but became personally engaged in the establishment of an IKEA-store in Haparanda. His decision to invest and to set up an IKEA store promoted the initiative as this spread more investments to the local area at the border and that the state actors became more perceptive of this area. This is believed to have helped getting state financing for the new direction of the E4 highway when the national government realized the potential for the area. The project would not have succeeded so well without the IKEA establishment.

The process of the IKEA establishing started with that the former Municipal local government commissioner Bengt Westman and the at that time and now current Municipal local government commissioner Sven Erik Bucht was bringing up constructive talks with the founder of IKEA, Ingvar Kamprad as a result of their search for a large consumer shopping centre to establish on the border. This search had been an issue for the municipality since 1986 and Bengt Westman had worked with these issues of regional industrial development since then. Thus a long process had begun from the political governance in the municipality in order to attract more private actors to the project 'On the Border'. IKEA was contacted already in 1998 but the business management in IKEA turned down the Haparanda-Tornio invitations from B. Westman and R. Ronkainen at that time due to that the national expansion plan was not ready yet as IKEA was prioritising expansion outside Sweden instead.



There were a number of different candidate cities for the IKEA-establishment and IKEA had wished to establish a store north of Sundsvall since 1966 somewhere along the coast but had not been sure of the timing and location until 2006.

In 2002, the bank Swedbank was arranging a conference where Ingvar Kamprad was participating. Bengt Westman and Sven Erik Bucht who went to the conference to have a personal discussion with Ingvar Kamprad ceased this moment and produced an investment campaign for the local business opportunities. Kamprad became interested of the location in Haparanda-Tornio to establish the new IKEA store and realised the potential with the project 'On the Border' that would increase the success factor for business.

After thorough market research and business plans IKEA and Ingvar Kamprad realised the market potential of this local region. He was personally convinced that this location would be the best market driven location that IKEA had of the other alternatives for their establishment up in northeast of Sweden. IKEA was at the time looking for a new location for their 16th department store. The other potential alternatives were Luleå and Uleåborg as the competitors for the establishment. They found that Haparanda-Tornio location was the best choice. The decision was thus taken on the most central level by the IKEA Head and director I. Kamprad together with his co-workers within their market department to invest.

The reasons for investments were besides reasonable business plans also that the judicial setting and rule work was in place for the two cities to melt together creating an attractive place for customers. The timing of the investment was also important as two other new stores were established in Kalmar and in Karlstad at the same time as Haparanda - all part of the expansion plan of IKEA Sweden at this time. The recent positive development of Finland also played a role that Haparanda was selected as the best location. IKEA took the establish decision on a market based calculation based on research that the area could attract about 2 million customers annually. It was also seen as a benefit that the area has two currencies, both Euro and Swedish kronor (SEK) and that the market would encompass mostly both Sweden and Finland.

Even if the foundation for the establishment of IKEA in Haparanda was mostly market based, there must also jointly be a social responsibility dimension for all IKEA decisions to invest. The market conditions were right for the investment and with the decision to invest, social values have been realised due to that about 200 local jobs have been created so far only within IKEA (Ståhl 2008).

The decision to invest in Haparanda is defined into CSR frames considering that this is a weak region with lots of rural areas. The area combines 4 nations and 5 people (Sweden, Finland, Norway, Russia and the Lapp people) which is in itself a CSR component to strengthen the links between different people and nations.

IKEA has since after the Haparanda establishment in 2007 been contributing with SEK 1 million (€ 105,260) annually (continuing until 2016) together with other business actors to a regional local council (Barents Reunion) which aim is to develop the region, promote co-operation between the different people together and investigate in how to create better market conditions. This was decided even before the establishment of the IKEA store and is viewed as a CSR initiative to improve the LED in the region (Ståhl 2008).



With the investment in Haparanda IKEA wish to:

- Become an attractive employer
- Develop the local region
- Integrate the CSR idea for Haparanda together with other partners for social responsibility.

IKEA works active with CSR and Environmental responsibility. Partners that IKEA have is for instance Unicef and Save the Children (Rädda Barnen). Hopefully could IKEA's presence local in Haparanda contribute to that the CSR message is strengthened and that some partners could establish themselves in Haparanda. So far it is too early according to IKEA to view any typical CSR effects, as the establishment is only two years old (Ibid).

Those actors contributing to the project 'On the Border' through private actors are those investing in the area. Besides IKEA the local business was contributing and was part of the reference groups for influencing how the commercial service should be developed.

Among the local business there was also a support for the project although not as great support as expected as some of the local business actors were afraid of increased competition more than attracted to the possibility to gain more market shares and growth as a consequence of reaching a larger market potential.

After the IKEA decision to invest many local actors changed their mind and became more positive as they followed up to make investments in the local area.

IKEA is currently expanding their store with regards to both, visiting and storage buildings. Normally the IKEA business model is to keep low storages in their stores, they have however altered that model for the Haparanda store as it is such a rural area it is needed to keep the products more in stock as the customers live within long distance. Normally IKEA also places their stores at suburbs and not in the middle of a centre. This could be viewed as a CSR aspect of IKEA to take the local conditions into consideration.

Before the project people were buying their goods far away from Haparanda, as the closest shopping storehouse was in Kalix and Kemi which is about 45 minutes from Haparanda or they went to Luleå (2 hours from Haparanda). It was within this range people bought their goods, as the demand was there but the supply was lacking locally. Now there is also a large supply in Haparanda for daily goods as OICA and Konsum had expanded their business. Business/market potentials were the driving force for the private establishments. Together with the neighbouring municipalities the commercial area consists of about 65,000 inhabitants. About 70 % of these live on the Finish side and 30 % of them live on the Swedish side.

The purchasing power of the retail business was about € 228 million (2005), the potential is huge whereas about 62 % of the purchasing power remained outside this area earlier, with a greater potential if more range is calculated with the market potential, which was the driving force for involving business and was the main reason for IKEA to establish their store in Haparanda-Tornio. Just like all other private actors investing in the region and in the local area partly because of this initiative 'On the Border'. IKEA became a benchmark with their investment and more companies



followed their example. The logic was that if a success company like IKEA dare to invest this must be good business making the rest of the business follow the IKEA investment. Today the number of purchase power outside the area is much lower as much of the purchase is being made in the local area.

The project on the border was a pre-condition for the IKEA establishment as the store needed a lot of infrastructure in place for the investment like water verdicts and a common lay out plan and local plan. Without the 10 year project on the border the establishment would have been impossible. IKEA viewed that the condition was the best in Haparanda-Tornio, thus it was as well a typical business case as a CSR case. Geographically the placement was best on the Swedish side of the border in Haparanda as the roads were situated, with both the highway E4 and road 99 leading to IKEA, where it is also at walking distance from those living in Tornio close to the border.

According to IKEA business and altruistic cases go hand in hand, business case is the pre-condition but the philosophy of IKEA is the importance of the people which include the customers, the suppliers and themselves. The business of IKEA must take the fully responsibility for their products, how they are purchased and the whole product chain. Business can never outcompete the value of people and environment according to IKEA (Ståhl 2008).

Other companies chose to establish in the city due to their investment calculations. The commercial condition also exists for the rest of the business sectors. A Swedish kitchen retailer store called Kvik established in Haparanda but is now out of business, indicating that if a business in Haparanda will not get profitability they will not stay for CSR reasons despite the border initiative. Of those companies establishing at Haparanda most of them are in the commercial shopping sector at the centre core and many other sectors are also experiencing a boom. These sectors consist of construction and real estate business, different service sectors, as surveillance as well as education and head hunting firms.

After the decision was taken in 2006 when IKEA publicly announced that they would establish on the border, growth increased and other business establishments increased. It also led to that other projects in Tornio were initiated such as the so called 'Samverkansringen' (Ring of Co-operation) set up by the municipal business unit and the municipal business company where local business is co-operating. In Tornio, a large galleria is being built of 40,000 m² where 20,000 are for commercial space.

Of all companies that invested in the cities, all decisions are taken central in the core company for the multi-national companies. These MNC are not seen in the statistics about registered companies in Haparanda as these companies are registered somewhere else. So there are partly local investors and larger MNC involved.

Objectives of the measure 'On the Border' were to:

- Create more jobs
- Bind together the cities to a functioning unit
- Increase attractiveness for those living in Haparanda-Tornio, increased immigration. The aim is not to become a big city but to be a pleasant small city with a high qualitative surrounding for visitors who should want to return to the city including the tourists.



- Increase the branding and fame of the cities with their unique developing features and their possibilities by their geographical location and developed co-operation
- Attract different investors from different sectors
- That the project will become a measure for development and growth. In addition, increased economical and social cohesion which in turn is necessary for a sustainable development.
- To become a role model of an example how local initiatives can create growth and employment and at the same time realise the EU-idea of developing regions despite national borders.

The project started with an architecture contest that was carried out in 1997 where ideas were competing of how the new city centre would look like. 4 - 5 contributions were compiled into a plan. This continued with the developing plans visions 1998 - 2000. In the plan of conduct (Genomförandeplan-Swed) the project has been divided into different phases whereby consequences are described in each phase. The projects are carried out in different stages during a period of 10 - 20 years. The plan of conduct contained inquiries for the economy as well as social and environmental effects for the project. An application to the court of water was filled in for measures around the water area. Pictures of phases for the area are completed. Tornio and Haparanda are respectively working with their lay out plans (översiktsplan-Swed) in co-operation for the area. The local plan (Detaljplanen) started in Tornio and was completed in October 2002. The actual building started at spring 2003. Into the new centre they are building senior apartments, a common police station and a shopping centre across the borderline. The local streets are also rebuilt to cross the border between Finland and Sweden. The new traffic circle makes the traffic easier.

Politically there was a clear majority in the representative bodies of both cities for the project. The issue was, however, in 2002 an object for a referendum, where the people surprisingly turned down the proposition with a slight majority against the project although the turnout was very low, about 50 %. A large part of those that did not vote were Finish people living in Haparanda. There was also a difference of opinion with the cleavage along the dimension city and countryside. Those living in the city were for the project whereas those living in the countryside were against. However, as referendums in Sweden are just advising and not binding for the politicians, the decision makers chose to carry through the project 'On the Border' anyway with 28 votes for and 7 against. Some political parties tried to gain political score and were against the project.

The implementation of the border project started with areas as customs and police force. Since the defense buildings were symbolically torn down around the EU-entrance at 1995 the civil servants and the rest of the actors in the project tried to move integration further.

All governmental agencies had a lot of opinions in how this project should be shaped. The County Administrative Board in Sweden was one of the actors that were the most skeptical many times.

In the beginning of the process lawyers from different public agencies emphasised that every step to realise the project 'On the border' must be preceeded by careful inquiries about the legal status of each action in every considerable aspect. The actors of the project realised that this will only cause delay and chose to do everything at the time



being for each project and in afterward check if they were breaking any laws through the public agencies surveillance. The agencies accepted eventually the process and it was clear after 2 - 3 years in 2000 that there are no laws prohibiting two cities to build a common square and a city centre.

As a result of that Swedish and Finish laws are very different in many aspects, the project has always chosen the tougher and more restricted of the two laws in each case where a law must be followed. It was impossible to harmonise the laws as this procedure would demand some kind of international regulation as the EU-law.

There is although increased building a lack of accommodations/housing in Haparanda which is a challenge for the private construction companies like Akelius, HSB, and NCC which are currently building more apartments.

It has also been of importance to find the right competence where the national employment agency (Arbetsförmedlingen, AF) has been very useful in finding competence of project leading. A new educational resource (Kvalificerad Yrkesutbildning) was provided by AF for the solution of supplying the labour market needed project leaders and managers.

The business unit of the municipality in Haparanda which is in charge of the process has obtained a succesful model. The political initions tried very early to get support for the project within all parties and also to involve the opposition in the process. If this had been done more political actors would have been part of the project.

A great process of change was that it took a lot of effort into convincing people that it would be possible that this region would get the sufficient growth as a result of this project. Most of the people were although in favor of the project, political work and real effects of the project convinced even more people.

As Haparanda was one of the poorest regions in Sweden the development needed a change and to break the declining spiral and make it a positive one. To work with clear aims of what the future will bring as a result of this project was important for its fulfillment.

Characteristics of the practice

The project and the enterprise unit of the municipality used the balanced scorecard in all decision making and the co-ordinating process. Involved actors are the Business national centre (Företagars riksförbund) and the commercial chamber for border trade (gränshandelskammare) and the municipality has good relations with the confederation of Swedish enterprises (Svenskt Näringsliv).

The actors tried to make a whole picture of small parts into different levels of the co-operation, which meant that the process involved different work in the working groups. The project leading group was the head of all working groups. The head of each working group was the one who was formally in charge in his ordinary sector, they were also in charge of each respective sector in each working group. These were for example subworking groups like senior organisations such as PRO, youth organisations, community planning group and company organisations were represented into different phases of the project.

The head of each working group was responsible of setting the wider framework within their work although the overall responsibility for the wider framework had the municipality board and the project leading group.

Sometimes some of the working groups saw little use of their work until it came into the right context, as some ideas could be realised somewhat late in the process when other issues needed to be arranged first. The reference groups had a common pool where they solved problems together in a dialogue with the local business.

When the project is running many ideas and proposals on how to continue the project are stemming from the public like from pupils in school and other citizens. This is a typical bottom-up process.

The conducted process has been balanced by the balanced scorecard model where business, investors and other involved actors had been meeting both in regular formal and informal meetings.

Other examples of interaction is the co-operation of the council of export and the commercial chamber for border trade together with the Swedish-Finish School (Folkhögskolan) that will set up a project of a Chinese competence centre.

The target groups involve:

- All inhabitants in Haparanda-Tornio
- Business, in two perspectives, both to maintain companies local in the city but also to attract local and regional companies to become willing to invest in Haparanda-Tornio
- Actors in the EU who want to see more cross-border co-operation competence, such as CBCC

There is great local relevance as it is a local measure receiving local results. The local development is the engine in this project. The project has meant not only realised objectives and good statistics for lowered unemployment and better economy but also that people in Haparanda-Tornio are now equipped with more belief in the future, optimism, content feelings and a great pride of their cities.

IKEA found it specific that the establishment in Haparanda is on the border of two nations and that it was a particular interaction with a bilingual department store as well characteristically to get to know the Finish culture. The Finish market was interesting and IKEA states that the 'On the Border' project made it more interesting to invest. There was a large need on the Finish side for a big department store like IKEA when this supply was lacking.

Those companies that are investing, even if they are a company that takes social responsibility as most of the companies do, are in for the profits and that is the main reason for the establishment in the local area. In the beginning the cities are creating the pre-conditions, after that the private investors takes over financing most of the buildings and investments. Since some time in the project the municipality is no longer building houses and apartments as private companies like NCC, HSB, Akelius and local building contractors are now performing these investments. There must be private investors otherwise the project 'On the Border' would fail.



However, these private investors are not driven by any philanthropic ideas but are rather interested in increasing their profits and to develop their business interest as well as taken a CSR for the local area at the same time.

The public initiative and the private investors are totally dependent on each other. The investors would and could not be able to invest, unless the public sphere would have provided a community planning first. Investors often demand efforts from the public sector in forms of enough efficient infrastructures, i.e. the community will after investing like in this project 'On the Border' become dependant on investors.

Not any contradiction between competitiveness and sustainability have been found in this case. The meaning is that long-term profitability must rely on sustainability both for social factors and for environmental factors. Competition is needed to push the development forward. IKEA states that when they commit they do that with the intention to stay on permanent bases. There is no conceived contradiction between competitiveness and sustainability.

There is a regular follow-up in several aspects which is conducted by the cities which is their responsibility and are being made of all parts of the actors, including the project leaders that are pursuing the local plan, as well as the rest of the project leading group, all working groups, the city architects and the Authority for Water Supply. They all see to that plans are kept to the schedule, that verdicts are followed, and revaluation of new jobs are created, environmental affection etc. In the local plan are also air effects and environmental consequences described. The evaluation is not enclosed in a particular document but is a continuous work made by the cities.

However, several other actors than the municipalities have been working with evaluations like external consults. There have also been a number of external actors taken part for bench marking purposes.

The Principle of Public Access (Offentlighetsprincipen) is very strong both, in Sweden and in Finland.

The project group is working and interacting with the whole community as they want the community to influence the project so that the local characteristics of the project are prevailed. This is being done mainly by the typical media channels like newspapers, TV, radio, webpages, leaflets, meeting both internal with the own staff as external etc. All traditional channels of reporting within the municipality are also used.

One EU-INTERREG programme condition is also to spread and inform the public of the practise not only to the municipality but also to the inhabitants to involve them into a wide dialogue. This is viewed as a bottom-up perspective process.

This project has been a billion (SEK) investment from private companies, the state has invested into infrastructure like roads and railways. The municipality has sold land for about SEK 100 - 150 million (€ 11 - 16.5 million). The infrastructure for the municipalities has not been a strain for their fiscal budgets as very much of the investments of infrastructure have been financed through sales of land. The annual budget has a lot of variation from each year to another depending on the building plans.

The innovative plan is that the cities share the costs 50/50 at all times even if one of them would gain more in the short run of the particular project. If one city benefits the people on the other side it is still benefiting as the labour force could come from Tornio if something is carrying out in Haparanda. About 50 % of all planning is financed by the EU the rest is financed by the municipality.

IKEA is also donating as earlier mentioned SEK 1 million annually to the cluster organisation Barents Reunion and will have at the end of the day donated 10 million during a ten year period finishing at 2016.

The cities also wanted to merge important public institutions like police, prosecutor's service, and the fire department in order to make economy of scale advantages and to rationalise the operations. This measure has, however, not succeeded so well due to national obstacles in form of national laws to merge these organisations. The resistance can be found at the central level of the administration in these public institutions as at the local and regional level they have been for a further integration and a common formal organisation. However, some informal co-operation takes place even within these organisations mentioned.

There is a disappointment that integration has not gone even further and a frustration that the states at the national level have not been doing enough in order to erase border obstacles. The feeling prevails that the national governments of Sweden and Finland have neglected this local area. However, a pre-condition for the project is not central support but more important is local support to accomplish the objectives with the project.

The resistance of the project had its peak around the referendum at 2002, thereafter since more establishments have been realised and the result is becoming clear more positive atmosphere surrounds the project. There was a constructive dialogue of what must be done in relation to other parts of the cities as there were worries that the old city centre would be suffering from the new project of setting up a new city centre

Changes in the process have occurred all the time, integrative processes with the agencies, citizens and investors have been needed. It has been the municipalities that made these decisions when changes have been needed for investors, although always under the influence of the customer. For example, when IKEA requested to adapt the local plan of the area to their needs, these conditions were met fully. To conclude the customers and financers of the municipalities always have a great influence of the process of the commercial sector.

Worth to mention is also that other changes of process in the community planning have also been done in a democratic way. During the planning stage views have been received from the public, investors and working groups in how to improve the work of the development plans. After these groups have consulted leading groups and boards, they have altered former drafts and implemented those new ideas leading to an improvement of the city planning.

Different thematic issues have been solved in special work groups as for example in environmental issues or traffic issues. These groups have sorted out the obstacles and have provided insightful perspectives for each area. Public processes with exhibitions have been the leading way of getting to know the attitudes from the public so that new questions could be raised.



The actors in the project must be flexible as the whole idea of the project is driven by flexibility as there is different legislation in each country. A more global decision making process in order to harmonise national laws is needed which can not be done at the local level, thus creativity and flexibility is needed.

A strong belief that success is possible is the key to success according to IKEA that concludes that the forecast for the store was a million customers the first starting year, up to a million customers was achieved already the first half year.

Other success factors that laid the foundation for the success of the project 'On the Border' was:

- To get the people of the cities convinced that this would be good for the development and get them to become willing to invest the necessary capital as well as be in favour of new changes in the local surrounding.
- Private capital was needed and the possibility for the municipality to sell land in order to gain capital.
- New jobs that resulted in more tax revenues which led to that the aim of the cities could be fulfilled.
- Investments in both Haparanda-Tornio, and that no competition between the cities prevailed but instead a great co-operation climate with very close co-operation and trust between the cities more than what national municipalities have achieved within the borders of Sweden.
- Good knowledge of both the Swedish and the Finish judicial system was required. Pragmatic way of solving judicial problems.
- Customer base for the investments, which was proved by the municipalities that this was the case.
- Good geographical location, with surrounding countries around the local area.
- The initiative power of the municipalities with engaged local persons that could drive the project forward and not just wait for national approval for going ahead with integration between the cities.
- Removal of borders and border hinders that was partly removed by the EU-membership.

Furthermore, as stated is that the EU-membership was essential and a pre-condition for the launching and realisation of the project. In addition the following points are essential for the project:

- Finland's and Sweden's membership in the EU
- Internationalisation
- Development through regional co-operation
- Development through co-operation with other regions
- Development in competition with other regions
- The state of Sweden and Finland expects more local engagement from the municipalities



- Local initiatives are needed for success
- Developing new measures for over the border regional developing planning from a European perspective (ESDP)
- Developing plans as a means to accomplish development and growth (www.pagransen.com 2008)

Impact of the measure on the local labour market

The acceptance of the project has increased since 2002 after the referendum, even if the acceptance of the local public were high already in the beginning. The more establishment of investors, since NCC and IKEA decisions to establish themselves in the city, have contributed to more and more acceptance even from those who were skeptical in the beginning.

Some people in Haparanda had fears that the Finish influence would take over the city or that the old city core in Haparanda would lose out of the co-operation. There was also a fear from local business that increased business investments would result in increased competition for them, but on the positive side this would also mean a larger supply and more choices for the consumers.

Nowadays a vast majority of the inhabitants are for the project since it has meant increased possibilities and an improved new city core. Now about 95 % of the population are in favor of the project. The IKEA establishment receives about 2 million customers every year and the store also gives pre-conditions for many other companies.

For a society of about 10,000 inhabitants this project gave enormous effects for the labour market. Only during the year IKEA established their store 239 new jobs were locally created in the municipal Haparanda and in the following years 2006 - 2007 about 200 jobs were created, which was a high contribution for the local employment. About 200 people are employed only in IKEA in 2008, at first the plan was to employ merely about 100 people. 4,000 people in total are now employed in the municipality of Haparanda. The labour market has also become more differentiated as more qualified labour is demanded and there is also a demand for labour that is not so traditionally dominated by men but more gender neutral, thus leading to a more gender equal labour market. (Kerttu 2008)

A close to Clondyke effect has been created in Haparanda-Tornio and many people have moved to the city. Positive effects of the labour force in upskilled competence means more skilled workers for the companies and increased job possibilities for the workers. Private interim agencies are establishing in Haparanda, like Manpower and Adecco. A lot of processes have led to that HR-managers now have an easy time to recruit the right people. There have also been spin-off effects for businesses with more establishment from business, also the industrial sector is now establishing more investments in Haparanda. It has also created a positive attitude towards the future. More people are staying within the community; this is a change of trend from the 1970's when much of the industry was leaving Haparanda..



The interest for IKEA is huge in the whole region of Barent and IKEA claims that the customer potential is huge from Swedish, Finish, Norwegians and Russian people. There is also an increased in-flow of capital to the region and less outflow as more investors are investing in the local city. More regional actors are involved in the city Haparanda-Tornio from Sweden, Norway and Finland. Increased competition within certain sectors is also an effect for business, for example in the commercial trade sector

Value-added created by the 'CSR aspect' included in the LED initiative is concluded to be the following outcomes for the cities.

- The population has now doubled in the Haparanda municipality since 1970.
- Employment has boomed in Haparanda, leading to a decrease in unemployment figures from 16 % in 2006 to 11 % in 2007. The unemployment would probably be around or somewhat less than 16 % if not for the project and the IKEA establishment.
- Price increase in land and property goods, real estates etc. with about 30 % - 50 %. House prices have soared with 50 % since 2006. Those owning their houses and land are the winners.
- The municipalities have gained a lot financially due to soaring land prices. Before the land was practical worthless and now a good value of market price is used for sale.
- Out-migration from the city has declined. It is viewed that out-migration is no longer the only alternative since more people like to stay in the municipality.
- More optimism among the citizens
- Business climate is strongly improved. Ranking Haparanda recently to the 103rd place (2008) as the best municipality for business as the placement before the project was at around 260th place according to ranking by the Confederation of Swedish Enterprise.
- The trademark of the cities has been improved both in Sweden and in Finland. As Haparanda-Tornio is expressing quality and supply as a result of the project.
- Building of a strong region has begun since the cities will gain increased importance regionally.

There has not been any major problems to be overcome in the project. A challenge for the project was initially to get all kinds of stakeholders willing to participate into the project, like the police force, judicial system and relevant public agencies in how they could co-operate more and gain benefits for their operations.

This was overcome by that the municipalities clearly showed that this was a win-win situation and that they could (also the national authorities) get more out of co-operation than going their own way.

In practice, this was achieved through the fact that all relevant actors and a reference group consisting of different administrative authorities been taken part in lots of meetings where they have been regularly consulted about what would happen in the planning process. The stakeholders like administrative authorities have been granted the opportunities to influence the physical environment and had possibilities to influence the process at all time.



IKEA is mentioning that it was challenging to handle a new country as Finland in a Swedish store but this was not really a problem.

At the time the project started at around 1999, many of these stakeholders were very preoccupied with internal reorganisation, as a consequence they felt many times that it was not possible to participate in the project thus this became initially an obstacle in the project. Many of these problems were solved locally where it was possible as many of the organisations locally had much to gain in co-operation over the border even if there could be some resistance left on the central level of these organisations. The National board of trade (Handelskammaren) was also hard to work with in different aspects.

However, the EU-membership changed the setting, as it is now much easier to co-operate within police, fire department etc. But still it is not possible to have one's own judicial, legal bodies that are accountable over the border region.

An obstacle that was removed due to the EU-accession was that garbage disposal is co-ordinated better as before the transports from Sweden to Finland needed an approval from the Swedish environmental protection agency and the alternative was to transport the garbage to the city Umeå which was further away.

Prior to EU-membership it was not possible to make deposits of Euro in Tornio from Haparanda as this needed an approval of the responsible financial agencies. This was seriously hurting businesses in the area. Since the EU accession one can use the Euro everywhere in the Swedish city Haparanda and tourist companies can market themselves with Euro, as this is an accepted and normal currency used locally.

There is a strategy and an overview in how to avoid that external links will be neglected. The mode of operation is networking into broad networks to avoid any lock-in effects.

For example there is an ongoing co-operation with other municipalities in form of the university co-operation between the Swedish cities Haparanda, Kalix and Övertorneå and on the Finnish side Kemi, Tornio.

The municipalities Haparanda-Tornio have also joined a regional cluster in a local government federation called the Bothnia Arc (Bottenviksårgen) together with a range of Swedish and Finnish municipalities along the Bothnian Arch.

The balanced scorecard is also a measure to be used in this perspective, as mistakes are not repeated and there is a strategy to approach certain issues. It is also very much the same people working with city development issues, and enterprise development as the competence is found locally.

The project 'On the Border' will not tear down one border in order to set up another one. The successful co-operation with Tornio will pursue more co-operation with, for example, the city of Kalix. The idea is to open up towards as many cities in the region that is possible to start more local projects also across other borders like Swedish-Russian and Swedish-Norwegian.

Those who wanted to take part of the project have been welcomed to do so as small cities cannot afford to exclude someone, and Haparanda has always been in demand for external competence like consultants, specialists and architects.



The lessons learned in the politics field are that all growth initiatives must derive from local initiatives and that the national state or the EU can not order growth through remote actions. Nothing is gained for free as it must be initiatives of systematic and sustainable hard work both in the short and long run.

Bengt Westman, one of the initiators of the project regrets that they did not communicate the project better as not all people were so enthusiastic about the project. They should have more established the project within people and convey the reasons why launching it and what was the purpose with it. Politically, more groups and a broad majority should have been involved, also the opposition parties as they otherwise worked against the project instead of in favour for it.

The project also shows that nothing must be permanent, increased possibilities could be created to make something new even if there is a border that separated two cities. The trade over the border is an ongoing process and is changing all the time; this project is leading to more stability than before.

Future issues

The plans for the coming years for the project is that:

- The project will continue to develop the different areas of the city
- Private investments will continue mostly at the new centre at the border area.
- Create more public spaces in the city centre which will increase the city quality for the citizens
- 200 more apartments in the city centre. More houses are also built in the outskirt of the cities as there is a construction boom at the suburbs. More construction work all over Haparanda-Tornio
- The cities will continue to build common areas which are of mutual beneficial
- E4 trunk road will continue to be modified
- A new main railway line is to be built which will be finished in 2011 and it will shorten the distance with 90 km to Finland.

IKEA is mentioning that they have already been building out their storehouse (both parking and storage). They will take a bigger responsibility by being a role model in practice and a door opener for further investments of other entrepreneurs in the region.

There are different expectations of different outcomes for the project. It was not so easy to establish the vision of the project. A street called Granngatan towards the new city centre that one could take this road and not only the E4 was a concrete result of the project. Among the public there were different opinions of this street, but most seemed to find it good although it became very trafficked, however, there was a need for the street in the city infrastructure.

There are future expectations that Sweden should introduce the Euro nationally. It is also expected that the national state will interfere as little as possible as the local view is that the state is inhibiting local growth.

Furthermore these expectations will conclude:

- The citizens expect a good city to live in.
- The municipality wants more jobs and a stronger public economy and a stronger economical development for the local business.
- Business expects more profits.
- At regional level some cities could find that the status are getting to good for Haparanda-Tornio as they are surrounded in a state of competition with other cities.
- The public agencies have a hard time to adjust to that there is no longer a border between the cities.

IKEA want to nurse the good relations towards the politicians and ensure good growth for the business set up in Haparanda and infrastructure development through future participation in the project Barents Union.

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Sources

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As this is a Swedish contribution, focus are being made of the Swedish sources whereas direct Finish sources like interviews are lacking in this study.



Interviews

2008-05-13, 2008-08-07 Stig Kerttu, Business Coordinatator in Haparanda municipality., tel. +46 922-152 59 Mail: stig.kerttu@haparanda.se or stig.kerttu@overtornea.se

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2008-05-14 Bengt Westman, former local government commissioner, tel. + 46 70-5175002

2008-08-06 Eva Ståhl, Press Secretary, IKEA Sweden, tel.+46 708 35 10 11

Annex II - Glossary/List of Abbreviations

CSR	Corporate Social Responsibility
CV	Curriculum Vitae
DG	Directorate General
EES	European Employment Strategy
e.g.	for example
ERDF	European Regional Fund
ESF	European Social Fund
EU	European Union
EU-15	Austria, Belgium, Denmark, Finland, France, Luxembourg, Germany, Greece, Ireland, Italy, Portugal, Spain, Sweden, The Netherlands, United Kingdom
HR	Human Resources
HSE	Health, Safety, Environment
i.e.	that means
IT	Information Technologies (e.g. internet, e-mail)
LED	Local Employment Development
NGOs	Non-Governmental Organisations
NMS	New Member States (i.e. Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovak Republic, Slovenia)
NUTS	Nomenclature des unités territoriales statistiques ; European system of classification of territorial units for statistics
NPOs	Non-Profit Organisations
OECD	Organisation for Economic Co-operation and Development
PES	Public Employment Services
SME	Small and Medium-Sized Enterprise (companies with less than 250 employees)
TEP	Territorial Employment Pact
UEAPME	Union Européen de l'Artisanat et des Petites et Moyennes Entreprises (European Association of Craft, Small and Medium-Sized Enterprises)





Annex III - Country Codes

ISO Country Code	Country Name
AT	Austria
AUS	Australia
BE	Belgium
BG	Bulgaria
CAN	Canada
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
ES	Spain
FI	Finland
FR	France
GR	Greece
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	The Netherlands
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovak Republic
UK	United Kingdom





Annex IV - List of Partners

Country	Institute	Role
AUS	Swinburne University of Technology, Faculty of Business and Enterprise	National contribution
AT	Austrian Institute for SME Research (KMU FORSCHUNG AUSTRIA)	Project Co-ordination Steering Group National contribution
BE	European Association for Information on Local Development (AEIDL)	Steering Group
BE	EHSAL	National contribution
BG	Foundation for Entrepreneurship Development (FED)	National contribution
CAN	Centre de recherche sur les innovations sociales – CRISES	National contribution
CY	Economarket Bureau of Economic and Market Research Ltd.	National contribution
CZ/SK	PERITUS	National contribution
DK/SE	Oxford Research A/S	Steering Group National contribution
EE/LV	Baltic International centre for Economic Policy Studies (BICEPS)	National contribution
FI	Business Research and Development Centre	Steering Group National contribution
FR/LU	Citia	National contribution
DE	Institut für Mittelstandsforschung (IfM)	National contribution
GR	University of Pireaus Research Centre	National contribution
HU	Small Business Development Center, Corvinus University	National contribution
IE	Tom Martin&Associates	National contribution
IT	IULM University, Economics and Marketing Institute	National contribution
LT	Institute of Business Strategy, KTU	National contribution
MT	Economic&Management Consultancy Services Ltd.	National contribution
PL	Entrepreneurship and Economic Development Research Institute	National contribution
PT	Tecninvest 2	National contribution
RO	Chamber of Commerce and Industry of Romania	National contribution
SI	Faculty of Economics and Business, University of Maribor	National contribution
ES	Instituto Vasco de Estudios e Investigación (IKEI)	National contribution
NL	EIM Business & Policy Research B.V. (EIM)	National contribution
UK	Institute of Governance and Public Management, Warwick Business School	National contribution

