

Action Plan of Corporate Social Responsibility in Estonia 2012 - 2014

Introduction

In brief, **corporate social responsibility (hereinafter CSR)** is a sign of quality of a well managed enterprise which is often a precondition for entering into economic relations with international clients. An organisation is responsible for the effect of its decisions and activities on society and environment through transparent and ethical behaviour which:

- contributes to sustainable development, including the health and welfare of society;
- takes into consideration the expectations of interest groups,
- conforms to appropriate legal acts and international rules of conduct and
- is part of the daily operation of the enterprise and manifests itself in relations with partners and interest groups.

Preparation of the Action Plan of Corporate Social Responsibility in Estonia was initiated by the Ministry of Economic Affairs and Communications, Enterprise Estonia, Estonian Chamber of Commerce and Industry as well as enterprises and with the assistance of Corporate Social Responsibility Forum and Estonian Business School. The input for the action plan has been submitted by the representatives of organisations and enterprises who belonged to the working group and the members of the Think Tank of Socially Responsible Enterprises.

At the level of the European Union the guidelines for preparing the CSR strategy are provided in the renewed CSR strategy of EU 2011-2014, adopted in the autumn of 2011, and which is part of the Industrial Policy of EU.

OECD has created guidelines according to which the existence of the CSR strategy should be mandatory for state enterprises, government invested enterprises, enterprises that have received support from the state (Enterprise Estonia, KredEx etc) and recommended for the whole corporate spectrum. Older OECD member states (Sweden, the UK, Germany) have made a proposal that new acceding member states be required to have CSR related activities, which can be perceived as a move towards a uniform competition policy of the EU internal market.

The action plan conforms to and supplements the connected national development plans, for example the plan of promotion of environmental management 2012-2020, etc. When implementing the CSR action plan, the objective is to supplement not duplicate the activities that are connected with the CSR theme, for example in the fields of social welfare, environment, education or civil society.

The CSR action plan covers the transition between the EU funding periods of 2007-2013 and 2014-2020 in order to launch cohesive activities with an aim of raising target groups' awareness of the relevance of the CSR theme. The objective of the action plan is not to take on new permanent obligations at the level of the state but to provide a development impulse in order to allow the CSR related activities and the interest of the associated groups being taken to a higher level than before. The state foresees, after the action plan has been implemented, grown awareness of the enterprises and the free sector as well as their increased role in further initiation of the theme and keeping it up. In preparing a new development plan of corporate and innovation policy, there are plans to include the CSR theme in the development plan.

It is relevant that people, enterprises and organisations would understand that activities and processes have an economic dimension, environmental dimension and social dimension. Before

enterprises start applying principles of CSR activities, they must be able to perceive the commercial profit related to them, likewise, the state must understand the main profit obtained from preparing a policy conducive to corporate social responsibility as part of the big picture.

- **Rise in national competitiveness.** Although there are many factors that determine competitiveness of states, studies have indicated that extensive implementation of CSR related principles also exerts a positive influence on it, as does the use of resource saving and innovative technologies, and development of environmentally friendly products significantly raises international competitiveness of Estonian enterprises.

- **Progress of new civil governance.** A new trend in society is relocation of traditional power relations: co-operation between different sectors is becoming more relevant. Co-operation between the public and private sector makes it possible for the provision of certain public services to be relocated to the private sector, enabling all the parties to focus on their main activities and goals.

- **Supplement for the social and environmental policy of the public sector**

Traditionally, the objective of the public sector has been settlement of the social and environmental problems of society. The national CSR action plan associates enterprises more with these issues. For effective distribution of tasks and co-ordination, it is necessary that the public sector should create a general political framework, thus enabling enterprises to interfere where it is most productive. Inclusion of the private sector allows a more quick and professional response to challenges that emerge and, first of all, prevention of any potential problems.

- **Benefit for the enterprise.** Socially responsible activities, dissemination of both domain-specific and CSR related awareness of the enterprise help build up and keep up reputation of the enterprise, which is a relevant basis for reaching good business contacts and better transactions - on the one hand, partners wish to co-operate and buy from an organisation that is respected, on the other hand, if an enterprise lacks a CSR strategy, making transactions with certain foreign enterprises and participating in foreign public procurements is not possible. A good reputation also helps find better employees, the employees are motivated and more productive, wish to stay in the enterprise for a longer time, this way reducing the costs connected with employing and training new people. Careful and planned, economical use of resources, the best possible technologies and (eco)design of products/services do not only spare the environment but may yield direct economies.

The objective of the CSR action plan as part of the Estonian corporate policy is to determine the activities of the state in promoting corporate social responsibility in Estonia.

An example of a socially responsible enterprise. For a printing company located in Tartu, the themes of social responsibility connected with the activities of the enterprise became more topical in 2002. The owners of the enterprise were convinced that business activities cannot be in conflict with their personal values. It was also understood that employees want to be associated with an enterprise where there is a positive working environment through caring and shared values. In the enterprise, it was also noticed that in a very competitive market, transparency and a sense of responsibility are the properties that customers start valuing more and more. Since then, conscious attention has been paid to corporate social responsibility, improving by the year its environmental activities, quality policy, creation of a caring working environment and transparent relations with partners.

Year by year, the environmental policy and environmental activities of the enterprise have been perfected and production has been brought into conformity with the standards of various international environmental labels. When designing the product portfolio, it is the needs of the market that the enterprise is guided by and on the basis of the analysis of the results of customer

satisfaction questionnaires, the service is designed in such a way that it would meet the expectations of customers most. The employees are involved in the development of the enterprise, for achievement of which joint team training sessions are conducted. Employees' expectations with regard to planning the working time are taken into consideration as much as it is possible and voluntary activities are encouraged. A prominent place in the socially responsible activities of the enterprise is held by disseminating and supporting environmental education in its own field. The enterprise organises, for the purposes of raising awareness in its production, visits for different interest groups, sharing its experience and principles of environmentally friendly technical solutions.

By now, a well thought out socially responsible management of the enterprise has clearly made them successful not only in the Estonian market but also in foreign markets. Foreign partners value their socially responsible activities and their forethought to such an extent that on several occasions, it has been namely those values that have provided impetus for co-operation.

Strategic goals and activities

Indicators

Indicator	Base level 2012	Target level 2014
Number of enterprises participating in the network of corporate social responsibility	25	100
Number of enterprises having the label of corporate social responsibility	30	50
Total number of enterprises that participated in training sessions and seminars related to corporate social responsibility	150	1000
Percentage of enterprises that started with corporate social responsibility related activities among those completing the training	missing	30%

All the activities of the action plan of corporate social responsibility shall be implemented by the end of 2014.

1. Strategic goal:

The state has designed the system of recognition and certification of enterprises and analysed opportunities of expanding activities of corporate social responsibility.

Activities:

a. Development of principles of recognition in order to recognise successful enterprises
 i) Renewal and expansion of the recognition scheme (for example, on the basis of index, as a business award, certificate or some other form of recognition))

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b. Analysis of the system of labels of Estonian corporate social responsibility and if necessary, their

further development (certificate, label, stage or some other form of recognition)

The label "Socially responsible enterprise 20xx" will be recognised nationally and if possible, also at the European level. An internationally recognised label (also the one issued at the local level) helps raise the reputation and rating of the state in general as well as that of the entrepreneur who was awarded the label. The label may have various levels and categories with the aim of raising CSR related awareness in various associated groups and allowing a more uniform and extensive understanding of the purpose of the label. The label must complement and consolidate and not duplicate the recognition schemes in use at present and managed, for example, by the Ministry of the Environment and the Ministry of Social Affairs (for example, Environmental Deed of the Year and the Most Eco-Active Person of the Year; Application of the environmental management system; Free will contracts; EU Ecolabel scheme; Green key, etc).

- i) Harmonisation of the system with other connected labels and certificates in Estonia and abroad.
- ii) Taking into consideration the size of the enterprise and peculiarities of the field of activity when creating the system.
- iii) Informing enterprises about the necessary steps/developments inside the enterprise in order to qualify for the certificate/recognition, provision of training in this respect.
- iv) Raising public awareness with regard to the essence of the certificate or other form of recognition.
- v) Introduction of the control mechanism

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c. To analyse possibilities of taking into consideration CSR when organising public procurements. In co-operation with the Ministry of Finance the justification of taking into consideration CSR and possibilities of conducting public procurements are analysed, also in the context of a possible additional administrative burden.

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2. Strategic goal

Entrepreneurs, (foreign) investors, consumers, officials, business consultants, professional associations, media, opinion leaders and other associated groups are more aware of corporate social responsibility.

Activities:

a) Conducting of campaigns, seminars, events

- i) Introduction of the principles of corporate social responsibility in state enterprises and government invested enterprises.
- ii) When introducing Estonian business abroad, focusing on the corporate social responsibility related activities of Estonian enterprises and Estonia as an example of corporate social responsibility.
- iii) Raising consumers' awareness of corporate social responsibility and its connections with the prices of products and services.
- iv) Inclusion and training of citizens' associations, business organisations and spokespersons and encouragement of their network based activities in order to amplify public handling of the CSR theme.
- v) Formulation of the concept of integral awareness raising.

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b) Collection of good examples of enterprises and their dissemination among associated groups through various channels (Internet, printed collections, campaigns, events, etc)

i) Regular updating of the bank of good examples with the help of professional associations and umbrella organisations.

ii) Creation of a corresponding Web environment for presenting good examples or linking with some environment administered by the state, for example the Enterprise Estonia website.

iii) Regular publication of the collection of good examples and its dissemination in co-operation with professional associations and business and umbrella organisations.

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c) Inclusion of the theme of corporate social responsibility in business studies at comprehensive and vocational schools and universities

i) Handling of the theme of CSR in business studies.

ii. The subject of CSR is included in the business studies curricula of universities and colleges. The subject is analysed and developed in co-operation with CSR speciality experts.

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d) Offering training sessions for entrepreneurs and associated groups

i. Creation and dissemination of tools/study materials meant for independent use (for example, Web based instructions, exercises, steps to be applied inside the organisation, etc)

ii. Offering training sessions and counselling to enterprises

iii. Development of the network of socially responsible enterprises

iv. Systematic offering of training sessions to business consultants of Enterprise Estonia

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