

**CSR and Competitiveness
European SMEs' Good Practice**

National Report Spain

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Authors of the Report:



Project Co-ordination:

KMU FORSCHUNG AUSTRIA
Austrian Institute for SME Research



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1 Introduction

About the project

Corporate Social Responsibility (CSR), generally understood as voluntary initiatives going beyond legislative requirements and contractual obligations ("responsible entrepreneurship"), is continuously gaining importance with regard to both, public and private discussion as well as its practical application in European enterprises. However, comparatively little is known about the engagement of Small and Medium-Sized Enterprises (SMEs)¹ in CSR activities as well as on the relationship between respective initiatives and the SMEs' competitiveness.

Against this background, the European Commission launched a call on *Mainstreaming Corporate Social Responsibility*² in 2005 to support the take-up of CSR among SMEs as a means to enhance their competitiveness. One of the projects funded by this programme (also see http://ec.europa.eu/enterprise/csr/ms_sme_projects.htm) refers to the study "CSR and competitiveness – European SMEs good practice". This research is conducted by an international research team³ under the lead of the Austrian Institute for SME Research (KMU FORSCHUNG AUSTRIA) and focuses on analysing the essential linkage between the competitiveness of small and medium-sized enterprises (SMEs) and their CSR activities in seven European countries (Austria, Finland, Germany, Norway, Poland, Romania and Spain).

The document on hand constitutes the national report for Spain, providing an overview on the most important national, regional or local (semi-)public actors as well as their strategies dealing with CSR and the deployment of CSR in Spanish SMEs. With regard to the latter, five illustrative case studies of CSR activities at individual company level have been elaborated, pinpointing the possibilities of small and medium-sized enterprises to become involved in CSR as well as the potential effects of such initiatives. Next to being presented in this national report, the respective findings have also been included in a consolidated European report compiling the information gathered at national levels by the local experts into a cross-country analysis.

From a temporal perspective, the origins of CSR in Spain can be dated in the nineties, when the concept of Social Responsible Investment (SRI) started to be introduced by organisations in the area of collective investment and pension funds (i.e. INVERCO). Also the process of integration of Spanish companies in European and international markets allowed them to get acquainted with the concept and related practices, though mainly for large scale and multinational enterprises. Also, Spanish consumers began to be conscious about questions related to the environmental responsibility of enterprises.

Thus, the Corporate Social Responsibility concept has gained considerable recognition in Spain over the last years, as it will be seen in the next pages, with a relatively large number of initiatives both at public and private level (foundations, official committees etc.). Currently, there is a growing debate about the voluntary or compulsory implementation of CSR principles. On the one hand, most public authorities and business associations consider that CSR actions

¹ According to the European Commission, Small and Medium-Sized Enterprises (SMEs) are independent business entities with less than 250 employees, an annual turnover of up to € 50 million and/or a balance sheet total of up to € 43 million (see Commission Recommendation 2003/361/EC of 6th May 2003 concerning the definition of micro, small and medium-sized enterprises).

² Specific Call for Proposals. Mainstreaming Corporate Social Responsibility (CSR) Among SMEs, Grant Programme 2005.

³ Next to the Austrian Institute for SME Research the following institutes are involved in the project: Small Business Institute, Turku School of Economics and Business Administration (Finland), Institut für Mittelstandsforschung Bonn (IfM Bonn, Germany), Instituto Vasco de Estudios e Investigación (IKEI, Spain), Agderforskning / Agder Research (ARF, Norway), Academy of Management "Społeczna Wyższa Szkoła Przedsiębiorczości i Zarządzania w Łodzi" (Poland), Chamber of Commerce and Industry of Romania (CCIR, Romania)



should be basically voluntary, whereas trade unions and some civil society foundations argue that CSR should be somehow obligatory for companies.

While there is not an 'official definition' as such for the term of CSR, the Forum of CSR experts recently created by the Spanish Government⁴ states the following:

"The Corporate Social Responsibility, besides the strict compliance with business legality, is the responsible behaviour that adopt company managers voluntarily when deciding the company strategies and policies, taking into account, in the meantime, society and environmental concerns, and respecting the human rights derived from the dialogue with all stakeholders who are involved in the company actions/impacts."

Also interesting are some definitions that have been agreed by the private sector, the academia and the civil society. A good example is the 'Government Code for Business Sustainability', which was reached by consensus by Price Waterhouse Coopers, IESE Business School and the Entorno Foundation. The code aims to help managers in practising a more responsible government of their organisations. The definition is the following one:

"The sustainable business is the one that integrates the necessary values and principles for general sustainability, such as economic development, environmental care and social wellbeing, while taking into account the cultural, sexual, intellectual and age diversity within the company, and considering its long-term consequences"

⁴ See next section.



2 Overview on the Most Important Actors and their Strategies with Regard to CSR in Spain

There are several actors involved in the field of CSR. However, it is possible to identify the following ones as the most relevant:

2.1 Public actors at the national level

In December 2002, the Spanish Congress passed a non-binding resolution urging the government to create a *Technical Advisors Committee of Experts on CSR* that would be in charge to elaborate an official report including a battery of recommendations for the adoption of CSR activities in the business sector. In July 2003, the committee was launched and includes experts from the Spanish government (coming from several Ministries including the Spanish Ministry of Employment and Social Affairs plus representatives of the Spanish civil society (including members of NGOs, members from universities, representatives of Foundations involved in CSR activities etc).

The Socialist Government elected in March 2004 decided to impulse an in-depth discussion on the issue of CSR. In order to foster steps towards the development of a framework outlining CSR, a policy agenda was launched. The three consulting bodies of the Spanish Government on the issue are the following ones:

The CSR Sub-committee within the Spanish Parliament

In December 2004, the Spanish Congress of Representatives created a CSR sub-committee within the committee of Social and Labour affairs. Its purpose is to elaborate a final document that ought to reflect the points of view of all stakeholders involved in the Spanish CSR (such as central and regional public authorities, representatives of employers associations, trade unions, consumer associations, NGOs, experts on the issue, representatives from the media etc.), as well as their recommendations to foster the adoption of CSR actions further.

The final report was approved on 27th of June 2006 by the Spanish Congress. The report provides a battery of 58 recommendations aimed at the whole society (public authorities, private sector, social partners, academia, consumers, investors etc. Interestingly, this report was discussed in plenary session in the last quarter of the year. The main result of this discussion was the refusal of the Spanish Congress to regulate CSR activities via a specific Law on the issue. By way of contrast, the Spanish Congress opted for a voluntary approach to the topic for enterprises. More specifically, the report makes the following recommendations:

- To make special attention to how Small and Medium Enterprises (SMEs) could raise their level of CSR awareness. In this sense, Spanish SMEs organisations are deeply concerned about their economic and organisational incapacity to adapt to the fast-track movement that CSR is experiencing in Spain. Therefore, the need for SMEs to receive special support was asserted.
- To encourage both businesses and business' associations to co-operate, so that companies would adopt concrete CSR strategies adapted to the business sector in which they operate (services, finance etc.). Obviously enough, public authorities should take part in this process by being the major regulator.
- To give further importance to Social Responsible Investment (SRI). In this sense, the National Stock Market Committee (Comisión Nacional del Mercado de Valores, CNMV) should reinforce business transparency by fostering the elaboration of 'triple-bottom line' annual reports (economic, social and environmental practices) among companies.



Furthermore, this measure should be regulated in the case of the 35 most important Spanish enterprises quoted in the Spanish Stock Market (IBEX 35).

- To foster gender equality within Spanish businesses. The report encourages companies to undertake fully integrated CSR strategies in order to remove gender prejudices.

In addition to this report, the sub-committee has released (December 2006) a 'White Book' on CSR based on the final conclusions and recommendations.

The Forum of CSR Experts

Last 17th of June 2006, was constituted the Forum of CSR experts within the Ministry of Labour and Social Affairs. The forum gathers a wide range of actors including public authorities, civil society and academia. Noteworthy, the business sector and Labour Unions have complained about not being included in this forum. They make part nonetheless of the third forum for discussion - the Round Table for social dialogue – which is treated next. Under the CSR framework of the European Commission, the forum aims to foster a CSR dialogue within Spanish society. The forum gathers representatives from approximately one hundred organisations, the following ones being worth mentioning:

- From the central public authorities: Representatives from the Ministry of Labour and Social Affairs, the Ministry of Foreign Affairs and Co-operation, the Ministry of Economy and Finance, the Ministry of Industry, Tourism and Trade, The Ministry of Food and Health and the Ministry of Environment.
- Civil Society⁵: Spanish Confederation of Saving Banks (CECA), Spanish Business Confederation for Social Economy (CEPES), Global Compact Spanish representative, Association of Economic Information Journalists (APIE), Spanish Association for Standardisation and Certification (AENOR), Eroski Foundation, Fundación Empresa y Sociedad, the Spanish Association of Disabled people, and several NGOs.

The General Director of the Social Economy, Self-employment and European Social Fund designed the following agenda to be discussed in a number of sessions:

- Session 1: Scope and Definition of CSR: This session served to assess a definition of CSR, where, based on the one stated by the European Commission, CSR is understood as a voluntary attitude/action of companies that might be regulated or co-regulated by public authorities.
- Session 2: Degree of CSR implementation in Spain: This session was intended to conduct an in-depth analysis on the level of CSR adoption by Spanish companies. It also analysed the involvement of stakeholders (private, public, academia, social partners and civil society) in the CSR Spanish movement.
- Session 3: Framework policies: This session listed the basic elements that CSR policies should consider, where self-adoption of CSR practices by the central administration itself takes a special relevance.
- Session 4: Business reporting methodology and guidelines: This session focussed on the best ways for companies to accurately inform to society about their CSR practices.

⁵ Including a broad range of organisations and bodies that were created initially by the private sector.



- Session 5: Policy audit and verification systems: This session will analyse the instruments disposed by companies to verify their CSR reporting. It will also treat the crucial role of public authorities in the monitoring of CSR.
- Session 6: The Public promotion of CSR: This session will cover existing public policies that incentive the CSR promotion, by showcasing the CSR promotion within the central administration itself.
- Session 7: Policies for institutional investors and investment funds. This session will elaborate a set of special policies for actors involved in the investment sector.
- Session 8: Nature and objectives of a CSR executive committee: This session will define the tasks expected to be accomplished by CSR executive committees of companies, in general. In addition, it will assess the nature, objectives and organisational structure of the CSR executive committee of the public administration itself.

As a résumé of the sessions that have been already celebrated (five so far), the Forum of CSR Experts made the following recommendations to public authorities:

- To give incentives to Spanish companies to undertake CSR actions, especially to SMEs.
- To regulate, universalise and verify business reporting.
- To provide technical support including CSR instruments, dissemination of 'best practices' or CSR indicators, among others.
- To foster CSR information and education among the whole society, in general, and business managers, in particular.
- To reinforce and facilitate stakeholders' interaction.
- A self-adoption of CSR attitudes by public authorities themselves.
- To use CSR as a guide to undertake public administrative procedures.

It is expected that this Forum will carry out its final session in the first quarter of 2007, so the debate is expected to be closed by this date. It is also expected that this Forum will elaborate a number of proposals for public policies intended to foster the CSR activities in the Spanish society and enterprises.

The Round Table for Social Dialogue

The social dialogue is also conducted through an ad-hoc round table aimed at promoting the CSR dialogue among the government, the business sector and the Labour Unions. It gathers representatives from the Labour Unions 'Comisiones Obreras' (CCOO) and 'Unión General de Trabajadores' (UGT), and from the 'Confederación Española de Organizaciones Empresariales', CEOE (Spanish Confederation of Business Organisations). This Round Table is expected to start working in 2007, and its main goal is to develop a number of recommendations for guiding the future public activities in support of CSR, complementing therefore the work carried out by the two previous initiatives (the CSR Sub-committee within the Spanish Parliament and the Forum of CSR Experts).

In addition to three previously described initiatives, the Spanish central administration also fosters CSR through a number of initiatives:

- The Ministry of Labour and Social Affairs launched in 1996 the 'Optima Programme', which promotes gender equality as a critical management strategy for businesses. In this sense, the central government want to approve an Organic Law expected to



improve Gender Equality at work. The measure should facilitate women to reach higher positions in politics and business organisations. Noteworthy that this law has prompted a sharp debate within the Spanish society. The Ministry of Social and Labour Affairs also supports private initiatives such as the 'Flexible Company Award' which fosters work-life balance (also supported by the regional Government of Madrid, the High Council of Spanish Chambers of Commerce and other private enterprises) or the 'Infant Cristina IMSERSO Awards' that award the best corporate social actions. In addition, the Ministry allocates financial resources to a special fund that provides economic support to those companies that undertake activities devoted to promote the social economy, the CSR, the self-employment or the creation of business co-operatives, among others.

- The Ministry of Trade, Industry and Commerce organises the 'Prince Phillip Award of Corporate Excellence' which acknowledges companies that endeavour to improve their management quality and competitiveness.
- The Ministry for Co-operation and Foreign Affairs makes special attention to CSR activities in its development strategies for the period 2005-2008. It considers CSR as a critical tool for the development of less developed countries, especially through the adoption of CSR by SMEs.
- The Ministry of Public Works and the Ministry for Environment are trying to introduce CSR criteria in its public contract regulation. In this sense, both ministries are working to reach a draft bill approval that will take into account social and environmental criteria in public contracts, such as employment stability, employment for disabled people, women employment, security at the work and environmental care.
- The Ministry of Public Administrations launched in early 2006 the 'Concilia Programme' which establishes a set of measures intended to improve work-life conciliation of central administration employees.
- In May 2006, the National Stock Market Commission (CNMV) released the 'Corporate Governance Code for companies traded in Spanish Stock Markets'. The Code makes recommendations on good Corporate Governance, as stated by the European Commission. Noteworthy, 80 % of companies operating in the Spanish Stock Markets rejected this Code arguing it was rather interventionist and undermined business freedom of action.
- Finally, it is worth mentioning that the Spanish Ministry of Finance has got a number of tax deductions on donations for NGOs and Charity organisations, where all these organisations have to be officially recognised by the public authorities for being benefited from these deductions.

From an SME perspective, there is unfortunately very little information on the participation of SMEs in the various initiatives/programmes already mentioned. In any case, the partially available information suggests that this participation is very scarce, and clearly not corresponding to the extraordinary importance of the SMEs in the Spanish enterprise tissue. Thus, and from the 45 enterprises currently recognised as active members of the 'Optima Programme', more than 90 % correspond to large enterprises, usually belonging also to large multinational groups. This problem is partially due to the little knowledge available among SMEs on these initiatives/programmes and the lack of a specific SME focus, aggravated by the structural lack of resources (people, time, money etc.) that SMEs suffer from and that impede them to deal with other issues not directly linked with their core activities. In any case, it is also worth mentioning that a number of available awards (i.e. the "Flexible Company Award" provides a distinctive prize per size categories, distinguishing large, medium and small enterprises).



2.2 Public actors at the regional and municipal level

There are not many CSR initiatives conducted by public authorities at regional level. Worthmentioning is the one carried out by the provincial government of Bizkaia, developing a programme called "Xertatu" (www.xertatu.net), intended to foster CSR activities among the provincial enterprises. Xertatu brings together different organisations and institutions involved in the promotion of CSR in Bizkaia, under the leadership of the Department of Innovation and Economic Development of the Diputación Foral de Bizkaia (Provincial Government of Bizkaia). Xertatu focuses its activities on small and medium enterprises in Bizkaia, pursuing several schemes to foster CSR (dissemination, methodology and guide for CSR implementation, pilot tests in about 110 companies, documentation and research, subsidies, participation in European projects etc.).

It is also interesting to mention the action of the Department of Trade, Industry and Commerce of the government of Aragon which grants public funding to local companies (mainly SMEs) engaged in CSR and awards various activities such as annual sustainability reporting, standards certification etc.

At municipal level is also interesting to mention the case of the Barcelona City Council, being the first institution of its kind to introduce CSR criteria in its activities. Thus, the public owned company 'Parques y Jardines' develops the 'Ethical Clothes' programme which provides company workers with clothes that must have been produced with a strict respect of labour rights. In addition, the 'Green Office' programme gives preference to environmentally responsible companies when signing public contracts.

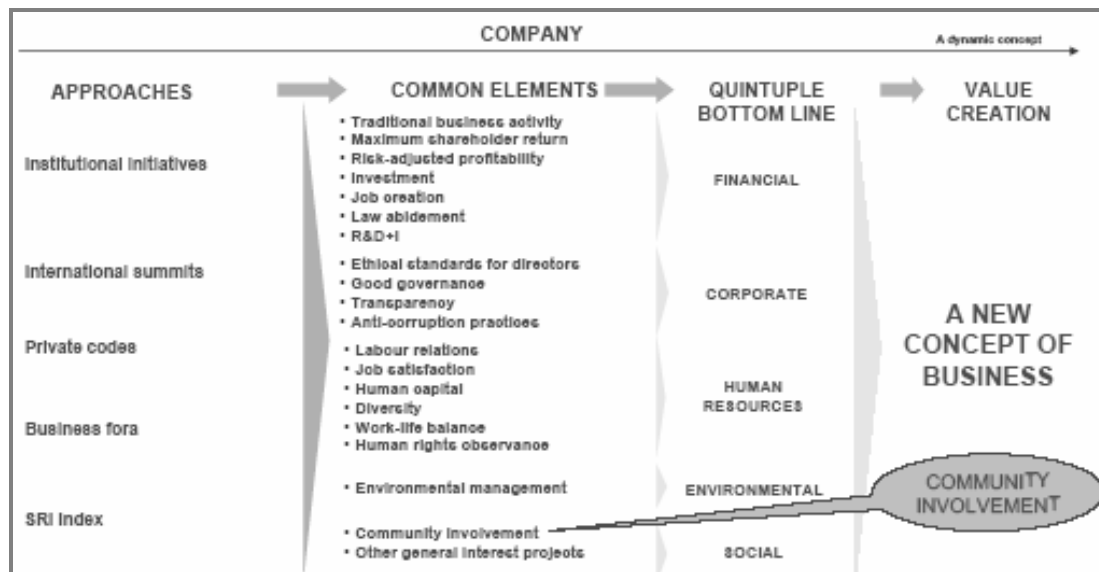
2.3 Business associations

It is appreciable that the private sector is raising its level of CSR awareness, basically because several organisations have begun to provide CSR materials/instruments and technical support to companies. The most relevant examples are shown next:

- The High Council of Spanish Chambers of Commerce has recently published the CSR guidebook for SMEs '[Responsabilidad Social Corporativa en la PYME](#)' which aims to support SMEs along the process of adopting CSR practices. In addition, the report gives insightful examples of 'good practices' from abroad, so that readers – companies – are able to clearly identify benefits from CSR strategy.
- The '[Fundación Entorno](#)' - [Consejo Empresarial Español para el Desarrollo Sostenible](#) (The Environment Foundation) was created in 1995 with the aim of fostering managerial leadership for sustainable development. Nowadays, it gathers 100 members, all of them private companies (comprising the most important and larger Spanish enterprises), and provides different kinds of services to 7,000 enterprises per year approximately (where the largest part of these enterprises are SMEs). It provides consulting services and training programmes for businesses mainly in the environmental area, though it also gives special relevance to CSR business development as a whole. In this sense, besides conducting CSR research work, it has recently launched an online training programme that focuses on the adoption of CSR practices for the particular case of SMEs.
- The '[Fundación Empresa y Sociedad](#)' (Business and Society Foundation) was born in 1995 being the first organisation of its kind in Spain. It differs, however, from other similar organisations, in the sense that its mission is to foster the Corporate Community Involvement, rather than the Corporate Social Responsibility which embraces a rather broad range of business-related issues indeed. The following table shows the Foundation's strategic point of view on how business should integrate Community Involvement within the company structure.



Figure 1 A new concept of business



Source: Fundación Empresa y Sociedad

- Since 1986 '[The Spanish Association for standardisation and certification](#)' (AENOR) works in the normalisation of CSR criteria. In addition, in 2004 AENOR, jointly with the International Standards Organisation (ISO), started redacting a guidebook intended to standardise the Ethical and Social management of Spanish companies.
- Finally, from a sector perspective, it is worth mentioning the work that is been undertaken by the '[Spanish Confederation of Wood Businesses](#)' (Confemadera). In November 2005, the Confederation launched a computer tool called 'the CSR guide' that enables companies operating in the wood sector to exploit and share CSR information with each other.

2.4 Social Partners and Civil Society

In the mean time, labour unions or NGOs among others actors, have become critical agents in the promotion of CSR. Next are listed some of the most relevant actors operating in this area:

- The '[Observatorio de Responsabilidad Social Corporativa](#)' (Observatory of Corporate Social Responsibility) gathers eleven organisations from the whole society (Consumers associations, Trade Unions, NGOs etc. The observatory is devoted to analysis and reporting on the current situation of CSR in Spain. During 2005, the Observatory released several publications, out of which the book named 'The Corporate Social Responsibility of Spanish companies in Latin America- the Financial Sector' is interesting to look into.
- [Forética](#) is a non-for-profit association initiated in 1999 by a group of Spanish enterprises with the mission of fostering an ethical management culture and social responsibility of organisations. With this purpose, Forética intends to generate knowledge and to provide high quality services to enterprises in the CSR domain, especially in those aspects directly linked with the management. It is interesting to mention the development of a standard (SGE 21) a flexible and verifiable system for CSR management. In addition to this, Forética is interested in obtaining first-hand information on CSR practices within the Spanish enterprises.

- The '[Fundación Ecología y Desarrollo](#)' (Ecology and Development Foundation) has launched a specialised web-site where last news and trends on CSR are published. In addition, the foundation conducts research on CSR business reporting. In this sense it considers that CSR should be based on three main pillars (standardisation, transparency and monitoring of CSR activities)
- Finally, '[Comisiones Obreras](#)' (CCOO) and '[Union General de Trabajadores](#)' (UGT) which are the two most relevant Trade Unions in Spain have begun to position themselves in the CSR Spanish debate. In this sense, their position is based on two pillars of action. On the one hand, they argue that CSR must be truly adopted by companies rather than using it as a marketing instrument. On the other hand, they claim that beyond simple monitoring of CSR actions, public institutions should foster CSR by empowering employees in the company strategies' decision making, basically through collective bargaining.

2.5 Academia

Over the last years Spanish academia has experienced a considerable rise in awareness with regard to the CSR movement. It is, therefore, possible to identify various relevant initiatives that are doing a relevant work in the fostering of Corporate Social Responsibility in Spain:

- Some of the most important business schools in Spain have created their own Centres for the study and research of CSR. These are [the Institute for the Individual, Corporations and Society](#) (IPES) developed by the ESADE Business School. In addition, it collaborates closely with the European Academy of Business in Society (EABIS); the [Price Waterhouse Coopers & Instituto de Empresa Centre for Corporate Responsibility](#) developed by the Instituto de Empresa Business School; [the Centre for Business in Society](#) (CBS) and the [International Center for Work and Family](#) (ICWF) both of them developed by the IESE Business School. These academic institutions have launched a relatively large number of studies on the CSR issue, where some of them can be found in section 5 (Bibliography) of this Spanish report.
- Meanwhile, some Universities have launched their own Chairs on Corporate Social Responsibility, such as [the 'Chair for the Analysis of Corporate Social Responsibility'](#) conducted by the University of Antonio de Nebrija.
- Finally, it is interesting to mention the CSR practices that have been developed from within some universities, such as the [University of Santiago de Compostela](#) (USC) and the [University of Zaragoza](#) (UZ). The USC was one of the first academic institutions that elaborated an annual report following the Global Reporting Initiative guidelines. In addition, the USC offers a master degree on Sustainability and CSR. In the case of the UZ, it has launched a CSR programme that is been fully integrated in all areas and departments of the university in order to improve its quality and environmental management.



3 CSR in Spanish SMEs

3.1 Deployment of CSR Activities in SMEs

In spite of the widespread debate and the flourishing number of initiatives to foster CSR in Spain, there is little information on the actual presence and implementation of CSR activities by Spanish companies. It is clear that large companies in sectors such as banking, telecommunications and other services of general interest are devoting more attention to the concept and particularly trying to make notorious to the public opinion the activities they develop (publication of CSR reports). However, the situation at SME level remains basically unknown.

Among the few empirical studies available, it is worthwhile mentioning the one called *Evolution of Corporate Social Responsibility in the Spanish Enterprises Evolution* (Foretica, 2006) which includes a survey to a representative sample of 939 companies, segmented by sector, size and location. According to the results, 'environmental management' is the area with a greater development among Spanish companies (69.7 % of them declare to have a plan on this area). 'Plans for women integration at directive level' take second place (64.8 %), followed by 'training plans on CSR and ethics' and 'plans for work and personal life conciliation' (50.6 % in both cases). Other areas with a greater social profile (support of socially excluded groups, handicapped people, immigrants, cultural and educational projects etc.) have a lesser presence. Unfortunately, information by size classes is not provided.

Table 1 Main areas of CSR action by Spanish companies

Areas of action	% of enterprises active
Environmental management	69.7%
Plans for women integration at directive level	64.8%
Training plans on CSR and ethics	50.6%
Plans for work and personal life conciliation	50.6%
Support to socially excluded groups	45.9%
Plans for the integration of immigrants on the workforce	28.8%
Collaboration with NGOs in development projects	45.7%
Integration of handicapped people	22.5%
Educational projects	32.8%
Cultural projects	25.5%

Source: Foretica Report, 2006

The report also establishes a typology of Spanish companies according to their degree of involvement in CSR activities and attitudes. The range goes from a 4.1 % of 'leader' companies that believe in and apply the idea of CSR to, at the other extreme, a group of 'detractors' who don't believe nor apply the CSR philosophy and consider that its not useful at all (16.5 % of total). In between, the 'Falling behind' group is the main one, with a 40.6 % of companies that have a positive opinion with respect to CSR but do not implement any activity of this kind.

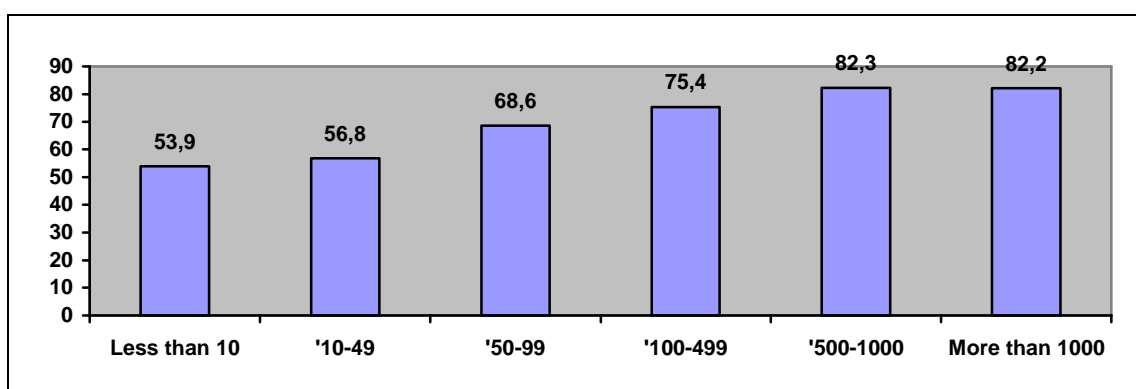


Table 2 Typology of Spanish companies with respect to CSR

	Group	Description of characteristics	Percentage of enterprises
1	Leader	The enterprise believes in CSR and applies it	4.1%
2	Me too	The enterprise does not fully believe in CSR but carries out some activities	10.7%
3	Falling behind	The enterprise believes in CSR but does not apply it	40.6%
4	Indifferent	The enterprise does not see CSR as something useful and does not apply it	24.0%
5	Detractor	The enterprise does not believe in CSR and does not apply it	16.5%
6	Inconsistent/Contradictory	The enterprise is sceptical on CSR but believes in its usefulness	4.2%

Source: Foretica Report, 2006

It is interesting to highlight that the report finds a strong correlation between company size and proclivity to CSR activities, showing a great divide between SMEs and LSEs. Small companies are the segment with a lower sensitiveness and also with a higher inconsistency to this respect. Thus, while more than 80 % of enterprises with above 500 employees show a positive attitude towards CSR (with a 26 % of leaders) only a 50 % - 55 % of enterprises with less than 50 employees are on this group (with only a 2.7 % of leaders).

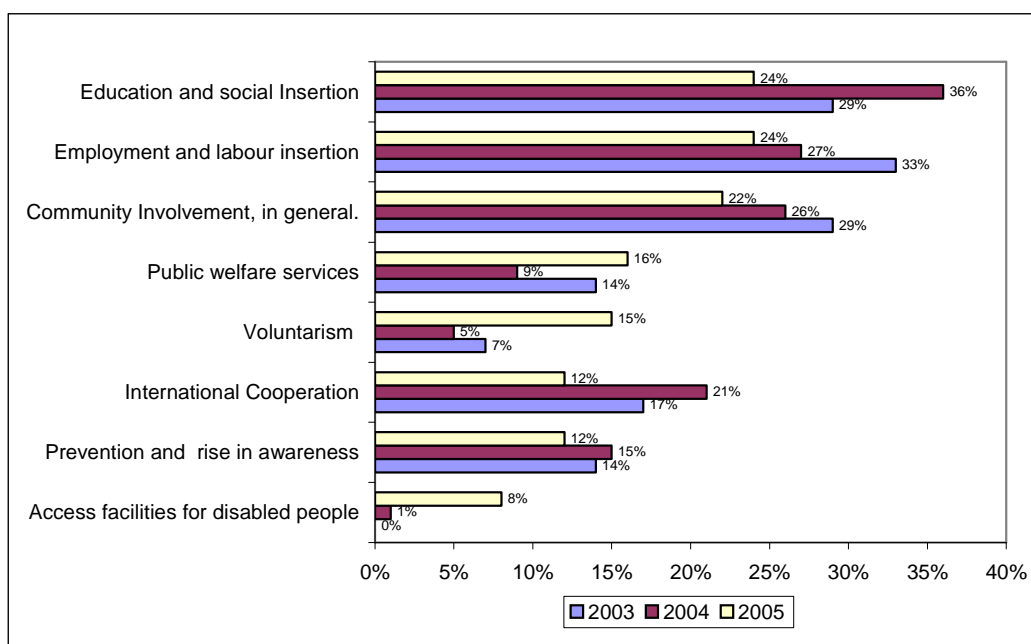
Figure 2 Percentage of Spanish enterprises sensitive to the CSR issue, by size classes

The group of sensitive enterprises includes three groups ("Leader", "Me too" and "Falling behind").

Source: Foretica Report, 2006

On the other hand, the Fundación Empresa y Sociedad publishes every year an annual account of CSR initiatives and companies which provides a somehow different image with respect to the main areas of action developed, in this case, by the Foundation's associated companies. Thus, 126 companies - 532 projects - were surveyed in 2005 and, according to this source, the following graph gathers information on CSR practices among Spanish companies (mainly LSEs) over the last 3 years.

Figure 3 Main areas of CSR action 2003-05



Source: Fundación Empresa y Sociedad, Observatory of the Spanish enterprises' social Actions, 2006.

The results of this study show different results in comparison to the previous study of Foretica. Thus, it can be observed that activities related to education and social insertion, to employment and labour insertion and, finally, to general community involvement are the most common among the surveyed companies. However, from a time perspective, percentages of CSR practices tend to gain importance in other areas such as public welfare services, voluntary works or access facilities for disabled people. In this sense it may be assessed that these companies are beginning to adopt Corporate Social Responsibility in a broader sense and thus as a business strategy, rather than focussing on single areas of it.

Furthermore it is possible to classify companies that were surveyed in 2005 by sector and size, as shows the following table:

Table 3 Company's surveyed by size and sector

	Business sector		
	Services	Manufacturing	Banking
SMEs (less than 250 employees)	10	5	1
250 employees or more	60	33	17

Source: Report on the Community Involvement of Spanish Businesses, Business and Society Foundation, 2006

According to the table above, the sector of services is the one in which the highest number of CSR activities are undertaken (55 % of all CSR activities, whereas the manufacturing and banking sectors undertake the 30 % and 15 % of CSR actions, respectively).

Finally, it is interesting to note the relevance CSR has reached in the media over the last years, whereby its frequency of appearance in press releases increased by three times in 2005⁶. In this sense, most frequently treated topics were the community involvement activities of saving banks (37 % of cases), the employment of persons with social difficulties (35 % of cases) and the

⁶ Report of the Observatory of Corporate Community Involvement, Business and Society Foundation, 2006.



employment of handicapped persons (31 % of cases). Noteworthy as well, the percentage of citizens being able to mention spontaneously a private company undertaking CSR actions increased from 4 % to 20 % over the last two years.

Next is presented a list of CSR 'good practices' identified among Spanish SMEs (some of them are developed in detail in point 3.4):

- **T.Q.Tecnol** operates within the chemical industry of the Catalanian territory. Being a young company in 1997, it has nevertheless expanded to the whole Spanish territory very quickly and currently employs 120 workers approximately. According to its founder, the company success lies on the human development of its employees where satisfaction has always been understood as a critical factor for productivity. All these aspects led the company to win, among others, the 2005 'CONETICA Award'.
- **Euroquímica** supplies and produces panels and paints for companies that operate within the industry/construction sector. Located in Catalonia and employing 114 workers, the company defines itself as a social group, rather than as an economic group. In this sense, the first company statute which was redacted in 1960 stated that all employees may be accepted as shareholders, if they want to. Consequently, the forging of trustful relationships throughout the company hierarchy structure has led the organisation to gain a competitive advantage.
- **Ascensores Jordá** provides services for installation, repairing and maintenance of elevators and mechanic escalators. Created in Catalonia in 1953 by a family, it is nowadays a reference in the praxis of CSR activities, taking special care of the labour security of the 70 workers it employs, as well as closely co-operating with the various social partners involved in its production activities.
- **Parver** operates within the metallurgic industry and employs 80 workers. Created in Catalonia 40 years ago, it has always given a special importance to the environmental impact it might have. This is why, parallel to its production process, it strives to continuously acquire the most advanced technologies to reduce its environmental impact. In this sense it has several environmental certificates which have led the company to enhance its social recognition, and thus gain a competitive advantage in terms of reputation.
- **La Farmacia en Valor** is an agreement between FEFE (Business Association of Spanish Chemists) and FUINSA (The Foundation for Health Research) for the adoption of CSR practices in Spanish Pharmacies. This unique pilot experience is being developed by 15 pharmacies, being the first of its kind within the Pharmaceutical Sector. Its main objective is to elaborate, jointly with the GRI, a supporting guidebook devoted to help pharmacies to elaborate their annuals reports.
- The **Unió de Pagesos de Catalunya** is a farmers association that employs 80 workers and operates within the Catalanian region. It co-operates with several actors in the region including the civil society, hometowns and regional governments. The association develops a programme that hires immigrants in the harvesting working season. In this sense, the programme improves the productivity of its regional agriculture while offering jobs to immigrants who are facing social and economic barriers to integrate in Spanish society.
- The **Grupo Gaursa**, located in the Basque Country, rents, repairs, commercialises and provides technical assistance for Renault cars since 1969. With a staff of 220 professionals, it has always considered CSR as critical element to reach the company objectives, until the point that CSR has evolved into one of the four main pillars of the company strategy. CSR activities focus on three areas of actions, which are: the fostering of teamwork and effort values among sportsmen and women; the commitment



to improve education and stable employment for young people; and the environmental care.

- **Javierre** is a small company employing 13 workers whose main activity involves earth moving works, providing excavation services in public and civil works, and machinery. In 2005, Javierre won the AECA award in the SME category for the best sustainability report. The report was compiled in accordance with the GRI Guide 2002, and provides a reasonable and balanced presentation of the financial, social and environmental performance of the organisation.
- **Quid Soluciones** is a small consultancy firm that provides services in the area of Human Resources. It hires 14 professionals, out of whom 12 are women. The average age is 33 years old, being the rotation rate 0 %. All these aspects led the company to win the 'Flexible Company Award' in 2005.
- **Ediciones Francis Lafebvre** is an editorial company specialised in the juridical area. It hires 85 professionals, 68 % of them being women who had children younger than 18 years old. This is why in 2003 it launched a programme intended to facilitate the work-life balance of employees, which led the company to win the 2005 'Flexible Company Award'.

3.2 Fostering and Hindering Factors for SMEs to Engage in CSR activities

A recent study conducted in 2006 (see Murillo & Lozano, 2006) provides some very interesting information on the main reasons that foster/hinder the involvement of the Spanish SMEs in CSR activities. In this sense, this study, based on a collection of case studies, suggests some of the following results:

- First and specifically referring to SMEs, the role and personality/values/preferences of the company founders or owners are at the root for explaining the involvement of the SMEs in concrete CSR activities. Therefore, the motivation and leadership of the SME founder are key aspects to understand the reason behind the enterprise's involvement in CSR activities.
- Second, it is possible to argue that the SMEs' involvement in CSR activities is particularly influenced by the SMEs' preference for those activities closely linked to the enterprise's day-by-day reality. In this sense, this preference is better reflected in the fact that most SMEs are particularly concerned with the development of internal CSR activities (basically aimed at the workers), whereas CSR activities amongst large enterprises have a predominately external-to-the-enterprise focus.
- Finally, nearly all the SMEs involved in CSR activities suggest that this involvement has resulted in positive economic results for the enterprise. In this respect, the motivation of workers, the improvement of the working atmosphere, or a better external image of the enterprise (i.e. which results in the perception amongst the local population of an enterprise where it is worth working in) are all elements perceived as positive by enterprises and derived from their CSR involvement. In this sense, it is very interesting to notice that most SMEs perceive these positive effects as a non-measured perception.



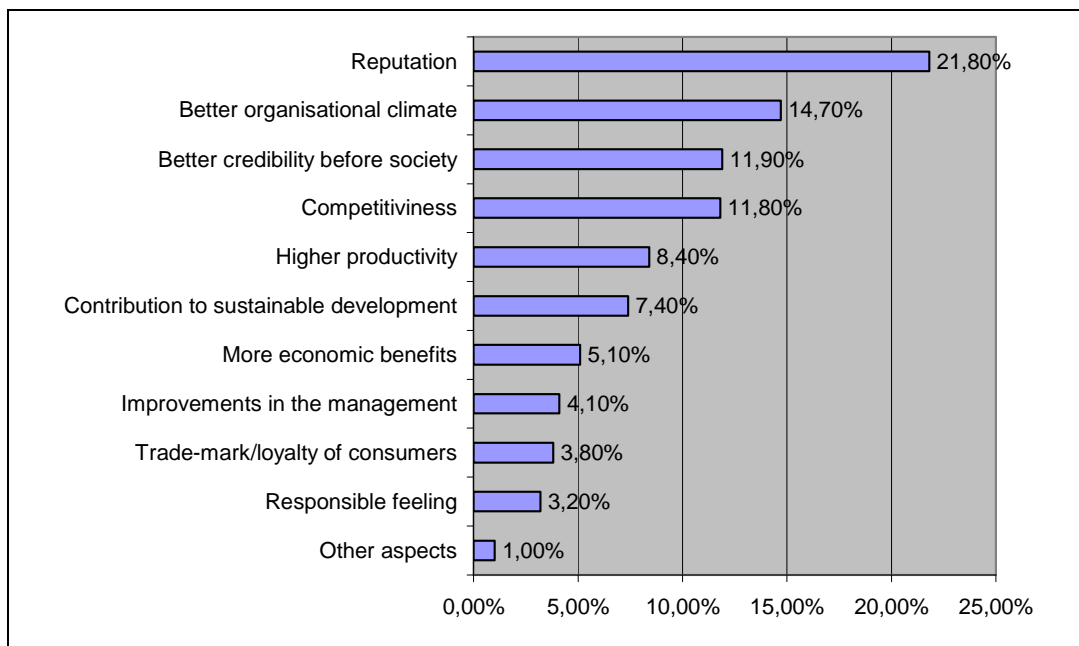
3.3 Impact of SMEs' CSR activities

As it was previously suggested, SMEs active in CSR activities consider in general that this involvement has resulted in positive economic effects for the enterprise, although these positive impacts are more perceived in a subjective way rather than well measured. In this respect, the motivation of workers, the improvement of the working atmosphere, or a better external image of the enterprise are positive impacts for enterprises resulting from their involvement in CSR involvement (see Murillo & Lozano, 2006).

The 2006 Foretica report also provides information on the motives that are behind a company's responsible behaviour. To this respect, there is an interesting result regarding CSR as a factor for business success: while in 2004 52 % of the surveyed companies considered that CSR was a key factor, now the percentage increases to a 68.7 % which believe that CSR has a positive influence on a company performance.

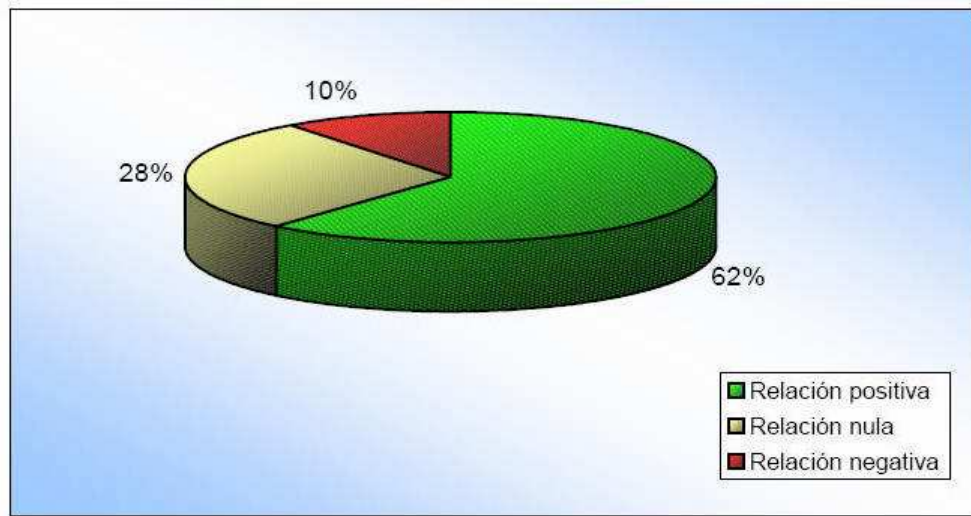
Even if 'improvement of reputation' is the advantage most individually mentioned in the first place (21.8 % of cases), there are significant mentions to 'better organisational climate' (14.7 %), 'competitiveness' (11.8 %) or 'higher productivity' (8.45 %). In this sense, if the individual factors are grouped, it results that those related to an improved 'management efficiency' dominate (44 %), well in advance of others related to 'trademark and visibility' (25.6 %) and to 'values and environment' (22.5 %).

Figure 4 Main advantages and positive effects of CSR



Source: Foretica Report, 2006

On the other hand, a study recently conducted (see Instituto de Economía Aplicada a la Empresa, Universidad del País Vasco, 2004) reviews international studies on the relation between CSR and competitiveness, which in general identify a positive link between both. In particular, the report concludes that a positive influence of social responsibility activities can be pointed out regarding the companies' financial results, financial value, reduced risk of financial volatility and market value for the stakeholder.

Figure 5 Relation between CSR and economic and financial results

Source: Instituto de Economía Aplicada a la Empresa, Universidad del País Vasco, 2004

The report argues that CSR can help SMEs to be more competitive, as it is differentiation factor and also seen as a desirable activity by many stakeholders (consumers, own personnel, public institutions etc.). However, caution must be taken when stimulating and guiding SMEs in order to develop CSR activities, as in case this is not made in the adequate direction, company competitiveness and even survival can be put at risk. The question is not for SMEs to be philanthropic because it is something fashionable, but to develop a management system which allows for their sustainability in the long run. In this sense, good social practices must contribute to three types of objectives:

- Monetary saving s through cost reduction
- Productivity increase
- Sales increase

With these purposes, a number of opportunities and effects of CSR activities are identified.

Table 4 Opportunities and effects of CSR activities for SMEs

Objective		Sustainability & environment	Economic development and social welfare increase	Rewards for the community and other stakeholders	Opportunities for the economic sector
Enterprise↓	Social →				
Monetary savings		<ul style="list-style-type: none"> ▪ Energy efficiency ▪ Waste reduction => Cost reduction ▪ Reduced environmental impact 	<ul style="list-style-type: none"> ▪ Human resources selection and training => Costs reduction ▪ Reduction of waste of time 	<ul style="list-style-type: none"> ▪ Legislation fulfilment: reduced fiscal, administrative and penal sanctions ▪ Reduced indemnities ▪ Reduction of prices of raw materials (providers) because of sustainability 	<ul style="list-style-type: none"> ▪ Survival ▪ Increased long term profitability ▪ Stability in raw materials provision
Productivity increase		<ul style="list-style-type: none"> ▪ Waste management => reuse, recycling ▪ Detection of inefficiencies in production process 	<ul style="list-style-type: none"> ▪ Stability of work force ▪ Experience effect: fosters innovation and improves quality/safety of products/services ▪ Health and safety at work ▪ Satisfaction of workers ▪ Reduced absenteeism 	<ul style="list-style-type: none"> ▪ More access to credit and other financial services, at a lower price ▪ Better relations with commercial partners and customers (more efficacy and less mistakes) 	<ul style="list-style-type: none"> ▪ Increased company and sector competitiveness ▪ Entry barriers for new competitors ▪ External markets access
Sales increase		<ul style="list-style-type: none"> ▪ Responsible customer satisfaction ▪ Service to eco-consumers ▪ Image of environmentally responsible company 	<ul style="list-style-type: none"> ▪ Relational marketing: continuing customer service ▪ Not image of socially irresponsible company ▪ New enterprises/services creation: waste management; environmental consultancy,... ▪ Employment increase 	<ul style="list-style-type: none"> ▪ Satisfaction of social needs ▪ Improved relations with community and social agents ▪ Increased fidelity of customers and providers 	<ul style="list-style-type: none"> ▪ Price increase from better perception of product quality ▪ Market knowledge => identification of business opportunities ▪ Improved image and reputation of company and sector ▪ Reference for other companies/sectors (benchmarking)

Source: Instituto de Economía Aplicada a la Empresa, Universidad del País Vasco, 2004

3.4 Good Practice Company Case Studies

This section 3.4 is interested in describing five case studies of Spanish SMEs involved in CSR activities. These case studies have been selected according to a predefined set of various selection criteria provided by KMU FORSCHUNG AUSTRIA (Austrian Institute for SME Research), and include case studies well known at national level (either because they have won some prizes on the issue or because they have been included in key national reports on the CSR issue).

In essence, the five selected case studies are:

- Ascensores Jordá S.A., specialised in the manufacturing of lifts and hoists, escalators and passenger conveyors as well as in the maintenance and repair services of the manufactured products
- Euroquímica S.A., specialised in the chemical sector, particularly in the manufacture of coatings and paintings (for passive fire protection, corrosion control, waterproofing or sanitary coatings, amongst others)
- Gaursa Group, involved in the sale, repair, maintenance and renting of Renault automobiles as well as in insurance activities for automobiles
- Javierre S.L., active in the construction sector and specialised in land moving and excavation services, both in public and private works
- Paver S.L., specialised in metal stamping, pressing in cold and mould building.

An in-depth description of each one of these case studies can be found next.



3.4.1 Ascensores Jordá S.A.

General information on the company

Ascensores Jordá S.A. is a Catalan family SME founded in 1953 and active in the manufacturing of lifts and hoists, escalators and passenger conveyors. In addition to this, the enterprise is active in the maintenance and repair services of the manufactured products. Currently, the enterprise has got 70 workers and an annual turnover of 6 million Euro. **Ascensores Jordá** operates in a sector strongly dominated by 4 multinational companies (who control 90 % of the total market share), where **Ascensores Jordá** is the most important fully Spanish enterprise in the sector. In this respect, the enterprise is strongly involved in the provision of high quality products and services particularly adapted to the specific clients' needs. Interestingly also, the enterprise is a reference within the Spanish context for its involvement in CSR practices.

Motivations to carry out CSR and origin of the specific activity

The values and philosophy of the enterprise founder explain the active involvement of the enterprise in CSR practices. In this respect, the enterprise has always been very involved in the development of activities intended to upgrade the social environment of the enterprise. Moreover, the founder has always been very conscious of the key role that workers play in assuring the sustainability and profitability of the enterprise, so a number of actions have been developed for them since the enterprise's beginning.

In addition to this, the enterprise has developed a growing CSR consciousness as part of its interactions with other relevant enterprise stakeholders (clients, public administrations, sector associations, the environment, etc), so its CSR agenda has increased over the years.

As a result of this enterprise culture, **Ascensores Jordá** can be currently regarded as enterprise particularly active in CSR practices, especially in relation to community involvement and workers, whereby these practices are inter-linked with the general management practices of the enterprise.

Characteristics of the CSR practice in the company

Ascensores Jordá's main CSR activities can be grouped in five main groups, having in mind the following five stakeholder categories:

a) Society

Ascensores Jordá is heavily involved in a number of social activities intended to benefit its surrounding society. Thus, the enterprise sponsors a number of cultural activities in Catalonia, whereby its more important activity is referred to its sponsoring role of the 'Palau de la Música', a very famous Barcelona theatre specialised in classic music and opera performances. In addition to this, the enterprise actively participates in a number of regional professional and enterprise associations, such as in the Catalan Association of lift manufacturers or in Pimec-Sefes (the main representative association of Catalan SMEs), especially in a number of committees linked to risk prevention activities.

b) Employees

Ascensores Jordá is very involved with the welfare and well-being of its employees and workers, well beyond the limits established by the existing legislation. Thus, and in the area of risk prevention, the enterprise complies with a number of regulations, such as the Work Risks Prevention Management (as provided for by Law 31/1995, Prevention Regulation 39/1997 and the 81900 EX Standard). Interestingly also, the enterprise carries out every three months periodical meetings for risk prevention and quality improvements, whereby possible problems are analysed and suggestions for improvement are raised and analysed. These meetings,



initiated in 2004, have contributed to a significant reduction in the accidents rate (well above 30 % since 2004). Moreover, every project is checked once a week to verify that the whole project goes in accordance with both the contract requirements and the existing security measures. Finally, any new employee is actively trained in risk prevention activities.

Linked to the previous point, **Ascensores Jordá** is also very active in training activities for its workers whereby these training activities can respond to the own workers' initiative or to the enterprise's one. The enterprise finances these courses in accordance to their interest for the enterprise (using for this purpose some existing public regional support measures in this field), where those courses deemed as interesting for the enterprise are usually carried out within the normal working time. Interestingly also, the enterprise fosters the 'permanent' nature of the existing labour contracts, so any new employee is usually contracted on a permanent basis after a trial period.

On the other hand, **Ascensores Jordá** is intended to motivate its workers and encourage a good working atmosphere. For this purpose, the enterprise regularly organises some common activities outside the enterprise's boundaries, such as small journeys, excursions or special group meals. Finally, the enterprise has started developing some work-family conciliation measures, basically, establishing some flexibility in the working time for some concrete personnel (i.e. the administrative department) facing concrete circumstances (small children, maternity, other circumstances)

c) Suppliers

As part of its management policy, **Ascensores Jordá** develops an active subcontracting policy with its suppliers, establishing long-term relations with them and developing a number of collaborating activities with them in several fields such as quality control, risk prevention, etc. In fact, the enterprise continues maintaining business relationships with their initial suppliers.

d) Customers

Ascensores Jordá is very concerned about the importance of manufacturing a high-quality product that may represent a real solution for the client's needs. This quality concern is best represented by the European Directive 95/16/EC certificate of quality in the design, manufacture, assembly, installation final control and testing of lifts. Meanwhile, the quality of the enterprise's products is strictly controlled, from design to manufacture, installation, repair and servicing, in accordance with a number of European qualitative standards, basically the EN 115, and UNE-EN ISO 9000. The fulfilment of these quality standards is intended to assure a good quality product for the client. In addition to this, the enterprise carries out a number of satisfaction and fidelity surveys with its customers, intended to identify existing problems in order to solve them in future operations of the enterprise.

d) Environment

The enterprise is very active in the environmental domain. Thus, the enterprise has got an active recycling policy of some of the used resources (metal products), whereas the enterprise has got a very active waste selection policy (oils, paper products, etc). Meanwhile, **Ascensores Jordá** has got a number of environmental certifications, such as the ISO 14001 Standard or the EMAS European regulation.

Concerning the CSR diffusion activities, **Ascensores Jordá** distinguishes between its internal and external activities. Thus, and on the one hand, its internal communication activities are carried out basically using a notice board, where not only interesting news for the workers are included but also workers themselves can include their suggestions for improvement. Meanwhile, other additional internal communication activities for special events (special meetings etc.) are carried out on an ad-hoc basis. Meanwhile, the main external dissemination activities are carried out within the sector association framework, where the enterprise occupies an important position within the representative association. From this position, and within the



sector association's communication magazine, the enterprise tries to explicitly communicate its more important CSR activities, especially for the 'Society' stakeholder.

On the other hand, the enterprise has got the Director of Quality, Risk Prevention and Environment as the person in charge of most of the CSR activities, so he is responsible of the evaluation, follow up and improvement of most of the CSR activities (specifically, those linked to quality, risk prevention and environment issues). Specifically related to evaluation, the enterprise has got a number of indicators intended to measure its CSR activities (examples include the number of accidents at work, workers' satisfaction levels, clients' satisfaction levels, etc), whereby most of these indicators are a result of the requirements included in the available certifications of the enterprise (and previously described). Finally, the enterprise is not capable of estimating the amount of money resources devoted to its CSR activities.

Impact of the CSR activities

According to the enterprise's own view, the most important positive impact obtained from its CSR activities refers to the creation of a good working environment among the workforce which results in highly satisfied and loyal workers and very high productivity levels as a consequence of this high satisfaction. In this respect, it is worth stressing the positive effect of the held periodical meetings for risk prevention and quality improvements, which have contributed to a significant reduction in the accidents rate (well above 30 % since 2004).

On the other hand, the enterprise is also conscious that its involvement in CSR activities has also allowed the diffusion of a positive external image of the enterprise before both clients and society in general, although it is impossible to quantify in monetary terms the impact of this positive image.

Future issues

The enterprise is intended to develop in 2007 a project to extend a private medical insurance amongst those workers who desire it. This private insurance is designed to upgrade the current medical assistance provided to workers, whereby the enterprise would be responsible of the larger cost share and the worker would be only responsible of a minor part of the cost.

Meanwhile, **Ascensores Jordá** is intended to diffuse the main activities that the enterprises belonging to the sector association carry out in the CSR domain.

Information sources

- Phone interview with Mr. Francesc Piñero (Quality Director in **Ascensores Jordá**).
- Information collected from the book Murillo D & Lozano J.P., *Responsabilidad Social Corporativa y PYMES: Una apuesta por la excelencia empresarial* (CSR and SMEs: A Bet for Business Excellence), published by the IPES (Institute for the Individual, Corporations and Society) of ESADE, Barcelona, 2006.
- Web page of the enterprise (see see <http://www.jorda-sa.es>)

Contact information

- Name of the enterprise: ASCENSORES JORDÁ S.A.
- Contact person and position in the enterprise: Mr. Francesc Piñero (Director of Quality, Risk Prevention and Environment in the enterprise).
- Phone number: +34 93 443 99 80
- Fax number: +34 93 443 99 85
- E-mail: info@jorda-sa.es
- Web page: <http://www.jorda-sa.es>



3.4.2 Euroquímica S.A.

General information on the company

Euroquímica de Bufi & Planas is a Spanish SME set up in 1962 in Dosrius, a small village close to Barcelona, Catalonia. The enterprise operates in the chemical sector, particularly in the manufacture of coatings and paintings (for passive fire protection, corrosion control, waterproofing or sanitary coatings, among others). Interestingly also, the enterprise is also active in R&D activities within its specialisation sector. **Euroquímica** has an annual turnover of 20 million Euro and an average staff of 114 workers (out of which 96 are stockholders of the company), where approximately 12 % - 15 % of its production is directly exported. **Euroquímica** has got several branches, not only in Spain (in Catalonia, Galicia and Canary Islands) but also in France, Portugal, Poland, Romania and Brazil. In any case, the central plant, laboratories, administrative services, sales and technology services are in the village of Dosrius, close to Barcelona, whereas in the countries where **Euroquímica** is present, there are subsidiaries or premises shared with local enterprises.

Euroquímica has experienced a sustainable growth since it was set up, partially due to the importance attributed to innovation and R&D activities as a tool for being in the avant-garde of new technological solutions. Interestingly also, **Euroquímica** also emphasises the social content of its activities, especially as far as activities aimed at workers are concerned. In fact, the enterprise has been a pioneer within the region in the implementation of social actions, and whose origin goes as back as twenty year ago, well before the CSR concept has been spread in Spain.

Motivations to carry out CSR activities and origin of the specific activity

The social philosophy of the group is based on the founders' will who in 1977 decided to distribute 88 % of the company's capital among employees at the same time that a new standing rule for the company was written up. Basically, this standing rule states the creation of a limited liability company co-participated by all employees, as well as a Decalogue of Governing Standards, written up by the enterprise's founders and intended, among other aspects, to create a real climate of business co-participation with all the personnel and therefore determine the existing labour relations within the enterprise. In this sense, **Euroquímica's** philosophical principles can be summarised as follows:

- To have its own products, the fruit of the group's own R&D.
- To serve and give the maximum quality that its customers need.
- Continuous specific training, both for internal personnel and for specialist technicians outside the company.
- To act always with the maximum respect for the environment.
- To encourage a good social atmosphere, both internal and with the closest human surroundings.

All this, based on a real climate of business co-participation with all the personnel of the workforce and complemented with several principles such as fairness, sustainable development, equality of opportunities and continuing training practices. In fact, and according to the enterprise's view, all these elements explain a high commitment of the whole staff with the enterprise's objectives and goals. Interestingly also, the enterprise reckons that this high level of commitment is one of the key factors for explaining the successful performance of **Euroquímica** in the last years.



Characteristics of the CSR practice in the company

Euroquímica has developed in the last years a number of CSR activities that can be grouped according to the following three stakeholders categories, this is, employees, the environment and, finally, other collective (i.e. customers, suppliers and collaborators).

a) Employees

Any worker of the company might be accepted as a stockholder of the company (provided he/she has spent three years in the enterprise), having therefore the right to participate in the enterprise's general assemblies and meetings (affecting the most important decisions of the enterprise), as well as to participate in the enterprise's profits (thus, 50 % of profits are shared amongst the stockholders, who represent the larger share of the workforce). Obviously enough, this policy helps workers to feel the enterprise as his/hers and, therefore, become more involved in the enterprise's operations. Interestingly also, the enterprise is active in internal promotion policies based on fairness and merits, whereby the social advantages provided by the enterprise are the same for the whole staff.

On the other hand, **Euroquímica** offers a continuous labour training policy for the staff, in response to either personal reasons or business interests as well, whereby these training activities can be internal or external-to-the-enterprise. In this respect, and as far as the internal-to-the-enterprise training practices are concerned, these ones take place on a continuous base, and accordingly to an already established annual plan, although specifically they may take place whenever a reason well justifying the training may exist. Meanwhile, and far as the external-to-the-enterprise training activities are concerned, they have to be related to the daily work and approved/accepted by the enterprise (for that purpose, the enterprise provides variable economic aids depending on the importance/necessity of the training activity). Very interestingly also, **Euroquímica** has elaborated a training plan for employees' descendants between 16 and 18 years old and interested in carrying out a summer internship for introducing youngsters into a real labour market experience, with a maximum limit of three consecutive summers.

Meanwhile, **Euroquímica** has created a mailbox for collecting workers' suggestions, and is active in offering agreed flexible time schedules accordingly to personal needs, as well as a continuous advising service provided by directors or external advisers, depending on the issue. Likewise, the enterprise also guarantees equal employment opportunities for some unprivileged groups (i.e. handicapped people, more than 45 year old and women). In fact, women occupy a third of the enterprise's most important working posts nowadays. As far as remuneration issues are concerned, **Euroquímica** has got a punctual payment policy, whereby extra payments (i.e. those linked to Christmas and summer holidays time) are paid in advance to the local practices, so workers may benefit from this money earlier. In addition to this, the enterprise has got an active risk prevention policy, intended to increase the personal security of both its workers and its clients.

Interestingly also, **Euroquímica** has got a policy supporting the participation of workers in social events. Examples include two meals celebrated every year, where different prizes and awards are awarded, including the raffle of specific gifts provided by suppliers. In addition to this, the enterprise organises football matches (between internal groups), together with the organisation every two years of one public exhibition of works and personal hobbies of employees and their relatives. Additionally, the enterprises organises on an annual basis the Prizes Bufí & Planas, intended to publicly recognise those enterprises actively involved in the promotion of the social values within its business strategy.

b) Society

Concerning the activities of **Euroquímica** in relation to society, the enterprise managers are active members of several national and international committees related to technology or standardisation issues in the sector.



c) Environment

Euroquímica is absolutely respectful towards the natural environment. Thus, the enterprise has established an active recycling policy since 1972, and has removed a number of compounds (i.e. lead) in their manufactures. In this sense, the enterprise has got several environmental certifications.

d) Other collectives (customers, suppliers, other collaborators)

As far as customers are concerned, **Euroquímica** is aware of the need to maintain and increase their loyalty. Having this in mind, the enterprise is fully committed to selling top-quality products and services that may serve its customers' interests, not sacrificing the promised quality by a reduction in costs. Meanwhile, and as far as suppliers are concerned, **Euroquímica** has got an active policy towards them. Thus, the enterprise maintain a good relationship with them, paying always in time and developing with them trustful relationships, whereby the enterprise requests from them good and stable quality standards in the products/services provided. Finally, **Euroquímica** is also very careful with its external collaborators (on a commission basis), making them feel integrated in the organisation, collaborating with them in their respective activities and keeping them always informed, as they contribute to the image of the firm outside.

Concerning the communication and diffusion activities of the CSR activities conducted by **Euroquímica**, the enterprise mainly uses the activities of Foundation Bufí & Planas (in addition to its web page <http://www.euroquimica.com/>). This Foundation, governed by a Patronage and set up in 1977, is in charge, among other actions, of annually organising the well-known Bufí & Planas prizes. These prizes are intended to publicly recognise those enterprises actively involved in the promotion of the social values within its business strategy. Meanwhile, it is worth stressing that **Euroquímica** has received in the last years a number of external awards and prizes for recognising its active involvement in CSR activities. Examples include the Social Balance Prize of 2000 (Premio Balance Social 2000) or the 2004 SME Prize for human values in business management, awarded by the Catalan SME employers' organisation. Interestingly also, the enterprise has been invited a number of times in different conferences and fora to diffuse and explain their CSR activities. More recently, **Euroquímica** has been selected by the EU as a relevant case study in its campaign to diffuse CSR practices amongst the European SMEs.

Meanwhile, and as far as the resources devoted to the CSR activities are concerned, **Euroquímica** does not have any fair estimation about the amount of resources devoted to these activities. In any case, estimations made by the Chairman of Euroquímica suggests in around 35 % the time devoted to CSR by the management board, and not taking into account the time spent by other members and agents of the enterprise. All in all, the Chairman roughly estimates that somewhere between 3 and 4 % of the whole working time of the enterprise is devoted to CSR activities.

On the other hand, **Euroquímica** does not have any specific department or person responsible of carrying out and monitoring the CSR activities. Rather, this is a task jointly assumed by the management board (although individually assigned by concrete persons), what implies an extra dedication from their part. Interestingly enough, and in order to check the enterprises' CSR activities, a control board is used to monitor each specific CSR action conducted by the enterprise, whereby positive factors, corrections for the future and potential opportunities are assessed by the specific person in charge of the activity.

Impact of the CSR activities

Euroquímica is very conscious of the positive impact of its CSR activities in terms of good image or reputation of the enterprise, not only among workers and their respective families, but also among suppliers and customers and among the local community and public authorities. Just to give some examples, being part of the staff of **Euroquímica** is already a sign of



distinction in the local area. Meanwhile, suppliers and customers are happy to collaborate with **Euroquímica** as they are confident of its fair pricing and paying policies. Finally, the good understanding with the regional and local public authorities allows a tolerant and agile dialogue when problems or difficulties take place. In this respect, the enterprise participates with other local agents in the elaboration of the Strategic Plan of Dosrius Council (Barcelona), as well as in the Board of the University of Maresme (Barcelona), whose students take part in training periods within the enterprise.

On the other hand, **Euroquímica** is also conscious that its CSR activities motivate employees and makes them more involved in the mission and development of the enterprise and therefore increasing its performance and competitiveness. Moreover, the profit distribution policy also helps to increase the motivation of workers, where those non-distributed profits serve to increase the future situation of the enterprise.

Future issues

The Foundation Bufí & Planas, belonging to **Euroquímica**, has got a number of projects in mind for the near future, especially in the social domain, with an extension of their prizes to those enterprises particularly involved in successful innovation and R&D activities.

On the other hand, it should not be forgotten the fact that the good practices of **Euroquímica** have resulted in the selection by the EU of the enterprise as a relevant case study in its campaign to diffuse CSR practices amongst the European SMEs.

Information sources

- Phone interview with Mr. Ramón Poll i Barbarà (Chairman and General Manager of **Euroquímica**).
- Internal information and documents submitted by Mr. Ramón Poll about the enterprise, especially about their CSR activities.
- Information collected from the book Murillo D & Lozano J.P., *Responsabilidad Social Corporativa y PYMES: Una apuesta por la excelencia empresarial* (CSR and SMEs: A Bet for Business Excellence), published by the IPES (Institute for the Individual, Corporations and Society) of ESADE, Barcelona, 2006.
- Web page of the enterprise (see <http://www.euroquimica.com/>)

Contact information

- Name of the enterprise: EUROQUÍMICA DE BUFÍ Y PLANAS S.A.
- Contact person and position in the enterprise: Mr. Ramón Poll i Barbarà (Chairman and General Manager of the firm).
- Phone number: +34 937 974 300
- Fax number: +34 937 919 261
- E-mail: euroquimica@euroquimica.com
- Web page: <http://www.euroquimica.com/>



3.4.3 Gaursa Group

General information on the company

Gaursa is a group of enterprises involved in the sale, repair, maintenance and renting of Renault automobiles, as well as in insurance activities for automobiles. **Gaursa** was founded in 1969 and since then it has positively evolved, and it operates in the geographical area of Bizkaia, one of the three Basque provinces. Currently, **Gaursa** has 230 employees, and it is one of the local market leaders in the automobile sector, with a market share well above the Spanish average for Renault.

Motivations to carry out CSR and origin of the specific activity

Since **Gaursa** was set up, the group has been interested not only in obtaining good economic results but also in running a management style based on values such as transparency, seriousness in the fulfilment of compromises and respect to clients and employees. In this sense, **Gaursa** has been always involved in CSR activities, even though the group has not been conscious of this fact until late nineties. In fact, this consciousness was firstly raised by the collaboration of **Gaursa** with Novia Salcedo Foundation⁷ who approached the enterprise group in order to help them to better add value to the carried out activities.

It is worth stressing that, in addition to the previously described enterprise's values, the enterprise was very involved from the beginning with the support to local cycling teams for young people (as it will be subsequently shown), whereby the main motivation behind this involvement was linked to marketing purposes, basically to introduce themselves in the local area (very fond of cycling activities) and make the brand name well known by the population. However, and subsequently in time, **Gaursa** has finally integrated these activities into the core-activities of the group, just to become a well-assumed own characteristic of the group personality.

Characteristics of the CSR practice in the company

Gaursa, through the so-called 'milieu axis' (eje entorno in Spanish) is intended to be recognised as an enterprise group interested in the social and economic development of its surrounding community and having in mind the existing social and economic current challenges. In this sense, **Gaursa**'s main activities can be grouped in three main groups, having in mind the following three stakeholders categories:

a) Society

Gaursa, in addition to its economic contribution to society (i.e. created jobs, paid taxes etc.), has two main ways to actively collaborate and participate in its surrounding society.

In this respect, and on the one hand, the group is actively involved with the promotion of sport activities for local youngsters, especially in cycling. Thus, **Gaursa** is fully compromised with several local non-professional cycling teams, especially in the Durango area (i.e. Sociedad Ciclista Duranguesa, Sociedad Ciclista Amorebieta or Sociedad Ciclista Elorrio), whereby in some cases this compromise dates back to the founding years of the group. Interestingly also, **Gaursa** also collaborates with a professional cycling team (Euskaltel Euskadi team), providing the automobiles this team uses. It is interesting to stress that, as it was previously suggested, although these activities were firstly intended to increase the visibility of the group in the area (marketing purposes, especially as far as sporting activities are concerned), **Gaursa** has finally integrated these activities into the internal core-activities of the group.

⁷ Novia Salcedo Foundation (see <http://www.noviasalcedo.es/>) is a non-for-profit cultural foundation involved in different issues, one of which is related to bring value to enterprises via CSR activities.



On the other hand, **Gaurisa** is fully compromised with assuring an efficient integration of local young people in the labour market. For this purpose, the group has developed a number of non-formal agreements with local educational and vocational training centres so students may carry out a professional training period in the **Gaurisa** premises, which subsequently may give way to a work contract in the group. In this way, the group is regularly incorporating young people, either with vocational degrees (for the workshops) or with university degrees in those departments where this type of people are required (marketing, quality etc.). It is worth stressing that these incorporations are based on an innovative gender-balanced approach, having in mind the traditional male predominance of the automobile sector. In this respect, a significant share of the new repairmen is women, something very unusual in the local sector.

b) Employees and collaborators

Gaurisa is deeply involved with its human resources, whereby the group is conscious of the importance of having a well-motivated and integrated work team in order to better achieve the group's main goals. For this purpose, **Gaurisa** has developed a human management system and characterised by a number of innovative items. Examples include the setting up of a continuous communication channel between employees' representatives and the management, the development of an internal communication bulletin where relevant information on the enterprise is disseminated among employees. In addition to this, the group has defined a number of advantages for the employees in terms of working hours or salary conditions well above the conditions stated in the existing sector collective agreement. Finally, and within the ISO 9001 framework, the enterprise is deeply involved with the evaluation of risks at work (the group has contracted out an external prevention service for risk evaluation). Interestingly also, the group is currently involved in the development of a management system by competencies, which is expected to clarify the existing professional categories and conditions for professional career within the group.

c) Environment

Gaurisa is involved in a large number of activities intended to control its impact on the natural environment. Thus, **Gaurisa** correctly identifies, stores and manages both inert (i.e. paper, tyres, computer materials, plastic and metal containers) and dangerous (i.e. oils) waste materials. In addition to this, **Gaurisa** controls the emission of noises and polluting fumes, and tries to reduce the consumption of resources. Just to give some data, in 2005 the group reduced by 4 % and 3 % its electric energy and water consumption, respectively. Finally, **Gaurisa** has carried several important investments in order to purchase equipment for reducing the waste size (compacting equipment), reducing also to a minimum the use of solvent materials.

Gaurisa did obtain the ISO 14001 environmental certification in year 2000 (renewed in 2005), well before the ISO 9001 obtained in year 2001, where a number of environmental goals are set up for being periodically followed up. In addition to this, the enterprise has created since 2000 a quality department within the group, intended to control and upgrade quality standards in **Gaurisa**. Interestingly also, **Gaurisa** employees are regularly trained in environmental issues, so they may fulfil the required quality and environmental standards, especially those employees involved in those particularly waste-generating activities (i.e. employees in the workshops). Finally, the group carries out a number of periodical surveys intended to measure the environmental awareness of employees, where interesting suggestions are usually collected for being subsequently incorporated in the everyday working and management practices.

Concerning the control and follow up of the CSR activities developed by **Gaurisa**, the group is particularly involved in the evaluation of the environmental goals, both through internal evaluation methods as well as through external indicators included in the ISO certifications, periodically assessed by an external audit carried out by AENOR. In this respect, it is the Department of Quality and Environment the one responsible of managing and controlling the environmental and quality issues, where four people develop full time their activities in these fields).

On the other hand, **Gaurisa** admits that the effective diffusion to society of the group's activities in the social domain is still a subject to be tackled in the near future, as these activities are not



collected and well documented for being subsequently documented to the society. Nevertheless, **Gaurisa** has received in the last years a number of prizes and honours for their social activities which, in fact, they are a kind of indirect social recognition for their activities (these prizes and awards will be identified next).

Impact of the CSR activities

Gaurisa has developed during its existence a number of activities that, in addition to contributing to the welfare of the local society, have benefited the own group itself. A good example of this is given by the **Gaurisa** policy of incorporating young vocational students in its workforce via offering training periods, with a special emphasis on a gender-balanced approach. In fact, a large number of the current **Gaurisa** employees are former students that entered the group via these training periods, so they have been trained from the very beginning in line with the goals and identity of the group. Obviously, this situation facilitates the activities developed by these workers, adding value to the group. In this sense, the group takes in an annual average of 20 students in training periods, with a special emphasis on incorporating women in male-dominated departments such as mechanics and carriage repairing, as well as in other departments such as marketing, administration, human resources, quality etc. (mainly university degree holders).

In this respect, **Gaurisa** has received in the last years a number of prizes and honours from its surrounding environment due to the social compromise of the group with the local students. Just to name some in the last two years, Novia Salcedo Foundation has awarded **Gaurisa** with a special recognition for its activities in favour of the insertion of young women in specific male-dominated professions. In addition to this, two local vocational training centres have honoured **Gaurisa** for its activities in the labour insertion of students (via training periods) and, finally the Basque Association of Employers has recently awarded **Gaurisa** with a special prize for its active involvement in the training of vocational students (October 2006). The enterprise strongly believes that these awards have allowed the enterprise to have a 'very good image' in the local community, at the same time that the working environment is positively affected by this hiring policy. Meanwhile, the active support of **Gaurisa** to local sporting activities also contributes to a good image in the local community, whereas the environmental activities of the group are less known by the community, although they have allowed important savings in terms of spent resources.

In this respect, and whereas **Gaurisa** is incapable of quantifying in economic terms the results coming from their CSR activities, **Gaurisa** is also conscious that its good reputation and quality differentiation achieved in these years have allowed the group to increase its sales and clients' portfolio. Therefore, **Gaurisa** can be regarded as a good example of a local SME that has achieved to combine an active CSR policy with a sustainable economic growth, where both aspects are seen as complementary to each other.

Future issues

Gaurisa is intended to continue with its CSR activities in the coming years, as they are regarded to have a positive impact on the business performance.

In any case, **Gaurisa** is very conscious that its current CSR activities have specially been very active in the external and environmental domain, where other CSR activities linked with its collaborators, suppliers, clients and even own employees have not been so developed so far. In this sense, this 'internal' field is expected to be further developed in the coming years.

Finally, **Gaurisa** is also very conscious that its current communication policy in the CSR field is practically non-existent, so no activities are carried out for disseminating their current CSR activities. In order to solve this situation, the group is planning to carry out some communication activities in the coming future, not only for gaining a good image in the community but also for disseminating examples that can be used by other enterprises and social actors in the local area. In any case, the concrete specification of these plans is not yet available.



Information sources

- Phone interview with Mr D. Alexander K. Rodríguez Molinuevo (General Manager of **Gaurisa**) and Mrs Jasone Rodríguez Molinuevo (Director of Human Resources of **Gaurisa**).
- Internal information and documents submitted by Mr Rodríguez Molinuevo.
- Web page of the group (see <http://www.gaurisa.com/>)
- Web page of the Xertatu programme of the Provincial Government of Bizkaia, where the enterprise has taken part (<http://www.xertatu.net/>).

Contact information

- Name of the enterprise: GAURSA AUTOAK S.A.
- Contact person and position in the enterprise: Mr Alexander K. Rodríguez Molinuevo (General Manager of the franchise)
- Phone number: +34 94 620 33 00
- Fax number: +34 94 620 43 40
- Web page: <http://www.gaurisa.com/>



3.4.4 Javierre S.L.

General information on the company

Javierre is a small enterprise belonging to the construction sector specialised in land moving and excavation services, both in public and private works, as well as other related activities such as topography works. The enterprise was founded in 1989 and it currently has got 9 employees and 3 partners who also work in the SME. Its turnover reached in 2005 a peak of 1.1 million Euro, and 90 % of its current operations encompass the geographical area of the province of Huesca, in the Autonomous Community of Aragon. Recently, the enterprise has diversified its business activity by partially investing (with other investors) in a newly created enterprise specialised in the provision of concrete pumping services to building enterprises. Looking at the future, the enterprise believes that the sector economic prospects for the coming years are positive, specially linked to the opening of the 2008 International Exhibition, to be held in Saragossa, the most important city in the Autonomous Community of Aragon.

Motivations to carry out CSR and origin of the specific activity

The main motivations underpinning the CSR activities of **Javierre** refer to the enterprise's ethical, social and environmental principles and the motivation of the enterprise to perform in accordance to them. In this sense, and according to the enterprise's response, the involvement of **Javierre** in CSR practices does not respond to any marketing or differentiation aim, since the enterprise believes that local construction customers are basically only sensitive to price and economic considerations.

In this respect, the enterprise started its CSR activities in 2003, after an internal strategic reflection process intended to analyse the main strengths and weaknesses of the enterprise and its future activities. At this point of time, the enterprise was very concerned with the quality and environmental issues, whereby this concern was better reflected in the available ISO 9000 and ISO 14001 certificates of the enterprise that are used for monitoring the management of the enterprise in a number of issues. However, the enterprise manager believed that this was not enough, especially as far as the commitment of the enterprise with people is concerned. In this respect, and from 2004 onwards, the enterprise has engaged itself in several international CSR related initiatives, such as the United Nations Global Compact (in July 2004), the World Economic Forum's Initiative "Partnering against Corruption" or the "Greenhouse Gas Protocol Initiative". The compromise of the enterprise with all these initiatives comprises the framework in which **Javierre** currently takes its business decisions.

Characteristics of the CSR practice in the company

Javierre's main CSR activities can be grouped in four main groups, having in mind the following four stakeholder categories

a) Society

Javierre's commitment to the society is better reflected in the 'open transparency' and 'anti-corruption' policy adopted by the enterprise. In this sense, the enterprise publishes an annual sustainability report, internationally awarded twice in the last two years, where the enterprise's social, environmental and financial activities are presented for public scrutiny. In fact, this experience is quite unique in Spain, especially when taking into account the small size of the enterprise and the sector in which it operates (very often regarded as not very transparent in some cases).

On the other hand, **Javierre** is engaged in the United Nations Global Compact, where it participates in the "Global Reporting Initiative" stakeholders group (for aspects of transparency) and in the Initiative "Partnering Against Corruption". Additionally, the enterprise collaborates with some national institutions and non-profit organisations (i.e. the "Fundación Entorno") in



disseminating the need for social responsibility among Spanish enterprises. Finally, the enterprise devotes a relatively considerable amount of money to several national and international NGOs.

In any case, it is worth stressing that **Javierre** has tried in the last years to improve the awareness of the local public administrations and private enterprises on the importance of social, environmental and ethical issues. Unfortunately enough, these attempts have been very unsuccessful.

b) Employees

Concerning the activities of the enterprise in relation to its workers, **Javierre** believes that its workers are the main asset of the enterprise, and they are the best external marketing tool of the enterprise. In this sense, the enterprise is very scrupulous with its hiring policy and its employment relations, favouring top-down and bottom-up communication within the enterprise. In this respect, **Javierre** regularly conducts every three months a meeting with all workers where issues related to working and employment conditions are discussed, so those regarded as inadequate might be changed to the benefit of both parties. This dialogue allows workers to get involved in the enterprise, favouring also the development of a stable and trustful atmosphere in the company (obviously, the small size of the enterprise facilitates this dialogue).

Meanwhile, **Javierre's** staff regularly attends training activities in a number of fields, especially as far as safety, quality and environmental issues are concerned, where these training activities are financed by the enterprise itself. Finally, **Javierre** tries to provide a good work-life balance to its workers, basically by means of adapting as much as possible holidays and working schedules to employees' personal needs.

c) Other collectives (suppliers and clients)

Javierre has set a co-operative and long-run relationship with its suppliers, better reflected in the presence of stable relationships with most of the enterprise's suppliers. Interestingly enough, the enterprise is also interested in assessing its suppliers' degree of compliance with the existing social and environmental legislation. For this purpose, the enterprise annually requests documented proofs in order to ensure that the aforementioned aspects are complied with. In this respect, and for a number of cases, **Javierre** has advised its suppliers on responsible management practices (i.e. in terms of social involvement, waste management or the adoption of transparent practices).

Meanwhile, and as far as the relationships with its clients/customers are concerned, **Javierre** is fully committed to provide a top-quality service to its clients, where at the same time its social and environmental philosophy is explained to them when tendering takes place.

d) Environment

Javierre is fully committed to be an environmentally friendly company. In this respect, and in addition to being engaged in the Greenhouse Gas Protocol Initiative since December 2005, the enterprise also carries out several sustainable and impact minimisation practices. In this sense, the enterprise's environmental management systems (better reflected in their ISO 14001 and ISO 9001 certificates) contain a number of procedures for identifying environmental impacts as well as for successfully managing these impacts beyond the existing minimum legal requirements. In this domain, the enterprise is particularly concerned with noise pollution in works and with dust generation.

Concerning the person responsible of the CSR activities of the enterprise, **Javierre** has got a quality and environmental responsible, in close cooperation with the general manager and the people of **Javierre**. Meanwhile, the enterprise's collaborations with different social and environmental initiatives worldwide (as already mentioned throughout this case study) constitute for the



enterprise an excellent platform for externally communicating its CSR commitments and practices. On a more local level, the enterprise tries to take part in those events where the enterprise is invited (many in the last years, due to the received prizes, subsequently presented). Interestingly also, the enterprise is relatively often made public in the regional and local media, due to these received prizes.

Impact of the CSR activities

It is very interesting to analyse the enterprise's perceived impacts derived from its involvement in CSR activities and practices. In fact, and on the one hand, **Javierre** is conscious that its CSR activities have benefited the external image of the enterprise, as it is currently perceived as a reliable, quality-concerned enterprise that, in addition to this, is also responsible for the society and the environment.

Notwithstanding this, the enterprise is also conscious that its active involvement in CSR practices has not benefited so far the enterprise company in terms of gaining further contracts. In fact, **Javierre** believes that neither its customers nor its stakeholders currently value other factors rather than the economical ones for granting contracts to the enterprise, so the enterprise believes that, in some cases, its engagement in CSR practices may even hinder the current competitiveness of the enterprise (as the market does not value these CSR practices). In any case, **Javierre** believes that social and environmental aspects will be of increasing importance within the local/regional construction market in the years to come, so the enterprise is confident to be on the right track for the future.

By way of contrast, **Javierre** believes that its involvement in internal CSR practices aimed at workers and suppliers has resulted in positive outcomes, and better reflected in the existence of a good and positive working environment (as far as employees are concerned) and good and trustful relationships (in the case of suppliers).

On the other hand, the enterprise reckons that its involvement in environmental activities has had a positive economic impact due to the reduction in the consumption of raw materials. In fact, **Javierre** has managed to reduce by 0.13 % in the consumption of fossil fuels in the period 2004 - 2005, has halved water consumption in just one year. In addition to this, the enterprise has reduced its acoustic impact (not measured). Furthermore, **Javierre** has improved its management of and risks associated to the activity, which are now being controlled and minimized, resulting in an indirect coverage against fines, presence of accidents or bad reputation.

Finally, the enterprise has received a number of prizes in the last few years. Just to mention one, the enterprise won in 2005 the national *AECA* award in the SME category for the best sustainability report. This report, extensively mailed to clients and collaborators, was compiled in accordance with the GRI Guide 2002, and provides a reasonable and balanced presentation of the financial, social and environmental activities of the enterprise. This award has resulted in an increased presence of **Javierre** in the regional and local media, as well as in a number of invitations to events in order to explain its initiative.

Future issues

As far as the environmental aspect is concerned, **Javierre** is intended to continue with some of the activities already initiated, i.e. monitoring acoustic pollution or minimising accident rates or environmental risks. It is also remarkable to stress that the enterprise is very much interested in implementing a complete monitoring system of its CSR activities, so all of them (aimed at different areas such as corruption, work, society etc.) are properly documented.

Meanwhile, **Javierre** is planning to initiate a project intended to improve the situation of underprivileged people in third world countries. For this purpose, the enterprise has already initiated a first step in Ethiopia, which includes both monetary resources and involvement of **Javierre** personnel in some concrete local building projects for underprivileged groups.



Finally, and despite the currently obtained poor results, it is worth stressing that **Javierre** will continue its efforts to increase the awareness of the local public administrations and private enterprises on the importance of social, environmental and ethical issues, trying for this purpose to increase cooperation efforts with these groups in the coming years.

Information sources

- Phone interview with Mr. Antonio Javierre Montaner (General Manager of **Javierre**).
- Information collected from the enterprise's 2005 sustainability report (see http://www.aeca.es/comisiones/rsc/biblioteca_memorias_rsc/memorias_empresas_esp_a%F1olas_4/javierre_rsc_2005.pdf)
- Web page of the enterprise (see <http://www.javierre.es/>)

Contact information

- Name of the enterprise: JAVIERRE S.L.
- Contact person and position in the enterprise: Mr Antonio Javierre (General Manager of the firm).
- Phone number: +34 974 41 78 02
- Fax number: +34 974 41 57 94
- Web page: <http://www.javierre.es/>



3.4.5 Paver S.L.

General information on the company

Paver is a family business SME founded in 1967 and located in Granollers (close to Barcelona, in Catalonia). **Paver** is specialised in some manufacturing activities such as metal stamping, pressing in cold and mould building. Paver's turnover rises to 10 million euros and nearly employs 80 workers, although it reaches 100 employees if taken into account the acquired firm RELEM which has a turnover of approximately 4 million euros and is specialised in the manufacturing of metal tubes.

Paver's main client is the car industry, so around 80 % of the sales are concentrated in that sector. In fact, **Paver's** main customers include some of the most important first-tier suppliers of the automobile industry such as Robert Bosch, Kostal Electrica, Delphi, Frape Behr, Lear etc. Other less relevant activities include the manufacturing of small electronic appliances and of electrical materials (15 % and 5 % of its sales), whereby around 85 % of the total sales being directed towards the Spanish internal market and the remaining 15 % being exported, mainly to other European countries.

Paver's growth process in the last years has always gone parallel with an increasing involvement in social and environmental practices going well ahead of the minimum established by the national law.

Motivations to carry out CSR and origin of the specific activity

To start with, it is important to stress that according to the enterprise's own views **Paver's** involvement in CSR activities does not respond to an explicit strategy. Rather, it has spontaneously evolved as a response to specific market conditions faced by the enterprise. In essence, the most important factors underpinning Paver's CSR activities can be summarised as follows:

- A deep concern for the working conditions of workers (labour conditions, satisfaction at work, health and security etc.).
- A strategic investment in quality and environmental issues, both motivated by the enterprise's own will and by increasing requirements coming from the market.
- The need to differentiate from competitors in a very competitive market, mostly based on price competition and where basic technologies are accessible to everyone and, finally
- The enterprise's own intuition about the increasingly positive effects derived from the enterprise's involvement in social and environmental practices.

To be more precise, the concrete origin of **Paver's** current CSR policy goes back to 1997, when the enterprise decided to nominate an independent expert as the main manager of the enterprise. Interestingly, this person implemented a work programme within the company and intended to upgrade the working conditions of the workers. For this purpose, the enterprise did systematically collect the workers' opinions and needs related to their working environment, where this information collection was complemented by a number of meetings and working groups to deeper analyse existing working conditions in 12 main aspects (i.e. training, security, working schedules etc.). These activities were finished in 2002 and, subsequently, the enterprise has been involved in a period of certifications. Thus, and during the time period 2002 – 2005, the enterprise has achieved a number of certifications such as the ISO 9002 (in 1996), the ISO 14001 (in year 2000), the TS 16949 (the unique certification accepted by both European and North-American car producers, granted in 2001) or the EMAS II, in 2003.



Characteristics of the CSR practice in the company

Paver's main CSR activities can be grouped in three main groups, having in mind the following three stakeholder categories:

a) Society

Paver carries out a number of activities with some external local agents, basically intended to achieve a good image of the enterprise in the local community. Thus, the enterprise co-operates with a local handball team. In addition to this, the enterprise has collaborated with the Council of Granollers in May 2006 for the publication and diffusion of two posters showing different species of local flora and fauna. These posters, basically to be disseminated among local schools and cultural associations, are intended to increase the awareness about the existing environmental heritage in the community, especially amongst the youngest people.

c) Workers

Workers are clearly the centre of the **Paver's** CSR activities, since the enterprise is fully convinced that business success can only be achieved with the full implication of workers in the enterprise's activities and goals. In this sense, the enterprise carries out a number of activities in this field. Thus, and to start with, the enterprise fosters the participation of workers in the different improvement plans implemented by the enterprise, organising for this purpose different meetings and information exchange fora for discussing different topics suggested by the enterprise. Meanwhile, the enterprise regularly carries out a number of satisfaction and evaluation surveys amongst employees in order to know the workers' satisfaction level with a number of issues such as job contents, working environment or security at workplace. Finally, the enterprise is very concerned about the importance attributed by employees to achieve a good work-life balance. For this purpose, administrative staff is granted with flexible working time schedules, provided a minimum number of yearly hours are kept. Moreover, **Paver** offers 3 random days per year for personal enjoyment and is open to offer individual flexible working arrangements for those workers with special situations (maternity, dependant relatives, and so on).

On the other hand, **Paver** introduced ten years ago an initiative intended to establish a money fund for those workers who may need some extra money for coping with small personal projects (i.e. painting the house, buying a car etc.). This lent money has to be returned in small instalments that do not exceed the year (or year and a half), and it has no associated interests. Interestingly also, the enterprise has decided to protect some specific machines with specific equipment in order to avoid accidents caused by distraction and reduce noise levels, where this element has definitively increased the security levels in the workplace.

Finally, **Paver** has got a very ambitious training plan for its workers, developed in collaboration with the Foundation for the Continuous Formation of Catalonia, by which the enterprise offers different training opportunities to its staff. Thus, and on the one hand, the enterprise offers voluntary courses for those workers interested in developing their competence base in those activities not directly related to the enterprise activities. In this case, the worker carries out these training activities in his/her free time, and the enterprise assumes a part of the costs. On the other hand, and for those courses regarded as appropriate (due to its interest for the enterprise), **Paver** financially contributes for the total costs, and the training is conducted during working hours (at least half of them). These courses can be suggested either by the worker or by the enterprise itself.

c) Environment

Concerning the environmental domain, the enterprise is involved in a number of activities, some of them deeply linked with the improvement of the existing working conditions among workers. To start with, **Paver** has a very complete removal policy concerning oil products, one of the most common and dirtiest wastes of the production process which obviously eliminates dirtiness



and highly improves the environment of the factory. Secondly, the enterprise has externally subcontracted a clothing cleaning enterprises, in charge of daily picking up the dirty working clothes, wash them and return them clean to be used again. Thirdly, **Paver** has reduced the consumption of some raw materials (i.e. some specific oils, toxic materials, water, energy or paper used in the administrative departments), an aspect that clearly contributes to waste reduction. With all these measures, **Paver** has reached a top level of cleanness. Finally, it should not be forgotten the existing quality and environmental certifications obtained by the enterprise in the last years, such as the ISO 9002, the ISO 14001 or the EMAS II.

Concerning the organisation of CSR activities with **Paver**, there are three departments responsible of these activities, basically the Quality Department, the Purchasing Department and the Human Resources Department, all of them co-ordinated by the General Manager of **Paver**. Meanwhile CSR activities are monitored via a monthly evaluation system, where a number of indicators are regularly followed up (including not only productive ones but also those related with waste disposal, consumption of raw materials, accidents etc.). Furthermore, a specific internal person audits every 3 months the use and waste generation of oils, where these audits are used to suggest improvement solutions for subsequent periods.

As far as the external communication activities are concerned, **Paver** does not have any specific, concrete policy in this field. In any case, the enterprise has received a number of prizes and awards that have been actively used by the enterprise for marketing purposes (through the organisation of a specific event where the media is invited). In this respect, some of the most important prizes include the certificate of best supplier in Spain for its quality and service (1992) by Robert Bosch, the prize awarded by the Catalan SME employers' organisations (Pimec-Sefes) to the best Catalanian enterprise in environmental management (2004), the award of the Chamber of Commerce of Barcelona to the best manufacturing enterprise in the Vallés Oriental area (2005) or the prize for the best project of Lean Philosophy (2006). In addition to these prizes and awards, the enterprise takes part in all those lectures, technical conferences, presentations and fora where the enterprise is invited. Finally, the enterprise organises on an annual basis an 'open-doors' day, where employees' families, local authorities and students from local vocational training centres are invited to spend a day within the enterprise's premises.

Meanwhile, and concerning the internal communication activities, **Paver** has got a notice board where relevant information is included (working schedules, shifts, latest news etc.), as well as an annual event where the enterprise's goals and objectives for the year are presented to the workforce and the regular communication process with the employees representatives' committee.

To end with this section, and according to the enterprise's views, the resources devoted to CSR activities are very difficult to be estimated. In any case, the enterprise also suggests that it assigns an annual budget of approximately 25,000 – 30,000 Euro for its co-operation with the local handball team.

Impact of the CSR activities

Paver estimates that its involvement in CSR activities has brought to the enterprise a number of positive impacts. To start with, the active participation of the **Paver** workers in the different improvement plans implemented by the enterprise has not only helped to solve a number of problems and propose new successful ideas, but also contributes to motivate workers and increase their satisfaction at work. Moreover, the efforts conducted by **Paver** to improve the existing working environment (in terms of cleaning, order or risk at work) also help to increase motivation and reduce both absenteeism from work and accident rates, resulting in an increase on the employees' productivity of about +15 %.

Meanwhile, the environmental activities have resulted in a reduction of some raw materials consumption (i.e. energy, some wastes such as oils, boxes, packages or water). Thus, and just to give some data, water consumption has gone down from 3.000 m³ to 1.500 m³ in the last three years. For the enterprise, one of the key successful factors underpinning its environmental



policy refers to the early start of these measures (well before other competitors), together with the fact that these activities were pursued with a long-term view. In fact, **Paver** argues that the existing legislation and clients' requirements in this domain have toughened in the last years, so the enterprise has been ready to cope with these challenges well before other competitors. Additionally, **Paver** underlines its will to maintain and improve its quality levels overtime.

On the other hand, and from a social image point of view, the enterprise is conscious that its involvement in CSR activities and some of the awards and prizes received for this involvement have allowed the enterprise to spread its image outside the local boundaries. In this respect, the enterprise has been selected as one case study to be included within one big report conducted by a prestigious Spanish business school (see details in the section on information sources), which of course has also helped to extend the good social image of the enterprise. All in all, **Paver** estimates that this better social image has also resulted in an increase in its turnover, since customers and clients positively value the enterprise's concern in CSR activities, although it is impossible to estimate the concrete impact in monetary terms.

In any case, **Paver** believes that some of the CSR activities (i.e. the support to local sport clubs) are only possible due to the good economic results achieved by the enterprise in the last years. Finally, the enterprise is also conscious that its CSR activities have been mostly carried out on an ad-hoc basis, where all these activities as a whole are not subject to a coherent and comprehensive CSR policy. In fact, this is one of the most important challenges for the enterprise in the coming years.

Future issues

The enterprise is intended to establish in the coming years a number of technical groups for improving those aspects regarded as problematic within the production line, suggesting solutions for the detected failures and shortcomings. Some employees will be involved in these groups, whereby this involvement will be rewarded.

Additionally, **Paver** is intended to economically collaborate in the partial acquisition of a new organ for the local church during the period 2007 - 2008. In addition to this, **Paver** has spread this project to other local and non-local enterprises the enterprise has relations with, basically in order to obtain a much larger economic support for this activity.

On the other hand, **Paver** is intended to sign an agreement with some local vocational training centres in order to formalise the possibility for local students to carry out an internship period within the enterprise.

Finally, **Paver** is intended to maintain and even increase the resources devoted to quality and environmental activities, as they are regarded as key for assuring the future sustainability of the enterprise.

Information sources

- Phone interview with Mr. Xavier Vera (Administrator and Financial Director of **Paver**).
- Information collected from the book Murillo D & Lozano J.P., *Responsabilidad Social Corporativa y PYMES: Una apuesta por la excelencia empresarial* (CSR and SMEs: A Bet for Business Excellence), published by the IPES (Institute for the Individual, Corporations and Society) of ESADE, Barcelona, 2006.
- Web page of the enterprise (see <http://www.paver.es/>)



Contact information

- Name of the enterprise: PAVER S.L.
- Contact person and position in the enterprise: Mr Xavier Vera (Administrator and Financial Director of the firm).
- Phone number: +34 93 861 50 40
- Fax number: +34 93 861 50 41
- E-mail: paver@paver.es
- Web page: <http://www.paver.es/>



4 Conclusions

The issue of CSR is gaining an increasing importance in the Spanish public debate, especially in the last three years. This is clearly reflected in the number of actors and discussion fora that have flourished in the last years in Spain and that have already been presented in this report (CSR Sub-committee in the Spanish Parliament and its White book, Forum of CSR Experts at the Labour Ministry, Round Table for Social Dialogue, guidebooks, observatories etc.). Moreover, and in addition to animating a public debate on the issue, public authorities are trying to foster CSR activities through a number of tools, such as prizes and awards, the introduction of some CSR-related eligibility criteria when awarding public tenders or the development of some specific public policy schemes intended to foster some CSR aspects (i.e. gender equality issues, work-family conciliation, tax deductions for donations to NGOs and charity organisations etc.).

From a SME perspective, it is worth mentioning that the Spanish public CSR debate has been traditionally dominated by large enterprises. In any case, and during the last year, there is an increasing attention to the specificities and special characteristics of the SMEs in relation to CSR activities. In fact, this interest is explained by the key role that SMEs play in the Spanish enterprise tissue, as they account for a much larger share of the Spanish employment and turnover total in comparison to the European average.

The five case studies included in this report, together with the analysis of the existing literature on the issue, shows that SMEs' activities in the CSR domain are dominated by a number of key characteristics:

- In general, SMEs do not feel comfortable with the CSR concept, in the sense that the concept is not clearly identified by them as it is probably the case among large enterprises. In this respect, SMEs feel more comfortable when this CSR concept is explained through concrete activities and examples (informal and tacit definition of CSR for them), and when these examples have a real positive implication for the business. In fact, it is often suggested that most SMEs may carry out some CSR activities without knowing they are doing so. Therefore, more public action in the dissemination of the concept is required, adapting its contents to the SMEs' characteristics and specificities.
- The role and personality/values/preferences of the company founders or current owners are at the root for explaining the involvement of the SMEs in concrete CSR activities. Therefore, the motivation and leadership of the SME founder are key aspects to understand the reason behind the enterprise's involvement in CSR activities. This fact is better reflected in the fact that some of the CSR activities are regarded as part of the 'identity' of the enterprise itself.
- SMEs' involvement in CSR activities is particularly influenced by the SMEs' preference for those activities closely linked to the enterprise's day-by-day reality. In this sense, this preference is better reflected in the fact that most SMEs are particularly concerned with the development of internal CSR activities (basically aimed at the workers), whereas CSR activities among large enterprises have a much greater external-to-the-enterprise focus.
- It is interesting to stress that the analysed SMEs do not develop a wide array of (internal) CSR activities. Rather, each of these SMEs seem to have focused their activities in one or two concrete domains (quality and labour security, working time flexibility for workers, environmental sustainability activities, social advantages for workers, participation in the management, support to external sport activities and teams etc.). This specialised area usually responds to the enterprise's own business vision and characteristics (i.e. sector).



- These SMEs involved in CSR activities suggest that this involvement has resulted in positive economic results for the enterprise. In this sense, it is very interesting to notice that most SMEs perceive these positive effects in a very subjective way, not being in general objectively measured by the enterprise.
- Most SMEs specially identify these positive effects in the internal domain. In this respect, the motivation of workers, lower levels of risk at work, the improvement of the working atmosphere, better loyalty from employees etc. are outcomes usually mentioned. Some reports (however, not only referred to SMEs) incorporate these effects under the label of 'improved management efficiency', including factors such as a better organisational climate, an increased competitiveness and productivity. From an external perspective, it is pointed out a better image of the enterprise among the local population and among customers and providers ('trademark and visibility'). Finally, environmental sustainable practices can also have positive effects ('values and environment').
- In this sense, the question is not for SMEs to be philanthropic because it is something fashionable, but to develop a management system which allows for their sustainability in the long run. Good social practices can contribute to three competitiveness related types of objectives: a) monetary savings through cost reduction; b) productivity increases; c) sales increases.
- SMEs usually are not very involved in the external diffusion and communication of their CSR activities, at least from an active and strategic perspective. In any case, all the analysed SMEs are sensitive to the positive effects derived from the awarded prizes, as they increase the visibility of the enterprise in the market and the local community.

Having in mind the previous points, it is possible to draft some recommendations for guiding the involvement of public authorities in the promotion of CSR among the Spanish SMEs. These recommendations are the following ones:

- Any policy action intended to foster the involvement of SMEs in CSR practices has to stress the economic advantages and competitiveness increase that can be obtained by SMEs from their involvement in these activities, especially in those elements where SMEs seem to focus their activities (internal social practices with workers, quality and environmental policies). This focus can help attracting the attention and interest of SMEs to the CSR topic. For this purpose, public authorities can publicise widely to the SME sector the success stories of SMEs involved in CSR activities, stressing the main successful business results obtained from this involvement.
- Public authorities could also foster CSR involvement through the setting up of specific awards and prizes specifically aimed at relevant SMEs' experiences, as these prizes are deeply valued by SMEs themselves.
- Additionally, public authorities should intensify collaboration with SME trusted intermediary organisations (chambers of commerce, trade and employers' associations etc.) in order to co-ordinate support activities and to assure the most effective ways of communicating with the SME community. In this sense, trade associations representing SMEs can play a key leading role in setting and guiding for them the CSR agenda.
- It is crucial to stress the importance of creating a social milieu that recognise and value the social and environmental compromise of their enterprises in general and its SMEs in particular. This line of policy action has not yet been very developed within the Spanish context.
- Public authorities can encourage enterprises in general and SMEs in particular to become more involved in CSR practices, i.e. through requesting certain social obligations for providing products/services for the public authority or for receiving public



support. This line of action has not been sufficiently used in the Spanish case so far, and despite some experiences in this sense.

- In any case, the success of any public initiative is fully dependent on making it as geared as possible to the specific needs of SMEs in general and of particular groups of SMEs, so indiscriminate solutions are therefore to be avoided. For this purpose, simple, continuing and specific-to-their-needs solutions are required.
- Public authorities should try to increase the amount of available information existing in Spain on the actual extent and characteristics of CSR activities amongst SMEs, which is very scarce and mainly based on ad-hoc reports on concrete case-studies and not on more extensive surveys. In this sense, further research on CSR activities in SMEs is required, as well as more empirical evidence on the economic consequences and competitiveness impact derived from the involvement of SMEs in CSR activities.
- Finally, public initiatives should not forget that SMEs cannot adopt an entire CSR agenda all at once, and that most of their activities are conducted at local level, where important variations may exist. In this sense, modular/step-by step approaches should be developed, fostering a progressive implementation of CSR areas. Involvement of regional/local institutions seems important, as well as that of business organisations.



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