

## Chapter 10

### **An Exploratory study of CSR Practices in the Greek Manufacturing Sector**

#### **Abstract**

This paper sets out to describe the level of corporate social responsibility of the Greek manufacturing sector. While the level of corporate socially responsible behaviour has been widely explored in the context of Northern European industry, analysis concerning the level of CSR practices of the Greek manufacturing industry is underdeveloped. An empirical study is performed based on the identification of CSR practices of the most active companies in the industrial sector in Greece. Their CSR orientation is recognized by their published annual CSR reports and the performance indicators they use in order to demonstrate their corporate responsibility. The analysis of their CSR behavior is based on an eight-category framework, which is a decomposition of the three typical CSR views recognized in the literature, these being economy, environment and society. The results are critically commented and conclusions are made for the CSR future of the manufacturing companies operating in Greece.

#### **Keywords**

Corporate Social Responsibility (CSR), Manufacturing Sector, Greece.

#### **10.1 Introduction**

Over the last decade, there has been an apparent shift from adopting more responsible business practices as a result of regulatory citations, consumer complaints, and special interest group pressures, to proactive research exploring corporate solutions to social problems and incorporating new business practices that will support these issues (Business for Social Responsibility Education Fund, 2000). In fact, it is only in recent years that the number of organisations engaging in social behaviours and activities has increased markedly (McWilliams et al., 2006; Stainer and Stainer, 2003; McIntosh et al., 2003). According to Pryce (2002), the current focus, is driven by five forces: customer pressure, changes in business procurement, government legislation and pressure, the rise of socially responsible investment, and the changing expectations of employees.

However, despite the interest that CSR has generated, a number of issues have not yet been satisfactorily addressed. Whilst the rhetoric encourages organisations to aspire to be more socially responsible, there is not a sufficiently explicit or detailed description of what it is they should be aiming for, nor is there a well developed or convincing body of literature that can clearly articulate the value to organisations of engaging in such behaviours (Van Marrewijk, 2003). Indeed, much of the current interest in CSR centres on the need to engage in such behaviours as a matter of course but there is none, or very little, consideration of the incidence and types of initiatives that are seen in practice, or of why CSR initiatives are undertaken in some organisations and not in

others. As a result, the meaning of CSR and the issues surrounding it remain clouded for many organisations (Webley, 2001; McWilliams et al., 2006).

With a lack of a commonly agreed definition of CSR (something being reported by many articles, such as these of Carroll (1991) Jones (1999), Jones (1995, 1999), McWilliams and Siegel (2001), and Idowu and Papasolomou (2007)) the formation of a performance measurement framework for its evaluation and the communication of the results to the stakeholders of the organisation become very difficult. Whilst organisations have generally recognised a responsibility to society (Boatright, 2003), the implementation of this at a strategic level is much more problematic (Idowu, 2008). To many, CSR remains "a vague and intangible term", with "unclear boundaries" (Frankental, 2001; Lantos, 2001). Therefore, although the debate about CSR has continued to grow, we remain far from consensus on what it means and its value. Some companies see it as a source of business opportunity and improved competitiveness, while others view it as simply good business practice.

Trying to demonstrate their CSR orientation, some companies have started to publish annual CSR reports. These reports do not follow a clear standard. The Global Reporting Initiative (GRI, 2006), is a framework offering companies guidance on the categories that should be explained in their reports (Global Reporting Initiative). This group of companies, accounting experts, investors, unions, NGOs and other stakeholder groups has set itself the objective of formulating globally applicable guidelines for sustainability reporting that are relevant for all sectors (Hennigfeld et al., 2006). However, the GRI permits a high degree of flexibility in how efforts in these categories should be measured, so the variations in CSR report details reflect this flexibility. Similarly, the United Nations Global Compact and the Global Sullivan Principles of Social Responsibility are occasionally referenced standards for what categories constitute responsibility, but they are not as well used or as useful as the GRI (United Nations Global Compact, Global Sullivan Principles). In 2003, UK-based non-profit business institute Account- Ability launched its AA1000AS international standard for sustainability assurance in an effort to improve the quality of assurance statements by independent auditors. The AA1000AS recommends that assurers assess reports against the principles of materiality, completeness and responsiveness. Social Accountability International ([www.sa-intl.org](http://www.sa-intl.org)), a human rights organization, created SA800, which is based on international workplace norms in the ILO conventions and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child. Issues measured and reported according to SA800 include child labour, forced labour, health and safety, freedom of association and right to collective bargaining, discrimination, discipline, working hours, compensation and management systems. Other internationally recognised standards include environmental standard ISO 14001, which is popular with the manufacturing sector, the GHG Protocol, and the Global Compact. Organisations, such as Business in the Community, have also developed their own reporting guidelines in addition to CR benchmarking indices (Fahy et al., 2004).

Although GRI seems to be the most influencing CSR framework world-wide (Vogel 2005), it most often only serves as a reference point to which corporations map their report details, not as a framework for the report itself. CSR initiatives are still largely seen as competitive differentiators, and with no agreed-upon standard, companies choose to primarily highlight their strengths and explain their stance on issues

relevant to their business. For example, a consumer product retailer's version of "responsibility" is likely to include product safety, while for a manufacturing company, environmental protection will be a larger focus. As it is understood by the above, the sector in which companies operate is a prominent factor (but still not the only one) responsible for the differentiation of CSR issues considered as of great importance that are reported to the public.

## **10.2 The Manufacturing Sector in Greece**

Increasingly, society expects businesses to have an obligation to the environment and the community in which they operate, to the people they employ and their customers, beyond their old-fashioned narrow shareholder concerns. While such expectations concern all aspects of all kind of businesses, many advocates of CSR argue that, the greenhouse effect and other similar irreversible environmental impacts resulting from the avaricious growth of the manufacturing sector, are the primary forces that have boosted SCR to one of the most important management notions of the 21<sup>st</sup> century. As an example, Maltby (2004) argues that CSR reporting has been practiced proactively by several UK manufacturing companies since the earlier part of the 1900s.

The concept of "sustainable development", that embodies mainly the environmental perspective of CSR, has lead manufacturing corporations to be among the first businesses to addresses CSR issues and adopt CSR practices, in an attempt to confront the first massive waves of public pressure and discomfort, and to comply with the emergence of the first environmental regulations. As a result, nowadays the manufacturing sector is considered to be among the leading areas regarding the development and adoption of good CSR methods and practices. Hence, this paper will focus on the CSR reports published by the companies of the manufacturing sector in Greece.

Manufacturing in Greece is one of the economic sectors faced with challenges connected with the globalized business reality. The emergence of Asian states, most notably China, along with ever-increasing domestic production costs, have cost Greek industrial manufacturers dearly, and translated into numerous job losses.

On the other hand, a few enterprises have found themselves more able to withstand the competition, and have actually gained international access- as well as larger profit margins. These select companies are to be found in all areas of Greek industrial production and some have aspirations to become key players in niche markets worldwide. Most successful of these Greek firms have shown they have the abilities and the potential to play an important international role.

According to the Economist Intelligence Unit, the Greek manufacturing sector is small by European standards, accounting for an estimated 9.7% of GDP in 2005, including mining. In 2004 the sector employed 570,000 people, 13.2% of employment.

The majority of manufacturing firms are small family businesses. Data for 2004, aggregated by a business information company, ICAP, and covering 4,684 companies publishing balance sheets (for example, limited companies or corporations), show

78% of firms employing fewer than 50 people; 18.2% employing between 50 and 249 people; and 3.9% employing more than 250. The firms with fewer than 50 staff employed 63,459 (25%), while the others employed 186,386 (75%), but the larger firms generated nearly 89% of the total profits, and their earnings per employee were 2.7 times higher than those of their smaller counterparts, at €11,512 per head, compared with €4,315 per head.

The largest and generally most profitable sectors produce either consumer goods or intermediates based on local raw materials. As an example, the top 20 companies in 2004 included firms in the cement and aluminum, olive oil, brewing and tobacco, oil refining and telecommunications sectors. The clothing and footwear industries, which used to be important, have gone into decline in recent years because of competition from low-wage countries in Asia and eastern Europe, although a few large firms have shifted their focus towards providing higher-value-added garments in order to restore profitability. Many Greek firms in the clothing sector now subcontract their labour-intensive processes to Balkan countries.

The manufacturing sector is the largest sector in Greece concerning employment. This fact is responsible for the close connection of the sector with the local community, as the companies operating in it offer employment opportunities. Moreover, its relationship with environmental issues is particularly strong because of the nature of its operations (use of raw materials, energy consumption and use of heavy pieces of equipment). As a result, the sector is usually found in the center of criticism concerning issues related to Corporate Social Responsibility.

Manufacturing companies in Greece have been the first to take CSR seriously, following CSR practices in areas such as the internal environment (employee issues), as well as the external environment (customers, local community, nature). The above is supported by the fact that the majority of the establishing members of the Greek Network for Corporate Social Responsibility belong to the manufacturing sector. However, the number of the active companies in CSR is still very small and is restricted to large corporations with global presence.

Highlighted CSR areas in the Greek manufacturing sector are hygiene and safety in the working environment, environmental protection, consumer protection, employees competences' continuous improvement through continuous learning schemes and suppliers and sub-contractors sensitivity in CSR matters. Previous research in Greece, concerning CSR (such as this by Aravossis et. al, 2008) shows that CSR is in its infancy stage in Greece, however, some remarkable examples of good CSR practices can be found in the manufacturing sector. In some cases these practices are followed by companies having the role of supplier or sub-contractor of large Greek or international corporations. Although these companies are not as much sensitive in CSR issues as their customers, they are aware of many aspects of it and they have succeeded in adopting some practices by themselves, in order to guarantee their flawless and continuous cooperation with them. This somehow "coercive" behavior has provided them with a competitive advantage in the market they operate.

The synthesis of the Greek manufacturing sector by small and medium enterprises (SMEs) is an inhibitory factor for the adoption of CSR mentality.

This paper tries to identify the adoption of CSR by the Greek manufacturing companies through an empirical analysis. The small number of active companies in Greece does not permit a meaningful statistical analysis, so emphasis is put on the qualitative analysis of the issues that are perceived of importance by the existing companies. Possible differences compared to CSR practices of other sectors are investigated and conclusions are made for the role of CSR in the strategies of the Greek manufacturing companies.

### 10.3 Methodological Framework for the Analysis of CSR Practices in the Greek Manufacturing Sector

According to the World Business Council for Sustainable Development, CSR reports are public reports released by organizations to provide internal and external stakeholders with a picture of corporate position and activities on economic, environmental and social dimensions. In short, such reports attempt to describe the companies' contribution towards sustainable development. Most reporting frameworks are based on three distinctive views (Vogel, 2005), as these are depicted in Table 1.

**Table 10.1** CSR Reporting Commonly Used Views

View	Issues
Economic	Profitability, wages and benefits, resource usage, job offerings, outsourcing
Environmental	Processes, products and services related to the environment
Social	Health and safety issues, employee relations, ethics human rights, working conditions

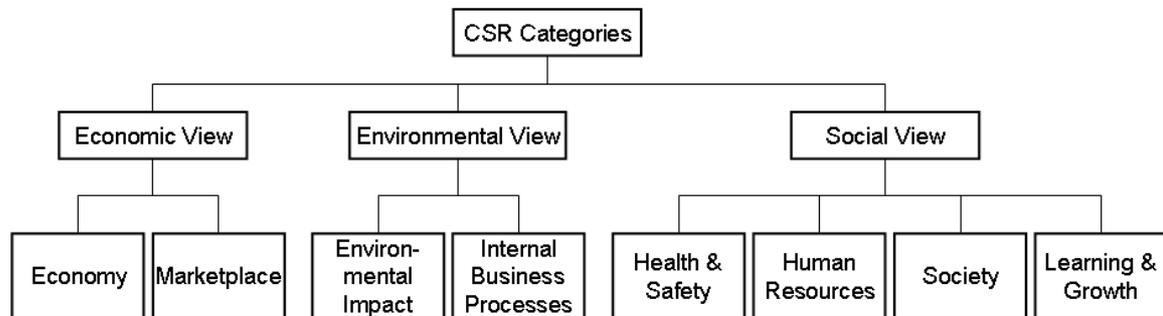
In order to analyse the CSR practices of manufacturing companies in Greece, the companies publishing a CSR report were identified, making the assumption that companies that do not report on CSR issues do not have a substantial CSR orientation. As a result, the CSR reports of the Greek companies were collected and examined in order to identify the CSR performance measures each company uses. The lack of standards and the fact that the report has no defined audience but is aimed at the world at large has led to a wide variation in what is reported. In order to overcome this problem, an attempt was made to categorize the corporate social responsible behaviour of the companies in Greece according to which categories were more common among the CSR reports published by the companies. Care was taken in order to define categories compatible with the three views identified in the literature.

The analysis of the results revealed eight distinctive categories of CSR performance measures mostly used (in a non-formal way) by companies operating in Greece. These categories are as follows:

- Economy.
- Internal business processes.
- Learning and growth.
- Environmental impact.
- Human resources.
- Society.

- Marketplace.
- Health and safety.

The correlation of the identified categories with the three main CSR views recognized in the literature is depicted in Figure 10.1.



**Figure 10.1:** CSR Views & Categories

The analysis of the CSR reports generated by the Greek companies operating in the manufacturing sector was based on the above framework.

Furthermore, in order to quantify findings and allow a company's CSR performance subjective evaluation as well as the ability for any comparisons and conclusions to be made, a CSR performance scale from 1 to 5 was introduced to be used as a point of reference. The scale seeks to provide a correlation between what is generally perceived as good CSR practices in literature and by widely accepted reporting standards, and the degree of disclosures on CSR performance and goals on each of the aforementioned CSR views and categories, as identified in the CSR reports of the examined companies. The CSR performance scale used in the analysis of the reports is presented in Figure 10.2.

* Disclosures on Performance and Goals	
●	Advanced disclosures balanced across all organizational divisions, regions and business units, in accordance to International best practices and widely accepted reporting standards.
◐	Advanced disclosures that cover major organizational divisions, regions and business units and meet most reporting requirements of International best practices and widely accepted reporting standards.
◑	Concise disclosures on a sufficient number of widely accepted performance indicators compared to predetermined targets and previous performance.
◒	Unstructured disclosures on random performance indicators.
○	No disclosures.

### **Figure 10.2: CSR Performance Correlation with CSR Reports' Disclosures on Performance and Goals**

Finally, in an attempt to complement the Methodological Framework for the Analysis of CSR Practices in the Greek Manufacturing Sector, CSR reports were further examined in order to identify any qualitative correlation between CSR performance and a company's approach to CSR from a managerial and organizational point of view. The latter was accomplished by examining the following perspectives:

- **CSR and Communications:** seeks to provide insight on the degree of a company's will for CSR accountability and transparency, as far as the general public is concerned. In this perspective the following aspects of the reports were inquired:
  - Stand alone CSR report
  - Statement from the CEO
  - Online CSR report
  - Interim CSR report
  - Number of previous reports
  
- **CSR and Management:** seeks to provide insight on the degree at which CSR is embedded in the organization's day-to-day decision-making process. In this perspective the following aspects of the reports were inquired:
  - CSR mentioned in corporate Vision/Mission
  - CSR appointed director / department
  - CSR strategy and objectives explicitly defined
  - CSR practices in the Supply Chain
  - CSR risks and opportunities identified
  
- **CSR and Governance:** seeks to provide insight on the degree of engagement of shareholders and other stakeholders in the process to design and implement a company's CSR practices. In this perspective the following aspects of the reports were inquired:
  - SCR committee in the BoD
  - Degree of establishing Stakeholder engagement policies
  - External assurance

## **10.4 Identification and Description of CSR Issues**

In order to identify the companies that are active in CSR issues in Greece, we found the listed companies in the Athens Stock Exchange or in a Stock exchange outside Greece, operating in the greater area of manufacturing that generate an annual CSR report, making the hypothesis that it would be very unlikely for a company to prepare a CSR report if it is not public. Moreover, manufacturing companies that are active in CSR without publishing an annual report were identified through the directories of the following Greek organizations:

- Hellenic Network for Corporate Social Responsibility (CSR Hellas): CSR-Hellas is a business-driven non-profit organisation with the mission of promoting the meaning of CSR to both the business community and the social environment.

CSR-Hellas includes ninety-six members. It is one of the most active organisations promoting CSR in Greece.

- Centre for Sustainability and Excellence (CSE): The CSE is an advising and leading organisation and a Think Tank with offices in Athens, Brussels and Dubai, specialized in CSR and Sustainable Development.
- Eurocharity: Eurocharity is a non-profit company that donates twenty five percent of its annual revenues to charity. It operates a comprehensive CSR directory in Greece.

Although the number of companies participating in a Greek CSR network has been substantially increased in the last two years, the available information included in their sites relating to CSR is still not worth analyzing. As a result, the remaining part of this chapter will focus on the CSR reports of the companies identified based on the aforementioned criteria. In this section we have answered the question – what do the reports reveal about CSR policies and practices adopted by companies operating in the Greek manufacturing sector? The order below is of no significance but primarily a matter of convenience.

### ***TITAN S.A.***

**Company Profile:** Founded in Greece in 1902 and listed in the Athens Stock Exchange since 1912, TITAN is a vertically integrated group of wholly-owned affiliated companies and joint ventures that operates in 12 countries. Its activities cover the production of cement, concrete, aggregates, mortars and other building materials, transportation and distribution of products, as well as processing and industrial utilization of fly ash.

**Analysis Results:** The CSR report clearly shows the Executive's high level of commitment to embed CSR practices within the organization and in accordance to international guidelines such as the GRI, the UN Global Compact, the Cement Sustainable Initiative of the World Business Council for Sustainable Development (WBCSD/CSI) and the AA1000 Accounting Standards. Moreover, the report has been externally assured by an independent organization which confirms that the GRI "A+ application level" has been met, while another external firm undertook to provide assurance on the company's carbon dioxide emission data and safety data performance. In line with the previous, disclosures underscore that while performance in all CSR categories is thoroughly unfolded, environmental and social aspects appear to receive more gravity. Additional disclosures on past performance provide the ability to assess progress accomplished whereas negative performance is noted and discussed rather than overshadowed. In conclusion, while levels of awareness, capability and implementation may vary across Divisions, Regions and Business Units, the company has sought to identify and adopt good CSR practices and policies in line with the overall corporate strategy.

### ***HELLENIC PETROLEUM S.A. (ELPE)***

**Company Profile:** Founded in 1975 by the Greek Government, the company was listed in the Athens and London stock exchanges in 1998, following its privatization. Today, Hellenic Petroleum (ELPE) has presence in 11 countries and aims to

transform into a major regional, internationally competitive energy Group. The Group's principal activities are refining of crude oil and marketing of refined petroleum products, while there is also involvement in the production and marketing of petrochemicals, exploration development and production of hydrocarbons and other related activities.

**Analysis Results:** The CSR report reveals that Hellenic Petroleum has a high level of awareness with regard to the concepts of CSR and sustainable development. While the report is not assured by an independent party, it has been structured taking into consideration best practice standards such as the principles of the UN Global Compact and the indicators of the GRI. Although programs, policies and activities cover adequately all relevant categories, the levels of disclosure vary significantly across CSR views. Extensive reporting focus has been given on local communities and employee safety, highlighting in this way the company's CSR orientation. As ELPE is subject to occasional internal and external audits imposed by strict safety and environmental regulations, it appears to have embedded sophisticated performance management systems yet relevant disclosures are limited within the report. Overall, the company's active support to CSR practices is evident nevertheless additional effort is required in order to accomplish a full integration of CSR as a management framework for improving economic, social and environmental performance.

#### ***S&B INDUSTRIAL MINERALS S.A.***

**Company Profile:** The company started its operations in Greece in 1934 and is listed in the Athens Stock Exchange since 1994. Today, S&B has become a multinational group of more than 40 companies, with extensive operations in 23 countries in 5 continents. The Group's principal activities are the extraction and wholesale of precious metals and minerals while secondary activities include import of motorbikes, spare parts for motorbikes, accessories and lubricants, earth moving equipment, fork lifts, warehouse machinery, diesel motors and generators.

**Analysis Results:** S&B Group has been publishing social reports for the past six years which indicates that its commitment to business development and growth is coupled with the practice of sustainable development. The report has been compiled according to the GRI guidelines and has been self-declared as "B" in the relevant scale of application levels. CSR practices and policies are apparent in all categories yet their systematic and comprehensive undertaking concern primarily areas directly related with employee health and safety and the negative impact on the environment. Reporting in these areas is sufficiently accompanied with targets and previous performance while the company has made additional efforts to further evaluate material issues and challenges for sustainable development at both Group and local level. Among other practices, risk assessments by external firms and the implementation of two-way communication schemes between stakeholders and management reveal the company's commitment to improve performance in all areas of social responsibility and sustainability.

#### ***VIVARTIA S.A.***

**Company Profile:** Vivartia was formed in 2006 through a series of acquisitions and is now the largest food manufacturing group of companies in Greece and one of the largest in Europe, as its recognized brands are reaching consumers in 30 countries. Through its subsidiaries the Group is actively involved in the dairy business, ice-cream market, fresh juices market, frozen food market and processing of ready-made meals and milk.

**Analysis Results:** While Vivartia is conducting a broad program of initiatives and activities compatible with typical CSR practices followed by international companies publishing CSR reports, it seems that it lacks the appropriate monitoring and reporting mechanisms that would allow better CSR performance management as well as better tracking and communication of results. As the company operates in a "greener" and "safer" industry in comparison to the cement or the petroleum refinery industries, reporting focus on environmental and health & safety aspects has not been as thorough as encouraged by the GRI and other international reporting standards. Focus is given mainly on product safety as well as on contributions to the society and the employees through the provision of financial assistance, additional benefits and the launching of training, educational and cultural initiatives.

#### ***THE COCA-COLA HELLENIC BOTTLING COMPANY S.A.***

**Company Profile:** Coca-Cola Hellenic was formed in 2000 through the merger of Hellenic Bottling Company S.A. and Coca-Cola Beverages plc and is the second largest bottler of products of the Coca-Cola Company by revenue. Coca-Cola Hellenic serves 550 million people across 28 countries by manufacturing and distributing soft drinks, juices, waters, teas and functional beverages. The company is primarily listed in the Athens stock exchange and also in the London, the New-York and the Australian stock exchanges.

**Analysis Results:** With its fifth consecutive report, Coca-Cola Hellenic shows that it continues to strengthen its approach to sustainability, by embedding sustainability considerations into business processes and by deepening its engagement with stakeholders. The report follows most international best practice guidelines and has been externally assessed as GRI application level "B" by the GRI organization itself. As a Food and Beverages company, reporting weight has been given to the key social and environmental issues associated with its business and thus, adopted CSR practices derive from the company's priorities that represent the greatest risks and opportunities for the business and the most significant stakeholder concerns such as employee safety, product health and quality and environmental impact. With regard to the latter, a considerable part of the report concerns the adoption of CSR policies in the supply chain as Coca-Cola Hellenic's supply chain accounts for more than double the environmental impact of the Company's own operations. However, the use of metric data and indicators illustrate sufficiently the results achieved in the aforementioned areas and provide clear conclusions on progress achieved.

#### ***ITALSEMENTI S.p.A.***

**Company Profile:** With an annual production capacity of approximately 70 million tons of cement, Italcementi Group is the world's fifth largest cement producer. With activities in 22 countries, the company operates in Greece through its international subsidiary Xalyps Building Materials S.A., a Greek company with over 70 years of experience in production of cement that was acquired by the Group in 1992.

**Analysis Results:** The report provides valuable insight into the company's thinking and performance on sustainability issues. It has been documented in accordance to the GRI guidelines as well as with those defined by the Cement Sustainability Initiative (WBCSD/CSI), however it has not yet undergone an overall independent assurance process. An engagement with an external auditor to provide verification on key environmental and safety performance indicators, for the second consecutive year, highlights the Group's increasing awareness for adopting best practices and achieving greater transparency and accountability of results. Sustainability challenges and the Group's strategies and activities with targets achieved and areas where further improvements are possible are well addressed, yet environmental and safety issues outshine other views where reporting focus and scope appear to be bounded.

#### ***SIEMENS S.A.***

**Company Profile:** With more than 100 years of active presence in Greece, Siemens Hellas is an international subsidiary of the German giant that has evolved to a large group of electronics and industrial engineering companies involved in the areas of manufacturing and distribution of electrical and electronic equipment, telecommunications, information technology and system implementation, technical support, consulting and medical diagnostic solutions.

**Analysis Results:** The report revealed very interesting findings with regard to CSR practices not only due to the parent company's enormous size that embodies over 600 companies in nearly 190 countries but also due to the corruption and bribery cases at Siemens that dominated the public's awareness during the fiscal year 2007. In contrast to other manufacturing companies, the company has published a report that is not based on the GRI guidelines but has its own unique structure and aims to regain and strengthen the trust and acceptance of customers, society and the financial markets. While the environmental portfolio is externally assured and social aspects are sufficiently covered with disclosures on targets and performance, extensive reporting gravity is given to the principles of the UN Global Compact and the company's adopted policies and procedures to uncover misconduct and to heighten all employees' responsiveness for lawful, ethically irreproachable behavior. Siemens has set the goal to become the industry benchmark for transparency and as stated by its higher governance body, CSR reporting should make an important contribution toward this goal.

#### ***BP HELLAS S.A.***

**Company Profile:** BP Hellas, a wholly owned subsidiary of the British conglomerate BP p.l.c. is one of the largest distributors of petroleum and oil products in Greece with 1500 service stations selling BP and Castrol branded products. The company also

provides aviation fuels and lubricants to 22 airports, while each year supplies around 380,000 tonnes of products to the shipping industry.

**Analysis Results:** BP's report shows that the Group is very conscious of the need to manage its business in a way that contributes to long-term sustainability and promotes responsibility for society and the environment. The report has been externally assured by two independent organizations, including the GRI which ascertains that requirements of the "A+" application level have been met. Furthermore, the AA1000 Accounting Standards have been followed as well as the International Petroleum Industry Environmental Conservation Association Oil and Gas Industry guidelines (IPIECA/API) and the UN Global Compact principles. Disclosures cover sufficiently all CSR views with extensive coverage on those that concern people's safety and the climate change, however they also reveal BP's greater interest in developing and implementing appropriate management systems and in achieving greater transparency and accountability of results. The latter appears to be a consequence of the severe 2005 Texas City refinery accident that triggered a number of governmental investigations in BP's facilities and raised significant concerns on process safety risks and regulation compliance issues.

### ***SHELL HELLAS S.A.***

**Company Profile:** Shell Hellas was established in 1926 and comprises a part of the Royal Dutch Shell Plc, the second largest oil company in the world. The company's main activities include the import, distribution and marketing of a wide range of oil and chemical products, including fuel oil, petrol, diesel, lubricants and LPG, through a network of over 1000 service stations across the country.

**Analysis Results:** The company's 2007 report utilizes innovative communication methods in explaining Shell's view of a sustainable energy future and its role in achieving it. The description of two strategic energy scenarios and their use to frame the dialogue on future energy needs and climate change reflects the most important sustainability issues facing the company. While with this approach significant insight is provided with regard to the company's strategy to offset the greenhouse effect and to meet the energy challenge, other topics such as local environmental impacts and social performance receive less attention. However, Shell asserts that its CSR report meets the "A+" application requirements of the GRI and has followed other international reporting standards such as the UN Global Compact, the AA1000AS and the International Petroleum Industry Environmental Conservation Association Oil and Gas Industry guidelines (IPIECA/API).

Based on the analysis of the reports, the following paragraphs seek to describe the key findings with regard to the CSR methods and practices adopted by the examined companies of the Greek Manufacturing Sector.

As presented in Figure 1, the methodological framework for the analysis incorporates three CSR views and eight distinctive categories of CSR performance, according to which the evaluation of each company is based on. In each of these distinctive categories, a company's CSR performance is assessed by applying the CSR performance scale presented in Figure 2, that relates a company's CSR performance,

as demonstrated in their reports, with what is generally perceived as good CSR practices in literature. The analytical results for each company are presented in the following Figure 10.3:

Company	CSR Categories							
	Economic View		Environmental View		Social View			
	Economy	Market place	Environmental Impact	Internal Business Processes	Health & Safety	Human Res. (HR)	Society	Learning & Growth
Titan								
Hellenic Petroleum								
BP								
Shell								
S&B								
Vivartia								
Siemens								
Coca-Cola HBC								
Italcementy								

**Figure 10.3:** Results of CSR Views & Categories Analysis

Based on the previous analysis, the following summary results can derive regarding the CSR performance demonstrated by all companies in the economic, environmental and social views:

- Economic performance was partially described mainly through the presentation of key financial indicators and the breakdown of revenues according to the relevant groups of stakeholders. The latter is due to the fact that companies perceive CSR reports as complementary to their annual reports and thus urge readers to review both reports in case a holistic view about economic performance is required. Furthermore, as companies are familiar with economic performance reporting, most CSR relevant reporting criteria, as defined by best practice standards, were already satisfied by their annual bulletins. Consequently, economic reporting among the examined companies showed a high degree of similarity.
- Environmental indicators identified in the examined reports fall into two different categories. The first contains established measures that were present in all reports and expresses the global concerns to offset climate change and control the use of natural resources such as carbon dioxide and other greenhouse gases' emissions, energy and water consumption and efficiency, waste management and recycling and the use of alternative materials. The second includes metrics tailored to the industry's specific attributes that track environmental performance in operations with disparate results and thus do not allow comparability as they are usually guided by different international standards such as the Cement Sustainable Initiative (WBCSD/CSI) for the cement industry and the International Petroleum

Industry Environmental Conservation Association (IPIECA/API) for the oil and gas industry.

- While economic and environmental indicators seek to measure more or less the same aspects (in the environmental category of performance measures, mostly due to the fact that legal requirements are common in nature for all companies), performance tracked by social indicators among the examined companies showed significant similarities but also great variation. Similarities concerned employ health and safety (an area where a national legal framework exists), decent labor, training and financial assistance through donations, charities and sponsorships. On the other hand, variations were apparent according to the type of industry. The cement and mining companies appeared to focus more on employee health and safety and quarry rehabilitation. The three petroleum and oil companies were giving more gravity on local communities' safety, the beverage companies on product development and customer health while Siemens utilized extensive metrics on work ethics.

Following the analysis of the CSR performance on each of the CRS views and categories, the study is completed by presenting additional findings on the approach demonstrated by the examined companies regarding the issues of CSR communications, management and governance in Figure 10.4.

		Titan	Hellenic Petroleum	BP Hellas	Shell Hellas	S&B	Vivartia	Siemens Hellas	Coca-Cola Hellenic	Italcementy
CSR & Communications	Stand-alone CSR report	✓	✓	✓	✓	✓	✗	✓	✓	✓
	Statement from the CEO	✓	✗	✓	✓	✓	✗	✓	✓	✓
	Online CSR report	✓	✓	✓	✓	✓	✗	✓	✓	✓
	Interim CSR report	✗	✗	✗	✗	✗	✗	✗	✗	✗
	# of previous reports	4	2	9	10	6	n/a	n/a	4	3
CSR & Management	CSR mentioned in corporate Vision/Mission	✓	✗	✓	✓	✗	✓	✓	✓	✓
	CSR Director / Department	✓	✓	✓	✓	✓	✗	✗	✗	✓
	CSR strategy and objectives explicitly defined	✓	✗	✓	✓	✓	✗	✓	✓	✓
	CSR practices in the Supply Chain	✓	✗	✓	✓	✓	✗	✓	✓	✓
	SCR risks and opportunities identified	✓	✓	✓	✓	✓	✗	✓	✓	✓
CSR & Governance	SCR committee in the Bod	✓	✗	✓	✓	✗	✗	✗	✓	✓
	Degree of establishing Stakeholder engagement policies	High	Low	High	High	High	Mod/te	High	High	Mod/te
	External assurance	✓	✗	✓	✗	✗	✗	Partial	✓	Partial

**Figure 10.4:** CSR in Relation to Communications, Management & Governance

Based on the findings, it appears that:

- All companies apart from Vivartia provide extensive focus on communicating their CSR performance.

- At management level, most companies demonstrate adequate efforts to embed CSR in the day-to-day decision making.
- At governance level, all companies seem to encourage stakeholder engagement however about half of them only have appointed CSR roles in the BoD or have requested external assurance so as to ensure that what is being said is being done.
- Companies with operations affecting more the environment such as the petroleum and cement ones appear to utilize more sophisticated CSR practices.
- Companies that are a part of a giant foreign group appear to be more CSR oriented in comparison to the ones initially established in Greece.

## 10.5 Conclusions

The very small number of manufacturing companies officially reporting CSR issues on an annual basis proves that CSR-orientation is found in an infant stage in Greece. This small number implies that CSR practice is still regarded as an optional and costly additional task affecting core business activity. The analysis of the companies in Greece, that are active in CSR shows that the existence of business performance criteria has been the reason for such a behavior. As a result, companies operating in an international environment, where social responsibility is translated in business efficiency and customer satisfaction, were the first to adopt a CSR-oriented approach, gaining a competitive advantage.

Materiality of CSR reports, meaning issues which have a non-financial risk at an operational level, is still without a sound definition, making it difficult for organisations to decide on what constitutes as an actual or potential corporate responsibility 'risk' in the Greek marketplace. Furthermore, the global growth of corporate responsibility has led to an explosion of ethical league tables and benchmarks, all offering a different perspective of the discipline, causing confusion to the companies operating in the Greek market. This confusion was obvious in the CSR reports of the companies operating in the manufacturing sector in Greece. The identification of rather few common environmental and social indicators among the companies supports the above conclusion. However, it has to be stated, that to a certain degree, the sector a company operates determines the nature of the CSR indicators used.

The study of the performance measures used by the Greek manufacturing companies in their CSR reports and their comparison with their everyday business practices shows that what is being reported is actually being performed (although this assumption is mostly based on the results of external assurance which exists only in half of the cases). However, the question which still remains is whether enough is being reported. Although the quality and comprehensiveness of Greek CSR reports has improved in the last three years, it remains uneven. As a result, some include quantitative measures of nonfinancial performance, such as changes in carbon dioxide emissions. But not surprisingly, since the firms themselves choose what to report, they can tout their strengths and ignore their potential weaknesses.

The confusion surrounding CSR reporting may be affected by the lack of a single standardised reporting framework, which has led to the creation of numerous initiatives, codes, and guidelines. Although GRI seems to be the dominative

framework in CSR issues of companies operating in Greece, the lack of a unified and well-defined approach by all companies raises concerns over future consistent clarity.

The European Union is also encouraging companies within its member states to adopt corporate responsibility policies, however there is still a vague suggestion of making it a mandatory reporting requirement. A first good step would be the legal obligation, at least of listed companies, to report on influential performance factors including employees, customers, supplies, and impact on the environment and the wider community will have to be detailed and explained. The development of new regulatory structures, providing minimum standards for activities covered by CSR, remains an effective means through which the behaviour of manufacturing SMEs will be changed in the short to medium-term, following the example of most successful and international companies presented in this paper. All of the above, together with the increased Greek societal demand for corporate social responsibility initiatives will help in the substantial professionalization of CSR work in Greek companies. CSR reporting is a means towards this professionalization by providing a more structured and spherical use of CSR principles. However, the small number of companies that are active in CSR issues in Greece proves there is still a long way to go.

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