

CORPORATE SOCIAL RESPONSIBILITY FOR ALL

NATIONAL REVIEW REPORT

MACEDONIA

August 2015

Skopje

TABLE OF CONTENT

I. Introduction	7
II. Country profile	9
III. Company survey methodology.....	20
IV. Company survey findings	21
V. Conclusion.....	40

LIST OF TABLES

Table 1: Biggest sectors of the Macedonian economy and their share in GDP

Table 2: The Distribution of Companies by Sectors

Table 3: The Distribution of Company's Ownership Structure

Table 4: The Distribution of Companies by Size and Origin

Table 5: Awareness of CSR According to Size of Companies

Table 6: Awareness of CSR According to Sectors

Table 7: Awareness of CSR by Company Structure

Table 8: The Distribution of Related CSR Department in Company

Table 9: Knowledge of CSRforALL project which started in 2012

Table 10: Participation in the previous CSR activities

Table 11: Thinking in terms of participation in the previous project activities of CSR for ALL

Table 12: Disclosure of non-financial information

Table 13: Approaches for disclosing

Table 14: Training or consulting services for reporting service

Table 15: Use of CSR Instruments

Table 16: What non-financial information does companies disclosure?

Table 17: Non-financial information verified by external auditors

Table 18: Motivation for disclosing non-financial information

Table 19: motivation for disclosing non-financial information

Table 20: Challenges with regard to the disclosure of non-financial information

Table 21: The efforts of the companies to disclose non-financial information

Table 22: Interest of participating in trainings

LIST OF FIGURES

Figure 1: Population age structure (2014 est.)

Figure 2: Ethnic groups as percentage of population, 2002

Figure 3: GDP rate in 2014

Figure 4: Foreign Direct Investments in Macedonia

Figure 5: Awareness of CSR by Firm Origins

Figure 6: Future development for disclosing non-financial information

Figure 7: Need of training

I. Introduction

This Research Report is part of the EU funded project (Ref: Europe Aid/132438/C/ACT/Multi – Corporate Social Responsibility for All - CSR FOR ALL PROJECT) in which the Turkish Confederation of Employer Associations (TİSK) is the Lead Civil Society Organization. Implementing partner in Macedonia is Business Confederation of Macedonia, and partner organizations from Montenegro, Commerce and Industry Chamber of Bulgaria, the Croatian Association of Employers, the National Council of Romania for small and medium enterprises and the Union of Employers of Serbia. The project is implemented with the expert assistance of a global network - the International Organization of Employers (IOE).

The Project aims to conduct activities to create awareness and build capacity on sustainability reporting in the network of employer organizations (EOs) in the region to guide enterprises through transparency and accountability and as a result increase their positive impacts on society.

In order to reach the specific objectives of the project and to base the project activities on solid ground, the project entails the preparation of a National Review Report in each partner country. This National Review Report on CSR is one of the basic activities in this project. All other activities will be shaped based on the findings of the national reviews conducted in partner countries. The International Organization of Employers (IOE) provided technical assistance regarding the conducting of the National Review Studies. The draft framework (including methodology, tools, data collection process and reporting outline) is prepared by IOE.

The National Review Report entails two main surveys; the country profile survey and company survey. The former is based on compiling available information, data and literature whilst the latter is based on applying a survey questionnaire to companies. This Macedonia National review report has been prepared by independent research consultant in association with the Project Office experts at the Business Confederation Macedonia (BCM). The research team together with project office experts reviewed the draft framework including methodology, tools, data collection process and reporting outline that IOE supplied and made necessary adjustments and revisions. In all these efforts however, we kept the comparability of tools, data collection procedure and reporting format with that of participating countries intact.

In what follows, we will succinctly summarize the country profile that includes among others the demographic, economic, and labour market situation of the country as well as CSR activities in Macedonia, general CSR context and information on sustainability reporting.

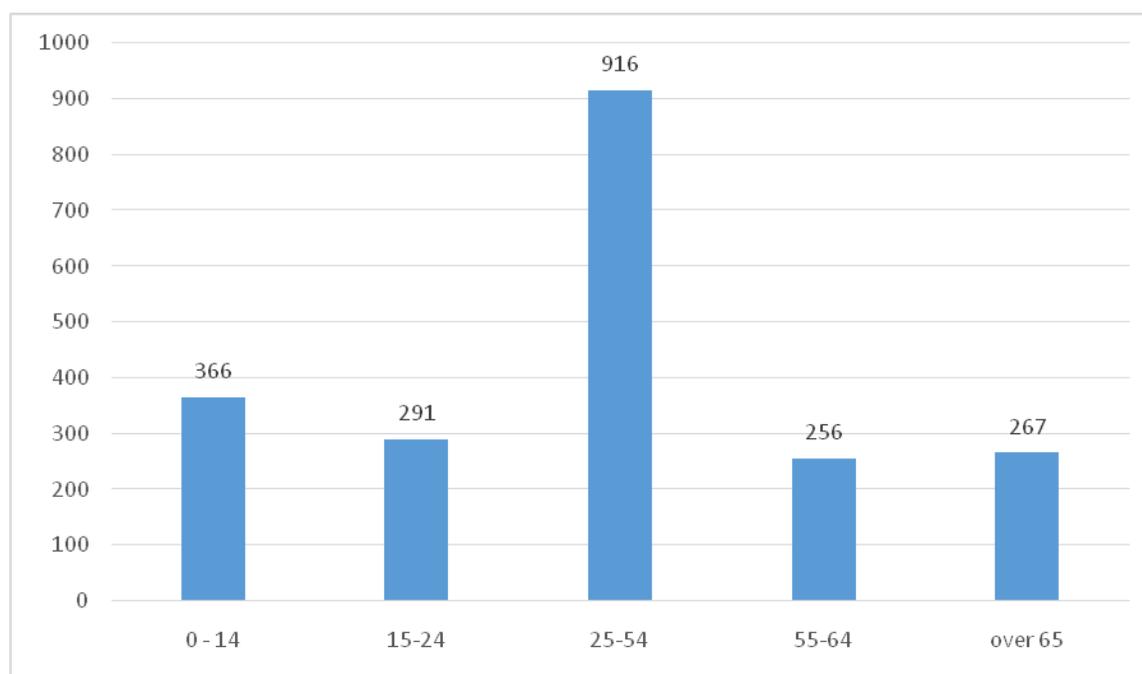
In the following chapter, Chapter II, we outline the research and sampling procedures of the company survey. This chapter will shed light on findings of the company survey. In Chapter III and IV, we present the company survey methodology and the findings of the company survey in line with the IOE developed analysis methodology. Finally, Chapter V presents the key findings and recommendations emerging from the review report.

II. Country profile

Population

From the latest official census in 2002, Republic of Macedonia has population of 2,022,547 inhabitants. The last official estimations are from 2009 and gives a non-significant difference and figure of 2,050,671. Latest estimation is from 2014 and according of it Macedonia has population of 2 069 172 inhabitants¹. The 12,21% (male 114,357/female 152,637) (2014 est.) of the Macedonian population are people with 65 years and more, while the youth population is represented with the population of 17,48% (male 189,719/female 176,751).The chart 1 shows in more details the age structure of the population.

Figure 1: Population age structure (2014 est.)



¹Population estimate on 30.06.2014 and 31.12.2014 according to gender and age, broken-down in municipalities and statistical regions, State Statistical Office of Macedonia, July 2015, <http://www.stat.gov.mk/publikacii/2.4.15.10.pdf>, accessed on July 15, 2015.

The population growth rate was 0,21% (2014 est.)². The life expectancy at birth was 76.02 for total population, for male: 73.44 years, and for female: 78.79 years (2015 est.)³.

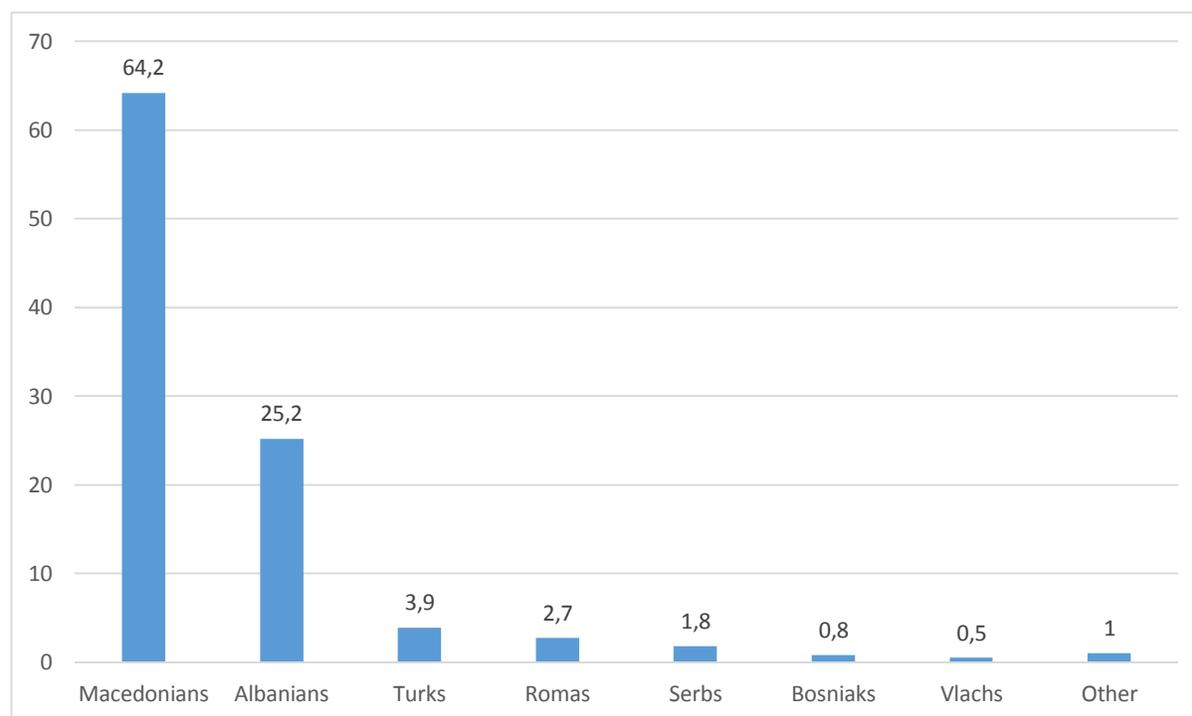
57.1% of the total population lived in urban areas in 2014⁴. The annual rate of urbanization⁵ is 0.11%⁵.

The inequality of income distribution, measured through the Gini index, was 37.0% in 2013⁶. Though moderate, this indicates higher inequality compared to other countries in South East Europe.

In 2011, 30.4% of the population faced relative poverty and lived below the poverty line⁷.

Macedonians and Albanians are the largest ethnic groups with two thirds and a quarter of the population respectively.

Figure 2: Ethnic groups as percentage of population, 2002



²World Development Indicators 2014, World Bank.

³Eurostat, <http://ec.europa.eu/eurostat>.

⁴Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2014 Revision and World Urbanization Prospects: The 2015 Revision.

⁵Ibid. 2010–2015 estimate.

⁶Laeken Poverty Indicators in 2013, State Statistical Office of Macedonia, April 30, 2015.

⁷Relative Poverty in 2011, State Statistical Office of Macedonia, 2012.

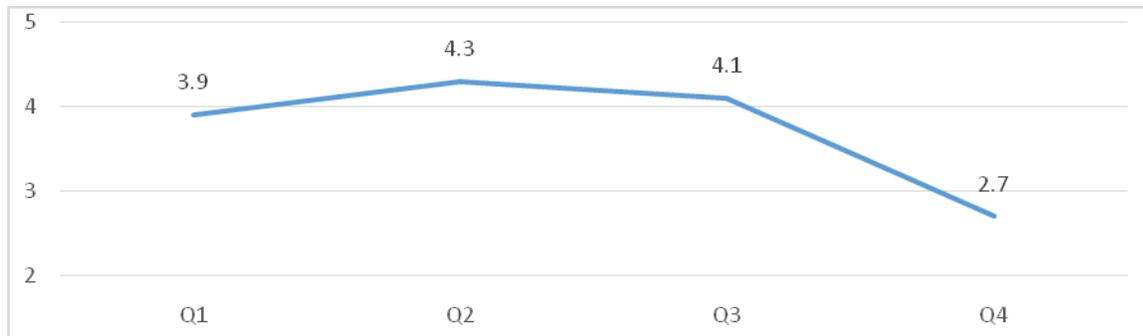
Macedonian is the official language, which is the first language for 66.5% of the population according to the 2002 census. Albanian is the mother tongue for 25.1%, Turkish for 3.5%, Roma for 1.9% and Serbian for 1.2% of the population, while 1.8% speak other languages. In municipalities where at least 20% of the population speaks a language other than Macedonian, that language is also in official use. The Albanian language may be used in official personal documents in addition to Macedonian, as well as in communication in Parliament and other state institutions.

64.8% of the population is Orthodox Christian, 33.3% is Muslim, and 0.4% belongs to other Christian groups⁸.

Economy

In 2014, Macedonia's GDP rate in first quarter was 3,9%, in the second was 4,3%, in the third was 4,1%, while in the last quarter was 2,7%⁹.

Figure 3, GDP rate in 2014



The table below shows the five biggest sectors of the economy and their share in GDP and total employment¹⁰.

⁸ 2002 census, State Statistical Office of Macedonia.

⁹ GDP Quarter report, State Statistical Office of Macedonia.

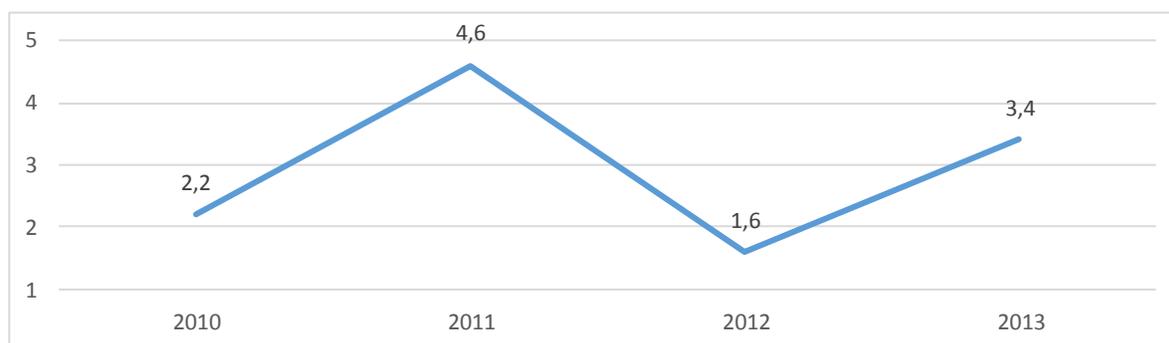
¹⁰ GDP report, State Statistical Office of Macedonia, June 12, 2015

Table1: Biggest sectors of the Macedonian economy and their share in GDP

Sector	Description	GDP, 2014
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	21,42
O	Public administration and defence; compulsory social security	15,66
C	Manufacturing	12,35
A	Agriculture, forestry and fishing	10,23
F	Construction	6,81

The Government is pursuing a number of measures to stimulate foreign direct investment (FDI) in Macedonia. After a notable decrease in 2012, last year FDI increased to 3,4% of GDP¹¹.

Figure 4, Foreign Direct Investments in Macedonia



In 2014, small and medium-sized enterprises are making 99,35% of the total number of enterprises¹², where the micro enterprises are 90,84%¹³.

¹¹ National Bank of the Republic of Macedonia, Foreign direct investment in Republic of Macedonia

¹² Statistical Yearbook of the Republic of Macedonia 2015, p. 542, State Statistical Office of Macedonia

¹³ Statistical Yearbook of the Republic of Macedonia 2015, p. 541, State Statistical Office of Macedonia

Labour market

Macedonia's labour force in 2014 was 959 thousand. The employment rate was 41,24%, while the unemployment rate was 28%¹⁴. Still worrying is the youth unemployment rate (age 15–24) is at staggering 53.9%¹⁵.

In 2014, Macedonia's public sector employed 25% of the total number of employed and self-employed, while the private and the civil sector employed 75%¹⁶.

Regarding educational attainment in 2014 the 45,4% from all employed are with 4 years of upper secondary education, where 19,4% has university level of education. In parallel, 45,5% of unemployed are with 4 years of upper secondary education, where 15% are with university level of education.

General CSR Context

Nowadays, CSR is the foundation of business competencies. CSR has emerged slowly over the years. Improvements in the CSR process can refer to as social innovation.

The only successful brands of the future will be the ones that see these challenges as opportunities for innovation, rather than risks to be alleviated. As stated by the department of Trade and Industry in the United Kingdom, CSR represent the integrity with which a company govern itself, fulfils its mission, lives by its value, engages with its stakeholders, measures its impact and reports on its activities.

While the CSR concept has been based predominantly on experiences of developed countries, the context of developing countries differs greatly.

In Macedonia the situation is far more diverse. The concept of CSR in the country is still considered vogue to the wider audience, even though different activities to promote CSR have created some degree of awareness of the term and concept.

¹⁴Statistical Yearbook of the Republic of Macedonia 2015, p. 293, State Statistical Office of Macedonia

¹⁵Statistical Yearbook of the Republic of Macedonia 2015, p. 293, State Statistical Office of Macedonia

¹⁶Statistical Yearbook of the Republic of Macedonia 2015, p. 286-289, State Statistical Office of Macedonia

In the past, most companies fulfilled their economic and legal obligations and operated in the interests of their owners. More recently, however, principles of corporate social responsibility (CSR) have begun to influence business operations: companies increasingly recognize that they have some responsibility to invest in the community and its wellbeing.

Research conducted in Macedonia in 2013 revealed that three principal factors encouraged Macedonian companies to make CSR commitments:

- Recruitment concerns and the motivation of employees
- CSR policies of other companies (associates or competitors)
- Pressure by consumers and the Government to adopt CSR policies.

Larger companies in Macedonia have increasingly adopted and practised CSR policies; it has become an integral element of their business model. Most companies align themselves with the ISO 26000 standard (Guide for social responsibility). To implement these CSR principles in practice, companies almost inevitably need to establish strategic partnerships with the non-profit sector.

The Ministry of Economy coordinates CSR activities in the public sector. In 2014 the Ministry established a Sector for Encouraging Social Responsibility, organized through two departments, which focus on CSR policy and on encouraging socially responsible practices and building partnerships respectively.

The Ministry also hosts the secretariat of the National Coordination Body on Corporate Social Responsibility, which is composed of 16 institutions and organizations from the public sector, private sector and civil society. The Coordination Body developed the first strategic document in Macedonia on social responsibility (the National Agenda on Corporate Social Responsibility for the Republic of Macedonia 2008-2012). This document significantly increased awareness of CSR among the public as well as among corporate managers, drew attention to the tools and instruments available for implementing CSR, and generally helped to create conditions that encourage companies to adopt CSR policies.

As the market incentives for socially responsible behaviour of companies are still rather rudimentary in Macedonia's context, the public sector institutions have a key role to play in promoting CSR and in creating an enabling environment. Thus, the most complex measures and activities relate to the work of public sector institutions requiring joint activities and a coordinated approach between a number of institutions. Thirteen state institutions and other public sector regulators have the obligation to conduct activities aimed at stimulating CSR, and the Ministry of Economy is coordinating their work and gathering information from them for an annual progress briefing to the Government.

The government activities also involve undertaking legislative measures, though infrequently. For instance, the Investment Funds Law and the Law on Compulsory Capitally Funded Pension Insurance are being amended to include a provision demanding that pension/investment fund managers disclose their ethical, social and environmental considerations when deciding on investments, and that they report on this annually. There is willingness to enforce such measures, though judging by comments expressed on CSR-related events it can be noted that businesses and the general public are insufficiently informed of these efforts.

The Ministry of Economy tries to keep track of the implementation of the National Agenda on CSR, through the annual progress updates to the Government, however this looks more like a list of conducted activities, than a full-blown evaluation of implementation effectiveness and policy impact. This results in a situation where the National Coordinating Body on CSR and the Government are supposed to develop a new mid-term CSR policy, but they lack input on the successfulness or lack thereof of previous policy measures, and insight on the underlying reasons. Furthermore, some of the state institutions included in the Agenda have backtracked on their earlier commitments and indefinitely postponed or flatly declined to implement some of the envisaged activities. For example, despite the fact that the National Agenda on CSR had a specific activity aimed at making CSR reporting compulsory – first and foremost for State owned enterprises – the Ministry of Economy who was in charge for including such a provision in the Company Law decided that it would be too burdensome for companies and quietly avoided its implementation. Some of the state-owned enterprises do publish updates on their socially responsible policies and activities, even though they are not legally required to.

However, the decision to simply ignore such an important activity stipulated in a legitimate Governmental document that was developed through a broad consensus, without any wider consultation or analysis, is telling of the policy implementation challenges.

In addition to the Ministry of Economy and the National Coordinating Body on CSR, business and civil society drives a number of CSR promotion activities in the country. The UN Global Compact was launched in 2004 in Macedonia and provided the initial platform that led to popularisation of social responsibility in the business community.

Background information on sustainability reporting

Non-financial reporting in Macedonia is at a very early stage. There is a big potential and an increasingly interest in Macedonia about non-financial reporting and this shows us that Macedonian companies are realizing the importance about reporting for their CSR activities. But, the improvement of this aspect will take time. Multinational companies are doing the CSR reports but for them is obligatory and its part of their business strategy.

The fact that, small and medium-sized enterprises constituted 99.8% of the total number of enterprises in Macedonia shows the real picture of the current situation in the country about CSR reporting because Macedonian employers always connect the non-reporting situation with resources, lack of money, time and people.

The differences between large companies and SMEs when it comes to CSR reporting relates primarily to resources. Large companies have teams and special departments for CSR, invest more resources in this business, whereas for Macedonian SME is more of a burden, an extra cost.

Then, the reason of their reporting is different. Large companies report generally due to issues of reputation or because they are asked by the customers, business partners or activist groups.

Sometimes SMEs are forced to do the CSR reports if they want to ensure their position in the sustainability of the market and it's very often related with SMEs which are making export. For that

reason they need for more trainings and experts help to show them how can they make their CSR practice and activities in CSR report.

Big companies have resources and can invest in their own CSR strategy and also have CSR departments which make all CSR activities and the reports, but they also claimed that there is still need of more guides, brochures, share of best practices examples and experiences and trainings about learning how to make a CSR report and about all process and fazes of a CSR report even for big companies.

The CSR reporting is regulated for large companies but SMEs do not have such pressures. For them, the main pressure comes from large clients, developing sustainability strategies and policies that include supply, namely the obligation to purchase products and services only from good companies. Such pressures, benefits, opportunities and risks are different. Large companies are the tip of the iceberg, but SMEs are the engine of the economy, they employ most people. The need to begin to address these problems is essential in Macedonia.

Macedonian companies have well-developed commercial websites but do not have information on programs dedicated to stakeholders, relations with suppliers or contain partial information about human resources.

For social reporting under international standards GRI (Global Reporting Initiative), this is not an established practice in the culture of corporate social responsibility.

There are a regulatory requirements with regards to the reporting information like a stock exchange related. Also, companies that participate in the stock exchange can be tracked if they start to make reports, and thus to be better listed.

There are laws such as company law, the law on joint stock companies which, if properly applied, encourage social responsibility and can be considered as CSR practices. These laws provide reporting obligation through their proper application thus encouraging the business community to consider socially responsible.

Macedonian Stock Exchange- The “Listing Rules” is the basic act that imposes obligations and requirements for financial and corporate reporting for the listed companies of MSE. The monitoring of the fulfilment of the continuing obligations is of utmost importance for the maintenance of an orderly securities market and for ensuring simultaneous access to information to all its participants.

The issuer of listed securities must submit to Macedonian Stock Exchange -MSE any information required. Then the MSE makes available all the submitted financial statements and price sensitive information to the public through SEI-NET (System for Electronic Information from listed companies on MSE). MSE Listing Commission monitors the fulfilment of the continuing obligations of the issuer (MSE Listing Rules, 2009). There are certain disclosures that need to be revealed such as:

- General disclosures of data and information
- Disclosures relating to: the business, the capital, the financial position, the dividend calendar, the shares in public hands
- Disclosure of major participation

The Securities Law (Official Gazette of the RM No. 95/05, 07/08, 57/10) provides additional disclosure requirements for the joint stock companies with special reporting obligations. The required companies need to publish information regarding company’s financial position, change in capital structure, legal status and their business activities, as well as information on the members of the management board. According to this Law, joint stock companies with special reporting obligations need to submit quarterly, semi-annual and annual financial reports in accordance with the International Financial Reporting Standards- IFRS. The publication of their audited financial statements needs to be issued within 15 days after their approval by the Company’s General Assembly, whereas the publication of the un-audited financial statements needs to be issued twice a year, i.e. 30 days upon the completion of the 6 months’ term (Securities Law, Articles 154-156). This Law entitles the Securities and Exchange Commission of the RM as the regulatory body, with the legal powers to supervise the fulfilment of financial reporting requirements of the required companies.

The Trade Company Law regulates the bookkeeping, the composition of annual accounts, financial statements and the consolidated financial statements for the commercial entities.

The new version of this Law, prescribes that “each large and medium-sized company, companies as specified by the law, as well as companies performing banking activities, insurance activities, companies listed on the Stock Exchange and companies whose financial statements are included in the consolidated financial statements of the above-mentioned companies, shall be obligated to prepare and submit financial statements in accordance with the adopted IFRS, published in the Official Gazette of the RM. Other entities may prepare and submit financial statements in accordance with the IFRS, if it is thus determined by this law or other regulation of if they decide to apply them”.

As the Trade Company Law specified, all banks must prepare their financial reports according to the IFRS. The Banking Law (Official Gazette of the RM No. 67/07...07/10) orders all banks to submit their un-audited semi-annual and annual financial reports within 30 days after the end of the reference period, the audited financial report within 8 days together with the auditor’s report, as well as a monthly report on the balance and transactions on all accounts in the bank’s chart of accounts to the National Bank of Macedonia (NBRM). The banks’ chart of accounts, the methodology for recording and valuating the accounting items and the methodology for preparation of the financial statement, the contents of financial statements and the notes to those statements are determined by the National Bank Council. The new “methodology of recording and valuating of accounting items and preparation of financial statement” based on the IFRS and the Interpretations by the ISC, and the new “guidelines on the types and content of financial statement of banks” (Official Gazette of the RM No. 67/10) were enforced in the beginning of 2011. In addition, the NBRM had issued its own regulations in view of disclosure obligations and the auditing of bank’s financial statements and thus the “decision on reports and data disclosures by the bank” (Official Gazette of the RM No. 134/2007) and the “decision on the scope of audit of the bank’s operations and annual financial statements” (Official Gazette of the RM No. 146/2007).

III. Company survey methodology

The aim of the survey was to acquire a better understanding of the framework conditions, challenges, obstacles and drivers for sustainability reporting in Macedonia, as well as levels of companies' CSR awareness and their concrete activities.

Also, another aim of this survey is to get a better understanding in how far companies provide non-financial information, which approaches they use for doing so, what are challenges and obstacles and how to overcome them.

The survey therefore entailed two main parts:

First, the general part of the company profile and second, a survey of around 80 companies (small, medium and large) for the implementation of CSR practices, focusing on information relating to Corporate Social Responsibility reporting.

In terms of research, the questionnaire was conducted to the around 500 companies (micro, small, medium and large) and have made great efforts to achieve a sufficient number of companies in order to make a proper analysis of the whole sample.

Furthermore, the findings should be analyzed according to the following sub-samples in addition to the whole sample:

- based on size (SMEs versus larger companies)
- based on sector (findings for the five biggest sectors)
- based on ownership structure (private sector versus stated-owned companies; companies with domestic headquarters versus companies with foreign headquarters)

The approach allowed for an in-depth assessment of perceptions regarding CSR reporting, actual CSR practices and knowledge levels, CSR reporting in Macedonia and provided a good basis for analysis of causal links.

IV. Company survey findings

Composition of the sample according to sectors of activity

In this part of the report, descriptive statistics are given through frequency tables. The main aim is to introduce the general profile of the companies.

Table 2: The Distribution of Companies by Sectors

What is your company's industry sector?	Frequency	Percentage
Manufacturing	13	16,0
Financial and insurance activities	12	14,8
Other service activities	11	13,6
Construction	10	12,3
Wholesale and retail trade; repair of motor vehicles and motorcycles	10	12,3
Information and communication	8	9,9
Human health and social services activities	5	6,2
Professional, scientific and technical activities	4	4,9
Electricity, gas and air-conditioning manufacturing and distribution	2	2,5
Transportation and storage	2	2,5
Accommodation and food service activities	2	2,5
Administrative and support service activities	2	2,5
Total	81	100,0

As shown above, responses are received from 12 different sectors.

Albeit, the questionnaire was sent out to companies in all sectors, responses did not come from the following sectors: Agriculture, forestry and fishing, Mining and quarrying, Water supply; sewerage, waste management and remediation activities, Real estate activities, Public administration and defense; compulsory social security, Education, Culture, arts, entertainment, recreation and sport, Activities of

households as employers; undifferentiated goods and services production activities by households for own use, The activities of international organizations and bodies.

Composition of the sample according to Ownership Structure

Analysis of CSR activities in terms of private and public companies was also required within the scope of the Study and for this purpose, the following table is generated:

Table 3: The Distribution of Company's Ownership Structure

What is your company's ownership structure?	Frequency	Percentage
Limited liability company	40	49,4
Stock Company	30	37,0
Other	8	9,9
State-owned enterprise	3	3,7
Total	81	100,0

The number of private and state-owned companies is 73 (90, 1%) respectively.

The list includes only 3 state-owned companies.

Composition of the sample according to size and origin

Analysis in terms of company size and origin is also another requirement of the research in which companies that have either export facilities or import facilities are defined as “foreign trade companies”.

The size and origin of the 81 companies is presented in the following contingency table:

Table 4: The Distribution of Companies by Size and Origin

Company headquartered \ Size	Micro	Small	Medium	Large	Total	Percentage
Company with domestic headquarters	11	7	21	36	75	92,6
Company with foreign headquarters	0	2	2	2	6	7,4
Total	11	9	23	38	81	
Percentage	13,6	11,1	28,4	46,9		100,0

It may be observed that SMEs responded to the questionnaire more than what was required by the methodology.

It worth noting that small and medium enterprises responded to the questionnaire more than required by the methodology. 43 responses were received from SMEs, while the rest of the responses, 38, were received from large companies.

It may also be noted that 92.6% of companies operating in the domestic market, while 7.4% of the companies involved in foreign trade.

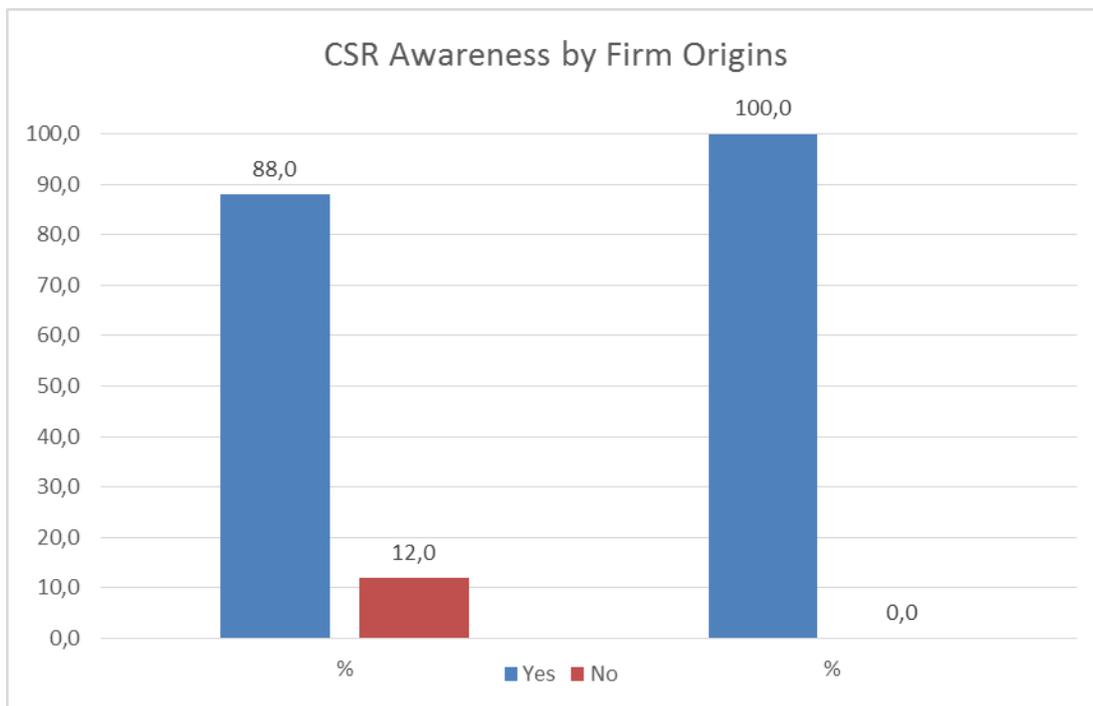
Perception of Enterprises Regarding CSR

Almost 88,9% of the respondents claimed they are aware of the term CSR, which indicates that the term has become a familiar one in Macedonia's business community, while, 11,1% companies stated that they are not aware of CSR.

CSR Awareness by Company Origin

The following figure shows the difference of awareness between domestic versus foreign trade companies.

Figure 5: Awareness of CSR by Firm Origins



As it can be seen in the Figure 1, the awareness rate for foreign trade companies is considerably higher than domestic companies.

The type and structure of a company's commitment to society therefore depends on its size, as well as the sectors and markets in which it operates.

CSR Awareness by Company Size

The distribution of awareness of CSR according to size of companies is listed in the following contingency table:

Table 5: Awareness of CSR According to Size of Companies

Awareness of CSR According to Size of Companies	Yes	No	Total
Micro	6	5	11
%	54,5	45,5	
Small	9	0	9
%	100,0	0,0	
Medium	21	2	23
%	91,3	8,7	
Large	36	2	38
%	94,7	5,3	
Total	72	9	81

As shown above in the table can be seen that micro enterprises are aware of the term CSR.

Most of the responses coming from micro enterprises in the sample operate in the services sector.

In addition, the large scale companies with 94, 7 % are aware of CSR.

CSR Awareness by Sectors

Responses are received from 12 different sectors. The sectors which have low frequencies are categorized under the “other” sector. The distribution of the relation between sectors and awareness is given in the following contingency table:

Table 6: Awareness of CSR According to Sectors

Awareness of CSR According to Sectors	Yes	No	Total
Manufacturing	11	2	13
%	84,6	15,4	
Electricity, gas, steam and air conditioning manufacturing and distribution	2	0	2
%	100,0	0,0	
Construction	10	0	10
%	100,0	0,0	
Wholesale and retail trade; repair of motor vehicles and motorcycles	6	4	10
%	60,0	40,0	
Transportation and storage	2	0	2
%	100,0	0,0	
Accommodation and food service activities	2	0	2
%	100,0	0,0	
Information and communication	8	0	8
%	100,0	0,0	
Financial and insurance activities	12	0	12
%	100,0	0,0	
Professional, scientific and technical activities	4	0	4
%	100,0	0,0	
Administrative and support service activities	2	0	2
%	100,0	0,0	
Human health and social services activities	5	0	5
%	100,0	0,0	
Other service activities	6	5	11
%	54,5	45,5	
Total	70	11	81

The result shows that slightly more than half of the companies regardless of their sectors are aware of CSR. Furthermore, companies in “Information and Communication” and “Financial and insurance activities” are better aware of CSR than companies in other sectors.

CSR Awareness by Company Structure

Private and public sector enterprises are compared in terms of CSR awareness. The following table shows awareness of CSR by company structure, private versus SOEs.

Table 7: Awareness of CSR by Company Structure

Awareness of CSR According to Company's Ownership Structure	Yes	No	Total
Limited liability company	31	9	40
%	77,5	22,5	
State-owned enterprise	3	0	3
%	100,0	0,0	
Stock Company	30	0	30
%	100,0	0,0	
Other	8	0	8
%	100,0	0,0	
Total	72	9	81

When the percentages in the table are examined, it may be said that the awareness rate of private enterprises is much higher than state-owned enterprises.

However, the difference could not be emphasized statistically, because the number of responses from state-owned enterprises has not been enough.

This is a negligible result since the state is not a main economic actor in the Macedonian economy.

CSR Governance in the Company

In this part of the report, CSR governances in the companies are summarized. The following table shows the distribution of related CSR office in enterprises:

Table 8: The Distribution of Related CSR Department in Company

Is there a unit / department for managing of the Company's Corporate Social Responsibility (CSR) activities and impact?	Frequency	Percentage
Yes	42	51,9
No	39	48,1
Total:	81	100,0

It can be concluded that CSR activities are not yet institutionalized as a separate department in Macedonia.

Only 51,9 % of the companies have the CSR Department.

“Corporate Communications and/or Public Relations”, “Human Resources” and “Marketing” are the main departments related to the CSR activities. “

It may also be thought that companies cannot afford to invest in CSR programs as they see CSR as a PR marketing activity, or only as a philanthropic contribution which all in the end are generally far away from strategic CSR”. On the other hand, it should be considered that the components of corporate social responsibility are well known in a narrow community. With learning and expanding process, increase in institutionalization of CSR may be expected.

Knowledge of CSRforALL project which started in 2012

This part of the report addresses CSRforALL project that began in 2012 and the previous project activities, and the involvement of the respondents in those activities.

Table 9: Knowledge of CSRforALL project which started in 2012

Did you have knowledge of CSR for ALL project which started in 2012?	Frequency	Percentage
Yes	53	65.4
No	28	36.4
Total:	81	100.0

Regarding the project CSR for ALL which began in 2012 more than half of the respondents 65.4% answered that they have knowledge about the project. While only 34.6% of them said they had no knowledge about the project.

Part of the respondents, were directly involved in previous project activities.

Table 10: Participation in the previous CSR activities

Have you participated in some of the previous CSR for ALL project activities?	Frequency	Percentage
Participating in the CSR AWARD process	33	33,7
Participating in the lectures and seminars (kick-off conference, closing conference, trainings)	31	31,7
Providing best practice examples	19	19,3
Obtaining material on CSR (in written or electronic form)	15	15,3
Total:	98	100,0

As already mentioned that most of the respondents had knowledge about the project CSR for ALL which was implemented in 2012, and they said that, they were involved in many of the activities of the project, ranging from participation in the CSR Award even 33.7%, followed by participation in training and seminars 31.7%.

Table 11: Thinking in terms of participation in the previous project activities of CSR for ALL

If you have responded positively to one of the aforementioned solutions, how did you find it:	Frequency	Percentage
Very useful	27	33.3
Useful	54	66.7
Not useful	0	0.0
Total:	81	100.0

These results are crucial because in the table above, you can see that respondents recognize the value and importance of participation in corporate social responsibility and 66.7% consider it useful and 33.3% consider it very useful.

Reporting activities

Disclosure of non-financial information

In this part of the report the results of disclosing of non-financial information in the companies are summarized.

The following table is showing the density of disclosing non-financial information in the companies:

Table 12: Disclosure of non-financial information

Does your company disclose non-financial information	Frequency	Percentage
Yes	58	71,6
No	23	28,4
Total:	81	100,0

From here, the total number of companies that answered, many of them, 71, 6%, are disclosing non-financial information, can be concluded.

In the next table, the different approaches for disclosing non-financial information are presented:

Table 13: Approaches for disclosing

Which approach does you company take to report?	Frequency	Percentage
CSR report	27	23,9
Integrated reporting	15	13,3
Information to shareholders only	6	5,3
Information in the internet	43	38,1
Meeting with stakeholders	11	9,7
Displays in the offices/sales room	9	8,0
Other	2	1,8
Total:	113	100,0

From the answers here, 38,1% from the total number of the respondents are using Global Internet as a disclosing tool, while only 5,3% are disclosing information only for the stakeholders. Additionally, regarding this analysis, some of the companies are using more than one approach for disclosing.

Further, the involved companies in this researching are answering if they are using some kind of training, or consulting services for reporting service.

Table 14: Training or consulting services for reporting service

Are you receiving any training or consulting services for reporting service?	Frequency	Percentage
Yes, we are receiving consultancy services from a professional corporation/person for writing report,	2	3,4
Yes, we received training about reporting from a professional corporation / person	8	13,8
No, report is written by assigned personnel in corporation	48	82,8
Total:	58	100,0

As previously mentioned, but the table also shows that generally internal resources, are used, 82.8% of them using internal resources for writing the report, in contrast, 3.4% of the companies receiving consultancy services from professional corporation

Use of CSR Instruments, Tools and Initiatives

In this part of the report, use of CSR instruments, tools and initiatives are summarized. The following table shows the distribution of awareness of CSR instruments, tools and initiatives in companies.

Table 15: Use of CSR Instruments

Does your company disclosure the information according to a standard/ within a certain framework?	Frequency	Percentage
We report according to the GRI principles.	4	10,3
We disclosure non-financial information as part of our Communication on Progress (COP) within the UN Global Compact.	13	33,3
We are guided in our reporting by ISO26000.	11	28,2
Other	11	28,2
Total:	39	100,0

Only 28 of 81 companies declared that they used one of the instruments of social responsibility of companies for publish information. All of those 28 companies are private sector companies. None of the state-owned enterprises use any CSR instrument, tool or initiative.

Generally, the use of CSR instruments, tools and initiatives is quite low. This is a parallel result to institutionalization. Lack of institutionalization brings the obscurity about what CSR is and why these instruments are important.

Besides these companies are implementing above described tools and instruments, they are not disclosing or reporting their CSR activities. That is one reason why reporting for CSR activities is not developed in the public awareness.

The table below shows the non-financial reports that a company discloses:

Table 16: What non-financial information does companies disclosure?

If you do not use any specific standard/framework, what non-financial information does your company disclosure?	Frequency	Percentage
Information on our CSR policy/activities, implementation of the policy/activities and the results.	25	49,0
Information on possible advert impacts and on approaches how we address these risks.	4	7,8
Information on key performing indicators, such as CO2 emissions, employee satisfaction, investments in training, OSH performance, equality and diversity.	12	23,5
Others	10	19,6
Total:	51	100,0

The companies that are not using some specific standard or framework, disclosing the non-financial information, 49% of them, through the CSR policy information, while the in the minor part are information on possible advert impacts and on approaches how we address these risks.

Table 17: Non-financial information verified by external auditors

Are there non-financial information verified by external auditors?	Frequency	Percentage
Yes	14	23,7
No	45	76,3
Total:	59	100,0

A significant number, 76,3% of the responders confirmed that there is no non-financial information verified by external auditors, while in the 23,7% of them, where is a non-financial information verified by external auditors, they have answered that State Audit Office is fully responsible for procedures audit.

Reason for Disclosure of Non-Financial Information

The question about reasons and motivation for disclosing non-financial information is multi-choice, thus the table contains resume of the answers instead of frequency.

In the following table is shown the motivation for disclosing of non-financial information.

Table 18: Motivation for disclosing non-financial information

What is the motivation for disclosing non-financial information?	Frequency	Percentage
Investors	17	8,2
Customer Companies	37	17,9
Consumers	37	17,9
Society/local community	41	19,8
Legislation	21	10,1
Good Corporate Governance	52	25,1
Other	2	1,0
Total:	207	100,0

Most popular answer of all is “Good Corporate Governance” with 25,1%. From the other hand, “Investors” has smallest reputation of all candidates.

Table 19: motivation for disclosing non-financial information

Did your company ever assess the costs of reporting non-financial information?	Frequency	Percentage
Yes	12	20,0
No	48	80,0
Total:	60	100,0

From this table it can be noted that 80% of companies never done a cost estimation for reporting non-financial information.

Regarding the challenges for disclosure of non-financial information, again it is multi-choice question.

Table 20: Challenges with regard to the disclosure of non-financial information

Challenges with regard to the disclosure of non-financial information	Frequency	Percentage
We do not have the time and resources to engage in reporting.	17	26,6
We are not sure how to get started/ how to best disclose non-financial information.	21	32,8
We are afraid to attract attention through reporting.	2	3,1
Our clients would not reward any reporting.	2	3,1
We have difficulties to assess our social and environmental impacts.	6	9,4
There is a lack of senior management and/or board support.	0	0,0
It is difficult to secure time and attention from colleagues/departments/business units for providing data/information.	6	9,4
We struggle to manage competing demands on information from different stakeholders.	6	9,4
Others	4	6,3
Total:	64	100,0

From the table it can be concluded that in the major part of the responders, 32,8% the main problem is that the companies are not sure how to get started and how to best disclose non-financial information. Same, a significant percentage 26,6% belongs to those that are missing time and resources to engage in reporting. The lack of senior management and/or board support is not a challenge for the responders regarding the disclosing of non-financial information.

Special Experiences with regard to sustainability reporting

The experience we got in terms of reporting on sustainability shows that from the moment the best social practices are "officialised" through confessions of national competitions for social responsibility, corporate responsibility reports that are produced and informal recognition of the different entities of the community, is evident the leading position of the company in this terms in the business sector in all areas of social responsibility.

A large majority of companies want to present their experience to the companies that start with practices of social responsibility in order for their faster adaptation and implementation of the already validated mechanisms and tools of action towards defined principles.

What support is required for sustainability reporting?

In this section the respondents gave their opinion on what would be required to assist in their reporting.

In most of the responses they are needed additional training; to give greater focus in organizing seminars and trainings in the area of CSR, to take action for introduction, education and training also, for the application of CSR for companies from the social and private sectors, as well as more training for a realistic assessment of funds invested and effects on society in the implementation process of a project for social responsibility.

Also, most of them mentioned that they needed more time to prepare the reports, education on the manner of reporting (forms, collecting non-financial information).

Respondents consider crucial is the exchange of experiences, case studies and practices through concrete companies with greater experience in CSR, and of course information about good practices from similar organizations.

It is necessary the general level of the importance of CSR to increase significantly.

Future Development

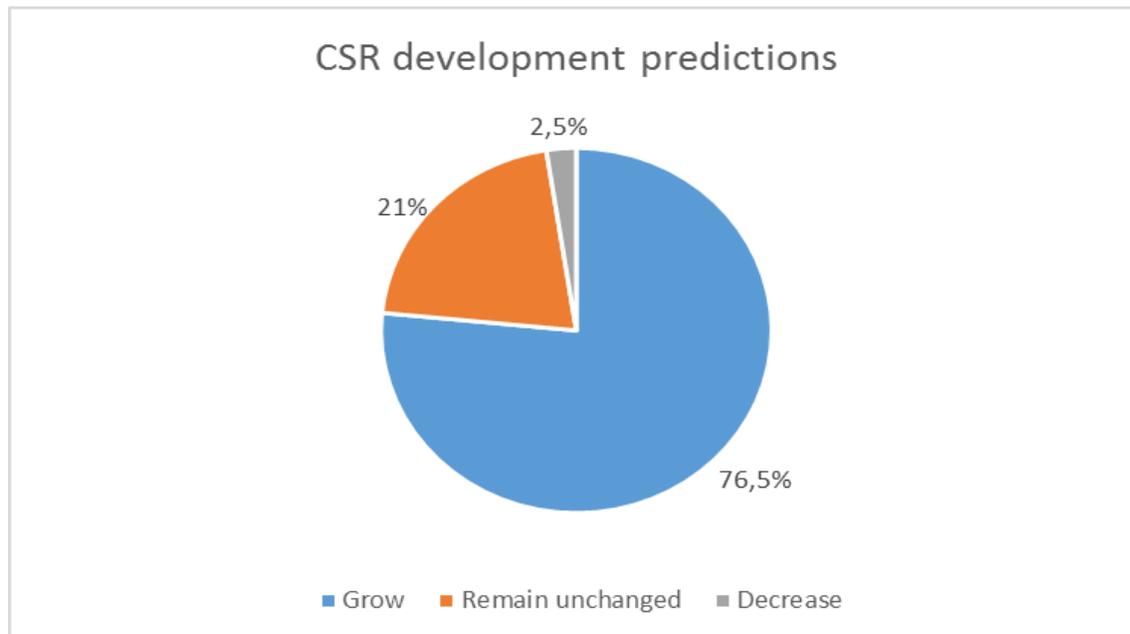
Future progress of the disclosing of non-financial informing

Table 21: The efforts of the companies to disclose non-financial information

In your view, the efforts of your company to disclose non-financial information will	Frequency	Percentage
Grow	62	76,5
Remain unchanged	17	21,0
Decrease	2	2,5
Total:	81	100,0

When the potential for disclosure non-financial information is at question noticeable result is emerged. Regarding the analysis, 76,5% believe in disclosing of non-financial information growing. 21%, are neutral, and only 2,5% of the answers are for decreasing predictions.

Figure 6: Future development for disclosing non-financial information



Need of training

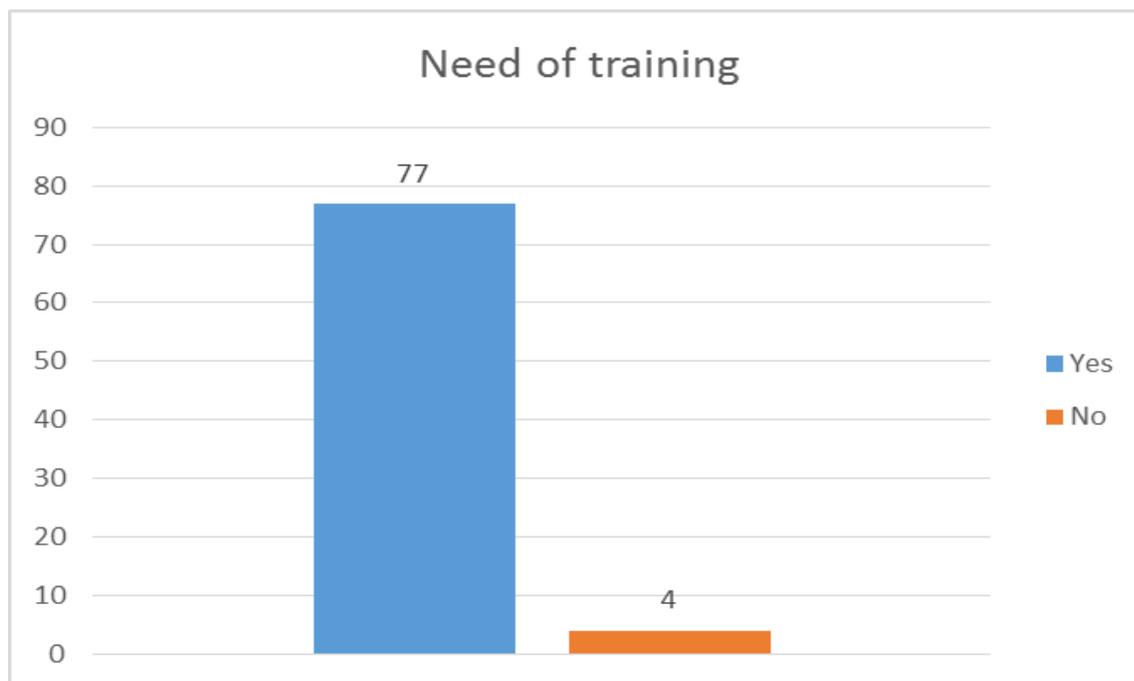
Table 22: Interest of participating in trainings

Need of training	Frequency	Percentage
Yes	77	95,1
No	4	4,9
Total:	81	100,1

The table shows that there is great interest in participating in the training within the project, even 95.1%.

77 companies out of the 81 expressed their opinion on the future training. 68 companies expressed their demand for training. The following figure shows the demand for training:

Figure 7: Need of training



Training focus

95.1% of companies stated their interest to participate in any training on CSR.

This was an open question.

According to respondents, the greatest attention was expressed in the following areas:

- Preparation and disclosing of non-financial information, corporate social responsibility policies and so on.
- An approach for disclosing of non-financial information.
- Implementation of ISO26000.
- Preparing report according to the GRI principles.

It can be noticed that in renewing the CSR, the importance and benefits of investing in socially responsible practices, is already seen as very significant and important for both the company and for society.

More attention should be paid to the conditions for CSR in the Republic of Macedonia and stimulating the companies for responsible corporate operations. Also largely been requested training for CSR instruments, compliance with the principles and criteria of the Global Compact, implementation of the principles of GRI in the preparation of annual reports on corporate responsibility and implementation of ISO26000.

v. Conclusion

CSR is the way in which an organization strikes a balance between economic, social and environmental imperatives on the one hand and the expectations and welfare of the shareholders on the other. This implies that social responsibility or rather its execution involves a well planned strategy. Assessment of the social environment, formulation of objectives, devising operational plans and programmes, monitoring social progress, assessment of social and economic impact and summary of outcomes and performances are of utmost importance. In other words CSR implies that the profits of corporate houses should be diverted to socially responsible activities for the benefit of the society. Companies can exert an emphatic influence over the quality and credibility of its products in the market through its CSR activities, which has a great impact on society and also provides better synergy returns to their business. In fact CSR is the impact of organizational activity on society.

CSR is becoming an increasingly important activity to businesses nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe. The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities, which again necessitate all business houses whether private or public to carry out CSR activities.

Thus Corporate Social Responsibility is about how companies manage the business processes to produce an overall positive impact on society. Thus companies consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees shareholders, communities and other stakeholders, as well as the environment.

This is seen to extend beyond the statutory obligation to comply with legislation as organizations are voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. If a company chooses to follow the way of CSR, it will integrate ethical concerns in its activities and in its interaction with all the stakeholders.

Also, the monitoring authority or the government has a very important role to execute here.

Therefore a valid conclusion would always be directed at a functional relationship between the corporate and the society, where a third entity, the government plays the monitoring role.

The Ministry of Economy of the Republic of Macedonia acts as a coordinator of CSR promotion activities on behalf of state institutions and works closely with the multistakeholder National Coordinating Body on CSR in drafting CSR public policy.

The market incentives for socially responsible behavior of companies are still considered to be rather weak in Macedonia's context, so the public sector institutions have a key role to play in promoting CSR and in creating an enabling environment.

CSR Reporting in Macedonia is at a very early stage and just few companies are doing CSR reports. There is a big potential and an increasingly interest in Macedonia about CSR reporting and this shows us that Macedonian companies are realizing the importance about reporting for their CSR activities.

It is necessary to increase media popularization of CSR through concrete projects for companies to understand, the business entities and citizens, the need and benefits of CSR to appreciate, practice and support it; to be explained by competent person, it is still unknown and obscure to the general public, to say that although there advertising and affirmative terms, primarily CSR activities are of benefit to the wider community and society in general.

The key survey findings could be summarized as follows:

Companies find that their image depends mostly on the business strategy, but also on the business ethics – indicating that there is high understanding of the importance of socially responsible behavior in line with the prevailing economic/global trends. This also means that Macedonian companies are not under pressure to do CSR/GC, but find it useful.

The main reasons for CSR activities are of economic nature (to increase the profit); however image building and ethical motivations are also high on the agenda – indicating that CSR is not understood only as altruism but also can lead to economic benefits.

A variety of CSR activities are currently undertaken, mostly towards improved quality of employees' lives, education and training, cultural activities and environment protection. Surprisingly and indicatively low is the reported level of anti-corruption activities.

In most of the cases, CSR activities are done through donations (in kind or cash), however relatively high number of companies are doing it through changes of the internal procedures and standards.

As main barriers for intensified CSR the companies indicate lack of financial resources and the policies for such activities. This indicated the need stress the value of the non-financial assets and that CSR need to be treated as investment not cost and as such treated by the quality management system.

In terms of training, the companies are most interested in creation of sustainable competitiveness through CSR, impact on society and environment as well as the private sector role in poverty reduction. However, call for more practical tools for implementation of UN Guiding Principles is the single most important message.

It was also important to analyze the responses according to the type of companies (expl. large/small, foreign/national ownership), differences for most of these topics were registered, hence the need for adjusted approach and assistance for different types of companies.

For example, image building is the main incentive for SMEs to act in a socially responsible manner, while economic motivations and the increased employee's satisfaction are more important for larger companies.

Or, while SMEs are currently using donations to do some CSR activities, big companies are more frequently using the form of sponsorship.

Also, the big companies are interested in having training on how to improve the competitiveness through CSR, while the SMEs would like training on preparation and disclosing of non-financial information, corporate social responsibility policies, Implementation of ISO26000, Preparing report according to the GRI principles.

The main recommendations:

Improving the business environment for responsible business behavior by promoting rule of law, and revising legislation to incorporate CSR concerns and issues.

More of the surveyed companies are not aware of CSR instruments and tools, such as UN Global Compact, ISO 26000, OECD Guidelines for Multinational Enterprises and GRI. CSR instruments and tools should be included in introducing CSR concept to companies.

Even if companies engage in CSR activities, they are not reporting such activities. Therefore, awareness of companies in significance of reporting should be increased and also reporting tools should be provided for this purpose.

CSR mechanisms which merit further capacity building support and good practice examples are: developing and implementing a CSR policy and incorporating CSR in business strategy; documenting and reporting on CSR activities, performance and impacts; company feedback mechanisms that allow stakeholders to raise issues of concern;

Capacity to apply globally acclaimed instruments and tools for addressing social responsibilities, such as the UN Guiding Principles on Business and Human Rights and ISO 26000, should be strengthened through trainings, mentoring support and guides in local languages.