

MASTERARBEIT

Titel der Masterarbeit

Corporate Social Responsibility

Project "Equality of Opportunity"

Employing, Training and Educating of Roma minority groups in
U. S. Steel Košice, Slovakia

Verfasserin

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angestrebter akademischer Grad

Master of Science (MSc)

Wien, 2013

Studienkennzahl lt. Studienblatt:
Studienrichtung lt. Studienblatt:
Betreuer / Betreuerin:

A 066 914
Masterstudium Internationale Betriebswirtschaft
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Wien, 16.06.2013

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1. Introduction

1.1. Definition of the problem

Long-term unemployment is the major problem of Slovakia. Despite the positive development before the global economic crisis, Slovak Republic failed to significantly reduce the unemployment rate and the labour market continues to be the biggest structural issue of the Slovak economy.

The situation is even worse in the area of the long-term unemployment concerning especially the socially excluded communities in Slovakia, i.e. the Roma minority groups which have left the job market after the communism. Until this day, the members of Roma population are not able to integrate themselves into the labour market and the situation has been deteriorating every year. The actual economic crisis has pointed out the negative position of Roma even more.

On the other hand, the economic crisis has also brought many possibilities for extensive reforms and a change of the system. It is obvious that a strategy based on finding solutions related to the social inclusion of Roma minority groups must be included to the future development of Slovakia. The labour market should play a key role not only in restoring the economy, but also in integrating and interrupting the vicious circle of poverty of Roma living in Slovakia.¹

Pertaining to the labour market policy, the European Commission recommends us to promote measures which support the demand for labour. These measures should concentrate especially on unemployed people with a lower education level, young people and groups facing the long-term unemployment. It's a society-wide problem which needs to be solved by providing a clear and extensive strategy, explicit targets and programmes.²

New actions need to be undertaken to support the most disadvantaged people. One of the main keys to advancement is a bigger participation of employers. In the last couple years, the role of businesses in increasing the well-being of individuals and the whole society has gained a lot of importance. This is recognizable due to the increasing interest of companies in promoting CSR practices.³

¹ cf. *Mušinka, A. / Benč, V.* (2011), p. 7

² cf. *Mušinka, A. / Benč, V.* (2011), p. 16 - 17

³ http://ec.europa.eu/employment_social/equal/policy-briefs/etg1-alliances-disadvantaged_en.cfm

The companies in Slovakia should carry out projects which support the employment of Roma population. Offering job opportunities to people suffering from social exclusion would lead to the improvement of the quality of their life, as well as to the economic prosperity of the whole country.

1.2. Structure of the thesis

The main focus of my thesis is to show, how CSR measures are being implemented in a multinational corporation, using as a concrete example the company called U.S. Steel, Košice, situated in the Eastern part of Slovakia.

First section of my thesis provides an introduction to the problem, as well as a brief summary of the structure, to give a better overview of the contents.

In the second part, I describe the situation of Roma minority groups in Europe (especially in Slovakia), giving a detailed analysis of integration strategies and policies undertaken by the European Union and the Government of Slovak Republic.

For a better understanding of the CSR concept, the theoretical part of my work offers basic characteristics, as well as a conceptual delimitation of CSR. Furthermore, it points out the significant role of stakeholders with respect to CSR by describing the stakeholder model and analyzing various approaches to stakeholder theory. The last part of the theoretical concept deals with the effects of globalization on CSR and the importance of multinational companies.

The practical part of my thesis starts with an introduction of the investigated company, including company's profile, history and the integration of ethics and CSR into company's business. One of the most successful activities in the area of CSR is the project called 'Equality of Opportunity' run by the Company in cooperation with some municipalities. The last chapter is dedicated to this special project, addressing the issue of high unemployment among Roma people. This section will provide an insight into the development process of the Project, as well as give suggestions for improvement resulted from the SWOT-Analysis.

2. The life of Roma minority groups

2.1. The actual position of Roma in Europe

Since the expansion of the European Union in the year 2004 there are around 6 million Roma living in EU. According to estimates, approximately 10 – 12 million Roma are spread all over the European continent. Consequently, they are considered to be the biggest ethnic minority in Europe. As it is most commonly used, the expression "Roma" apply to diverse groups of people who characterize themselves as Roma, Gypsies, Sinti, etc. ⁴

It is very difficult to determine the exact number of the Roma population, because by means of the official statistics it is hard to distinguish Roma citizens from the general population. Moreover, the number of refugees in a country can hardly be detected. To make matters worse, many Roma close themselves off from the statistical race and ethnicity surveys. ⁵

Roma are among those population groups who are strongly affected by discrimination and social exclusion. Structural discrimination, marginalization and social as well as geographic isolation characterize the everyday experience of this ethnic group. ⁶

Through the Eastern European expansion of the EU many Roma became EU citizens, however their personal living conditions are not comparable to those of other EU citizens. The precarious living conditions of Roma minority groups describe the Europe-wide reality. ⁷

2.2. European Union and Roma integration

2.2.1. General characteristics

In the most European countries, the problems of Roma are similar. Because of their low level of education, they are often unemployed and according to this, they live in very poor conditions. Their social status is considered to be very low. ⁸

⁴ http://ec.europa.eu/justice/discrimination/roma/index_en.htm

⁵ cf. *Grienig*, G. (2010), p. 2

⁶ cf. *Kopf*, S. (2009), p. 1

⁷ cf. *Grienig*, G. (2010), p. 1

⁸ cf. *Grienig*, G. (2010), p. 1

The European Union responded to this fact by taking the Policy of Integration and created a number of measures to improve the situation of Roma and to enhance their social inclusion in the EU member states.⁹

The European institutions and EU countries share the responsibility to improve the integration of the Roma population. Already in the past, the EU pointed a necessity for better inclusion of Roma, such as the Communication on the economic and social integration of the Roma in Europe. In spite of this, strong measures are still not able to deal with problems affecting a large percentage of the Roma population living in the EU. In purpose of making sure that national, regional and local integration concentrate on Roma in a clear and precise way, the European Commission approved a Communication on an EU Framework for National Roma Integration Strategies by 2020.¹⁰

In the following sections of my thesis I will give you a brief overview of the European growth strategy for the next years (EU 2020), as well as describe the Framework for National Roma Integration Strategies by 2020.

2.2.2. EU 2020

The European Union doesn't want to accept the fact that the Roma population has to face intolerance and discrimination. The main objective of Europe's growth strategy (EU 2020) is to create a strong and complete economy. In such an economy, permanent social exclusion and economic marginalisation are inadmissible. The targets have been set in five different areas - employment, modernization, education, social acceptance and environment. The goal of this strategy is to achieve the targets by 2020. The two main targets which are associated with my thesis belong to the areas employment and social acceptance. Firstly, the EU wants to create an employment rate of 75 % of the 20 - 64 year olds and secondly, there should be at least 20 million fewer people who suffer from social exclusion and live in poverty.¹¹

In addition to these objectives, each of the Member States has appointed its own nationwide targets in each of the five areas which are described in the National

⁹ cf. Kopf, S. (2009), p. 1

¹⁰ http://ec.europa.eu/justice/discrimination/roma/index_en.htm

¹¹ http://ec.europa.eu/europe2020/index_en.htm

Reform Programme. Slovak national targets for the next decade will be characterized when illustrating the current situation of Roma minority groups in Slovakia.

2.2.3. Framework for National Roma Integration Strategies by 2020

On the 5th April 2011 the Framework for National Roma Integration Strategies up to 2020 was adopted by the European Commission. This Framework sets goals to improve the quality of life of the Roma population as well as to fill the gaps which can separate them from the majority.

First of all, Member States need to ensure that Roma are not discriminated against but treated like any other EU citizens with equal access to all fundamental rights as enshrined in the EU Charter of Fundamental Rights. ¹² Furthermore, there must be an intervention which disrupts the continuing cycle of poverty.

As the Roma population is very young, it is important to support the education of Roma children, so that in the future they will have the possibility to enter the employment market. Moreover, the states of the European Union are obliged to provide the Roma with job positions, training, health services, etc.

The integration of Roma would create many social and economic benefits. This social inclusion would bring many advantages not only for the Roma but also for the majority. A study made by World Bank shows that in some countries the economic benefits could reach billions of Euros per year.¹³

The improvement of economic efficiency, diminution of government payments for social support and the raise of returns from income taxes are other plus factors of the Roma involvement in the labour market. Furthermore the economic incorporation of Roma would help to reduce discrimination and racism.¹⁴

Although some improvements have been made both on Europe-wide and national level, the daily life for the most of the Roma has remained the same. That's why the European Commission asks the EU bodies to support this Framework for National Roma Integration Strategies, which means that the EU's equality law needs to be

¹² cf. *European Commission: An EU Framework for National Roma Integration Strategies up to 2020*, 2011, p. 2

¹³ cf. *World Bank* (2010): *Roma Inclusion in Central and Eastern Europe*, p. 1

¹⁴ cf. *European Commission: An EU Framework for National Roma Integration Strategies up to 2020*, 2011, p. 3

completed and strengthened at nationwide as well as at local level, with the cooperation of the Roma population.

To enforce the Europe 2020 strategy, the EU Roma integration objectives in the areas education, employment, health services and accommodation must be reached by Member States. These requirements should be based on shared, comparable and dependable characteristics.¹⁵

Especially the employment area is the one which we are going to analyze in detail. As already mentioned in the previous section, the main goal of the strategy Europe 2020 is to reach an employment rate of 75% of the population aged 20-64. Various surveys show that in Member States, there are huge differences between the employment rate of Roma and the majority.

The European Union Minorities and Discrimination Survey results demonstrate that the Roma minority groups from different EU Member States feel discriminated against in the area of employment. In other words, ethnicity is considered to be an obstacle to career advancement. The respondents of the survey were Roma minority groups in seven states of the European Union which became a member of the EU between 2004 and 2007.

Considering the results, Poland (87 %) and Hungary (85 %) have the highest percentage of Roma who think they have fewer opportunities for career advancement. Similarly, in the other Member States there is a big part of the Roma population which is in a complete agreement with them (Slovakia: 77%).¹⁶

This is a reason why Member States should permit the Roma people a full right of entry to the labour market, with possibilities of training on the job and continuing education. Public Employment Services should help out the Roma by offering personalized services and thereby, to call Roma's attention to the job market.

Each Member State should support its national strategies for the incorporation of Roma communities. Member States which haven't introduced their strategies yet are requested to consider their starting points keeping in mind the size and characteristics of the Roma population living in the certain country. When setting

¹⁵ cf. *European Commission: An EU Framework for National Roma Integration Strategies up to 2020*, 2011, p. 3 - 4

¹⁶ cf. *European Union Agency for Fundamental Rights: EU-Midis, Main Results Report 2009*, p. 157

Roma strategies on the national level, EU countries must take into account subsequent points:

1. The national objectives should be realizable and they should attend to the objectives in the different areas set by the European Union.
2. Define regions and settlements with the worst living conditions using the existing information (socio-economic, regional, etc.)
3. Provide a satisfactory use of national financial resources; if adequate a state may also receive an additional funding from the European Union. The EU offers an amount of up to € 26, 5 billion to support Member States in the area of Roma integration.
4. Monitor and evaluate the effects of the integration strategies.
5. Cooperate intensely with Roma minorities as well as with public authorities.

By the end of the year 2011 the EU countries were required to introduce their strategies to the European Commission. In 2012 the strategies will be evaluated and the advancement will be measured and reported to the European Parliament and to the Council.¹⁷

2.3. The situation of Roma minority groups in Slovakia

2.3.1. Roma numbers in Slovakia

In the present there is no official information on the ethnicity of the Slovak population. The collection of this type of data has been stopped due to the protection of the human rights. These data were substituted for data based on the nationality (meaning the ethnicity). However, the most Roma don't declare themselves as members of Roma minority group, in place of this they state that their nationality is Slovak or Hungarian. This means that the number of Slovak citizens of Roma nationality is far away from the reality.¹⁸

The estimated number of Roma living in Slovakia is fluctuating around 350.000 – 420.000 inhabitants.¹⁹ According to the last census there have been only 89.920 Roma inhabitants who were officially registered.²⁰

¹⁷ cf. *European Commission*: EU Framework for National Roma Integration Strategies up to 2020, 2011, p. 8 - 9

¹⁸ cf. *Vašečka, M. / Jurásková, M. / Nicholson, T.* (2003), p. 297

¹⁹ cf. *Kusá, Z.* (2011), p. 3

The highest concentration of Roma is in the two Slovak regions situated in the Eastern part of Slovakia, where Roma population represents 26, 5 % (Košice) and 32, 8 % (Prešov) of all residents. These two regions are marked on the picture below. Quarters in which they live have a high unemployment rate (in some areas the unemployment rate may be even 100 %), very poor living conditions, low education level, lack of supplying facilities and an underdeveloped public transportation system.²¹

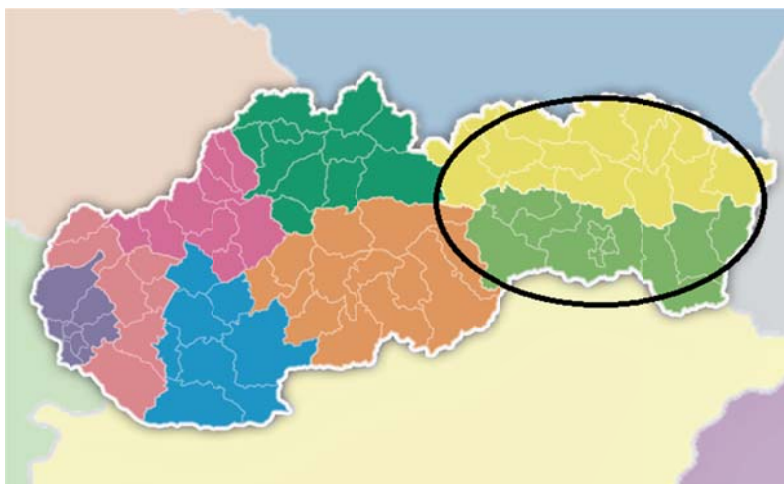


Figure 1: Slovak regions

Source: <http://www.obce.info/de/slovensko>

2.3.2. Number and structure estimates of Roma in the future

The Roma population identified by progressive age pattern with a high number of children is developing very fast and by the year 2020, the number of Roma citizens should go beyond 500.000. According to estimates, there will be approximately 540.000 Roma living in Slovakia in the year 2030. Currently, there are 82.000 Roma children aged 6-15 years and the number should increase to 93.000 by the year 2030. The growth is not very high, which comes from the fact that the birth rate will decrease as a result of the economic prosperity.²²

Both birth as well as death rate of the Roma population is higher than among the majority, which implies that it is growing faster than the rest of the population. This kind of behaviour is characterized as reproductive. Generally, we can say that in the long term the growth of Roma population is faster than the growth of the majority,

²⁰ <http://www.sk1.sk/v1558-presny-pocet-romov-sa-pri-scitani-nedozvieme>

²¹ cf. Kusá, Z. (2011), p. 3

²² cf. Mušíňka, A. / Benč, V. (2011), p. 20

resulting from the type of behaviour. However, studies show that during the last years, this behaviour has slightly changed. At this time, the birth rate of a Roma woman is decreasing faster than we could imagine. It is still approximately twice as high as the birth rate of a Slovak woman, but we wait for the difference to reduce.

Due to the change of the living circumstances as well as the education level, the reproductive behaviour of Roma will continue to change slowly. Around 2020 we expect a strong slowdown of the Roma population growth.²³

A research made by the Slovak Ministry of Health in 2008 shows the amount of births among Roma women aged over 18. Looking at table 1 we can see that only 9 % of Roma women don't have any children and 6 % give birth to one child. One fourth of all the Roma women have between 4 and 5 children and 26 % may even have up to 10 children.

Number of births	% of women
None	9
1	6
2	14
3	13
4-5	25
6-10	26
More than 10	7
Total	100

Table 1: Number of births among Roma women

Source: *Ministry of Health SR, 2008*

2.3.3. Roma and active labour market policy in Slovakia

2.3.3.1. General description of the Slovak labour market

The situation on the Slovak labour market can be characterized by the following facts:

- From the total number of jobs there are only 8 % of jobs for unskilled workers and back staff.
- In the last decade, there has been a significant movement of the workers from the agriculture and industry sector to the services sector. In the year 1998 the proportion of workers in the agriculture sector was 7 %, while in 2008 it was

²³ cf. Vašečka, M. / Jurásková, M. / Nicholson, T. (2003), p.308

only 3, 6 %. There have been 36, 6 % of all the employed people working in the industry sector in 1998, whereas in 2008 there were only 34, 4 % people working in this sector. The percentage of employers of the services sector increased from 56, 6 % (in the year 1998) to 62 % (2008).

- From 1998 the amount of the self-employed has nearly doubled (from 7, 1 % in 1998 to 13, 8 % in 2008). This growth is attributed to various factors, like for example the privatization of the companies owned by the state or reforms of taxes, policy, etc.
- Fixed working hours prevail over the flexible work schedule. 80 % of all employers had fixed working hours in the year 2008. Other modes of working like flexible work weeks, months or working time based on individual agreement are represented very poorly.²⁴

In the previous section I have already explained what a long-term unemployment exactly is. The diagram below shows the seriousness of the problem concerning the long-term unemployment in Slovakia. In the document named "Employment of Europe 2010" which was prepared by the European Commission's Directorate-General for Employment, Social Affairs and Equal Opportunities, is a comparison between the long-term unemployment in the year 2008 and 2010 in the EU Member States.

Looking at the diagram we can notice that the long-term unemployment rate has augmented in almost all the Member States. The unemployment rates differ from each other even more noticeably, with the highest rate of more than 8 % in Slovakia.

²⁴ cf. *Mušinka, A. / Benč, V.* (2011), p. 118 - 119

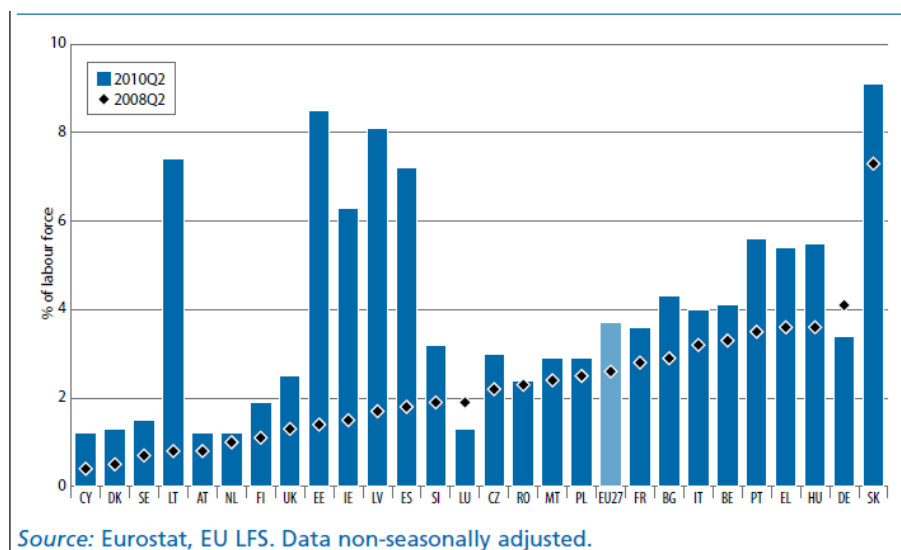


Figure 2: Long term unemployment in EU Member States in 2008 and 2010

Source: European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities (2010), S.40

2.3.3.2. Position of Roma on the Slovak labour market

This section analyzes the position of Roma on the Slovak labour market in general and describes the barriers which they have to face when searching for a job.

The social inclusion depends on many factors. One of the most important is the position on the job market. We can characterize Roma's position on the labour market as excluded, which leads to the social marginalization and general poverty of this minority group.

After the year 1989, the situation of the Roma population became worse. The population had to deal with a new problem – the unemployment. The people who were hit by unemployment the most were Roma.²⁵

The unemployment of Roma is different from the unemployment of the majority. The difference lies mainly in the duration of the unemployment period.²⁶

"The definition of 'long-term' when referring to unemployment can differ across and within national contexts. Typically, a period of unemployment of one year or more is

²⁵ cf. Vašečka, M. / Jurásková, M. / Nicholson, T. (2003), p.345 - 346

²⁶ cf. Vašečka, M. / Jurásková, M. / Nicholson, T. (2003), p.348

retained as the criterion for measuring long-term unemployment (LTU); this criterion is used by Eurostat and is used by convention in the remainder of this report."²⁷

As a result of the duration of the unemployment continuity the Roma don't obtain unemployment benefits. In consequence, they depend on social welfare benefits and child support. Apart from the fact that a long-term unemployment is considered to be a heavy social and political problem, it has many other impacts.

As a rule, the longer people are without a job, the poorer the probability of finding a new job again. The chances of people who are unemployed for more than a year are three times lower than the chances of somebody who has been without an employment for only three months. There are numerous explanations for this. A long-term unemployment causes chaos in the employee morals. This leads to the loss of motivation and consequentially, to a total exclusion from the labour market. Furthermore, it destroys the human capital, meaning that an unemployed person loses the employee qualifications and skills, the day-to-day routine and the timetable. It becomes separated and suffers from the deficiency of social life.

The number of families where all the members are long-term unemployed is increasing. Children and young people don't see their parents working and get used to the fact. Many young people have no job experience and they are in danger of suffering from the long-term unemployment in the future.

In geographically and socially separated Roma communities situated mainly in the eastern part of Slovakia, the situation is even worse. Job opportunities in this kind of Roma settlements are restricted to seasonal or informal jobs in the nearby villages. The life in isolated communities is characterized by a lack of information and social contact from the outside world.²⁸

When looking for a job, the Roma encounter many difficulties:

- The low level of education is the principal reason for the exclusion from the labour market.
- The second reason is a bad reputation; they are considered to be disaffected workers without ethics.

²⁷ *European Commission (2012): European Employment Observatory review, Long - term Unemployment 2012, p. 5*

²⁸ *cf. Vašečka, M. / Jurásková, M. / Nicholson, T. (2003), p. 348*

- The employment discrimination is still widely spread.
- Due to the long term unemployment, the minority lost work attitude.
- Their living conditions are very poor, which has an influence on their health.

The following macro factors also affect the situation of Roma on the labour market:

- There has been a cut of the labour force in heavy industry, where many Roma used to be employed in the past.
- Agricultural collectives which provided work for Roma people have been closed.
- The necessity of unqualified workforce has reduced in the last years.
- Roma are competing with cheap labour force from other foreign countries. Studies demonstrate that the employers would rather choose workers from the former Soviet Union because of a higher education level, better behaviour, etc.²⁹

These, as well as other impacts influence the position of Roma in the society. There are regions in Slovakia where even the major population is trying hard to find a job. Then how can we expect people with low or no qualifications, poor health and bad living conditions to break out of this unfortunate situation alone?

2.3.3.3. Labour market segmentation and Roma groups

If we want to develop a successful strategy for the inclusion of Roma to the labour market, we have to distinguish between the various Roma groups existing at the present. Based on the Theory of the segmented markets, we can define three main groups. Before describing them, we should understand what the labour market segmentation exactly is.

A labour market is considered to be segmented if it *"consists of various sub-groups with little or no crossover capability."*³⁰

Labour market segmentation theory explains that *workers and jobs are not matched smoothly by a universal market mechanism. Instead, it suggest that jobs and labour are divided into labour market segments.*³¹

²⁹ cf. Vašečka, M. / Jurásková, M. / Nicholson, T. (2003), p. 345 - 346

³⁰ <http://understandingsocialscience.wordpress.com/2010/01/08/key-term-definition-segmented-labour-markets/>

Some studies have shown that there is a division among workers by race, sex, education level, ethnicity, etc.³²

Three interrelated subjects give explanation for the labour market segmentation. These are: mistreatment and discrimination, the promotion of unstable work and a low education level. In the most countries the discrimination against minority groups is considered as the substantial factor in labour market segmentation. People with a different ethnicity are likely to earn less money even if they have the same education level and equal qualifications.³³

More and more countries have the tendency to segment their labour markets and moving from one to another segment is becoming more difficult. The increasing labour market segmentation is related to the development of the society, especially to the socio-economic processes (globalization, individualization, etc.), as well as to the development of new technologies.

From all the segmented labour market theories, the best-known is the so called "Dual market theory." The main characteristics of the dual labour market were expressed by Loveridge and Mok (1979). Their theory is based on the assumption that both the labour supply and the demand for labour are segmented.³⁴

We distinguish between the primary and secondary sector and there is only a limited mobility between them. The primary sector, also called the core sector usually includes better paid jobs with the best conditions of employment offered to the employees. This leads to a higher motivation of the workers.³⁵ The possibility of career advancement within the primary sector is quite high and the jobs are considered to be more secure. The employees have the chance to get an advanced training which may help them to enhance their career prospects. In addition to high wages, primary sector jobs also offer other employee benefits. The flexibility of work is based on the needs of the employee (adapted working time, place, etc.).³⁶

In contrast to the primary sector, the secondary sector jobs have a lower prestige and offer worse conditions and a low remuneration. The workers don't receive any

³¹ *Bauder, H. (2001), p.38*

³² *cf. Reich, M. / Gordon, D.M. / Edwards, R.C. (1973), p.359*

³³ *cf. Frazer, H. / Marlier, E. (2010), p. 11*

³⁴ *cf. Mušinka, A. / Benč, V. (2011), p. 116-117*

³⁵ http://en.wikipedia.org/wiki/Labor_market_segmentation

³⁶ *cf. Mušinka, A. / Benč, V. (2011), p. 117*

additional benefits and there is no or just a little opportunity for advancement. Furthermore, the positions are unsecure and less stable, with a seasonal character. The career of employees is regularly interrupted by periods of short or long term unemployment and they have almost no chances to improve their qualifications. Due to the lack of motivation, the workers tend to change their jobs often. In consequence the rate of the labour turnover is relatively high. The working hours are rather unfavourable, based on the employer's requirements (nonstandard forms of the employment contract, hindered commuting, late working hours, etc.). The employers of the secondary labour market have a certain social handicap. We may distinguish between subjective and objective handicaps. Subjective handicaps are those which can be eliminated with the help of others, like for example education and qualification. On the other side, objective social handicaps can't be influenced by anybody (age, ethnicity, gender, etc.). The possibility to find a job is more limited in the case of accumulation of multiple social handicaps.

In Slovakia, primary labour market dominates strongly over the secondary labour market. According to estimates, the proportion of the secondary labour market employers represents 10-15 % of all the employers.³⁷

Even if the Roma do have a job, they are employed only on the secondary labour market. Their low education level and different ethnic backgrounds are the cause of their exclusion from the primary labour market, which again has an effect on their socio economic status.³⁸

As a result of the restricted job opportunities on the formal labour market, Roma look for a job on the informal labour market. The informal labour market also called the informal sector is characterized as *"a sector which encompasses all jobs which are not recognized as normal income sources, and on which taxes are not paid. The term is sometimes used to refer to illegal activity, such as an individual who earns wages but does not claim them on his or her income taxes or a cruel situation where people are forced to work without pay. However, it could also be interpreted to include legal activities, such as jobs that are performed in exchange for something other than money."*³⁹

³⁷ cf. Mušíňka, A. / Benč, V. (2011), p. 119

³⁸ cf. Vašečka, M. / Jurásková, M. / Nicholson, T. (2003), p. 349

³⁹ <http://www.businessdictionary.com/definition/informal-sector.html>

The occupation of Roma on the informal labour market comprises activities such as collecting discarded metal or forest products. Many of them try to improve their living conditions by doing occasional seasonal jobs. Many Roma women do various auxiliary activities and receive compensation in form of food or clothes.⁴⁰

Emanating from the Theory of segmented markets and from the practical work experience with Roma minority groups, we can classify the Roma into three main groups:

1. The Declasse

The Roma which are part of this group have a difficulty to enter the labour market. They are excluded from the primary as well as from the secondary labour market. They have never been working before or they haven't had a job for a very long time. They suffer material shortages and have a limited access to the social world. An accumulation of social handicaps is a characteristic of this group of Roma (low education level and no occupational skills). Their behaviour is unpredictable.

2. The Socially Excluded (the poor)

They are excluded from the primary labour market, however they also have problems finding a job on the secondary market. In the majority of cases they only have unsecure, seasonal jobs. They usually don't receive any unemployment compensation because they haven't been paying for the insurance during their unemployment, or the unemployment insurance was not being paid for a sufficient long period of time. They are moving just above the limit of material shortage. The noticeable influence of the majority leads to an increase of the individualization among the Roma. Their education level is low, but they have certain professional skills. They partially concentrate themselves on the future without being able to control it.

3. The Elite

This group is partly excluded from the primary labour market but it is participating on the secondary labour market. The jobs are characterized by insecure working conditions and the sources of income may also derive from illegal activities. Relative

⁴⁰ cf. Vašečka, M. / Jurásková, M. / Nicholson, T. (2003), p. 350

material sufficiency is a characteristic for this group, which means that the basic needs are covered. There is a significant effort to resemble the majority which results in a loss of the group consciousness. Higher level of qualification and a focus on the future are this group's main features.⁴¹

2.3.3.4. Statistics and future estimates

There are no official statistics on the unemployment of the Roma minority groups. The results are based particularly on estimates. Older statistics on the registered Roma unemployment generated by the National Labour Office (Národný Úrad Práce) exist, however the publication of this kind of information put the Roma at a disadvantage on the job market. Therefore, the data had stopped being collected.

When we look at the data from the past (Table 1), we can notice that the number of unemployed Roma had increased continuously.

Year	1991	1992	1993	1994	1995	1996	1997	1998*	1999
% of unemployed Roma	15,5	15,5	14,0	13,5	16,6	19,0	19,2	-	25,0

*No data available for 1998

Table 2: Development of the Roma unemployment over years

Source: Vašečka, M. / Jurásková, M. / Nicholson, T. (2003), p. 346

There are around 300.000 Roma people aged 15-64 years living in Slovakia. This age is considered to be the working-age of a human being. In the year 2030, we expect this number to increase to 400.000. The number of people of working age is relative high due to the fact that few Roma reach the retirement age.

We should think how many working positions we must create considering the fact that we have a working-age population of 300.000 people at the moment. According to the literature, we assume that the employment rate of Roma in Slovakia is 20 %. Supposing the employment rate of 20 %, we can say that nowadays 60.000 Roma are officially employed. If the situation stays the same, in 2030 only 80.000 Roma will be working. Let's presume that the Roma employment rate should be equal to the employment rate of the majority (~ 60%). According to that, at the moment we lack 120.000 job positions and in the year 2030, we will miss 200.000 working positions. This is the true dimension of the problem.⁴²

⁴¹ cf. Mušíňka, A. / Benč, V. (2011), p. 120-121

⁴² cf. Mušíňka, A. / Benč, V. (2011), p. 20 - 21

2.3.4. The Strategy of Slovak Republic for the Integration of Roma up to 2020

On 11th of January 2012 the Government of Slovak Republic approved the strategy for the integration of Roma up to 2020. The submitted and accepted strategy is the outcome of the cooperation between the Office of the Plenipotentiary of the Slovak Government for Roma communities, UNDP, OSF, Association of towns and municipalities of Slovakia and NGOs.⁴³

The Government of Slovak Republic is aware of the fact that the life of Roma minorities living in Slovakia has fallen off in quality over the past years. To improve the situation and to avoid the increase of disputes and violence between Roma and the majority, the Government is implementing this Strategy leading to the integration of Roma into the society. Since the Roma issue is grave and complex, the support of all authorities (local, regional, etc.) is of great importance.

This Strategy should diminish the separation of Roma communities, make the integration easier and reduce discrimination against this minority group. It is supposed to reduce the effects of various types of exclusion (social, economic, cultural, etc.) and eliminate different forms of discrimination (direct, indirect, racial, employment, etc.).⁴⁴

Exclusion doesn't only cause poverty, but it also results in costs to the society. *The estimated average direct and indirect costs are enormous, reaching 7% of GDP in 2008 and potentially up to 11% of GDP in 2030.*⁴⁵ The costs arise especially from the low employment rate of Roma population and include also other costs like the insurance of the unemployed, social benefits, etc.⁴⁶ According to a study made by UNDP (2010), the employment rate of Roma men in Slovakia is 20 %, whereas the employment rate of Roma women represent only 11 %.⁴⁷ Due to the low education level, lack of qualifications and employers' attitudes towards Roma workers, they have difficulties to integrate themselves into the job market.

The main goal of the Strategy in the area of unemployment is to reduce the differences of the employment between Roma and the majority population. The strategy seeks to facilitate the entrance into the job market for the Roma minorities

⁴³ http://www.osf.sk/novinky/vlada_sr_schvalila_strategiu_sr_pre_integraciu_romov_do_roku_2020/

⁴⁴ cf. *Office of the Plenipotentiary of the Slovak Government for Roma communities* (2012), p. 8

⁴⁵ Marcinčin, A. / Marcinčinová, L. (2009), p. 36

⁴⁶ cf. *Office of the Plenipotentiary of the Slovak Government for Roma communities* (2012), p. 25

⁴⁷ cf. *Office of the Plenipotentiary of the Slovak Government for Roma communities* (2012), p. 14

and to offer them places of work. The Roma unemployment rate should decrease by 50 %.

Moreover, the state should promote the growth of employability of the socially excluded groups by adopting anticipatory actions to decrease unemployment as well as by supporting the education of Roma population.

Additionally, the Government address employers to provide work for Roma who are looking for a job. A part of the Strategy is also the support of the creation of employment opportunities in SMEs, social organizations and agriculture.

Further step is the improvement of Labour Office services in order to ameliorate relations between the members of Roma minority groups and the offices.⁴⁸

⁴⁸ cf. *Office of the Plenipotentiary of the Slovak Government for Roma communities* (2012), S. 32 - 33

3. Theoretical basis for Corporate Social Responsibility

3.1. Definition of CSR

The role of corporations in society is getting more and more important. Day after day we can notice a growing interest among the population in the influence of companies on our everyday life. Daily records on scandals and misbehaviour of corporations lead to the fact that firms are being challenged to re-evaluate their business practices.⁴⁹

Particularly since the early 1990s, the call for what is termed "Corporate Social Responsibility" (CSR) has gained in importance in the whole business community. Besides making profits, businesses are also responsible for the environment as well as for considering stakeholders' needs and expectations.⁵⁰

Each organization performs different CSR activities varying between small contributions and large projects. Certainly, it depends on how many resources companies have available for implementing various CSR practices.⁵¹

Since there are thousands of books, papers, articles and reports concerning CSR, it is difficult to provide one exact definition of CSR. McWilliams, Siegel and Wright (2006) stated that *"there is no strong consensus on a definition for CSR."*⁵²

There exists a great variety of descriptions and approaches containing similarities as well as distinctions in understanding CSR.⁵³

The expression corporate social responsibility is a composition of three words: corporate, social and responsibility. It refers to the relationship between corporations and societies which they affect. By society we mean all stakeholders and groups which are interested in company's actions.⁵⁴

One of the most frequently cited definitions comes from Archie Carroll (1979) where he defines CSR as following: *"The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point of time."*⁵⁵

⁴⁹ cf. Crane, A. / Matten, D. / Spence, L. J. (2008), pp. 3 - 4

⁵⁰ cf. Markley, A. W. (2008), p. 1

[http://www.visionandvalues.org/docs/A.Markley - Limits of Corporate Social Responsibility.pdf](http://www.visionandvalues.org/docs/A.Markley_-_Limits_of_Corporate_Social_Responsibility.pdf)

⁵¹ cf. Sharma, S. / Sharma, J. / Devi, A. (2009), p. 206

⁵² McWilliams, A. / Siegel, D.S. / Wright, P.M. (2006), p. 8

⁵³ cf. Crane, A. / Matten, D. / Spence, L. J. (2008), p. 4 - 5

⁵⁴ cf. Werther, W. B., Jr. / Chandler, D. (2011), p. 5

⁵⁵ Carroll, A.B. (1979), p. 500

Other authors, instead of identifying the individual responsibilities, presented definitions which are more universal. For example, Brown and Dacin (1997) describe CSR as a *"company's status and activities with respect to its perceived societal or, at least, stakeholder obligations."*⁵⁶

According to the European Commission (2001), CSR is *"a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."*⁵⁷

3.2. CSR terminology

In the area of CSR, a variety of expressions is used, which can result in confusion and cause misunderstandings. In this section you will find brief characteristics of frequently-used terms with the aim of delimiting the key CSR concepts and avoiding misinterpretations.

3.2.1. Corporate Citizenship

For many years, companies are supporting various charitable activities and donations with the intension of making a contribution to the society.

According to Carroll, corporate citizenship (CC) is strongly connected to the philanthropic responsibility of a company. Company is considered to be a good corporate citizen if it is undertaking actions leading to an enhanced societal well-being. Even though the society expects corporations to support various humanitarian projects, they are not being seen as unethical if they don't meet the expected level.⁵⁸

Despite the fact that the term CC is being frequently mentioned, its use still isn't consistent.⁵⁹

3.2.2. Corporate Sustainability

Even though the meaning of CSR and corporate sustainability is different, these concepts are often being regarded as the same. Nevertheless, we can say that sustainability is definitely an important aspect of responsibility.⁶⁰ Given that both concepts are continually developing and strongly related to each other, it's difficult to delineate them.

⁵⁶ Brown, T.J. / Dacin, P.A. (1997), p. 68

⁵⁷ European Commission (2001), p. 6

⁵⁸ cf. Carroll, A. B. (1991), p. 42

⁵⁹ cf. Matten, D. / Crane, A. / Chapple, W. (2003), p. 111

⁶⁰ cf. Walter, B. L. (2010), S. 36

In 1987, United Nations published a Report of the World Commission on Environment and Development which says: *"Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs."*⁶¹

Formerly, this report only referred to the environmental aspect. At the present time, the social as well as the economic dimension has to be considered when talking about sustainable development.⁶²

3.2.3. Business Ethics

Originally, many concerns regarding the relationship between corporations and the community have been examined from the ethical point of view.⁶³

Business ethics is in relation to CSR, but it is not one and the same. Business ethics concentrates especially on moral values and the behaviour of people within a company.⁶⁴

Crane and Matten (2007, p. 5) describe business ethics as *"the study of business situations, activities and decisions where issues of right and wrong are addressed."*⁶⁵

3.3. Evolution of CSR

Although the historical background of the CSR concept is long and extensive, it has been developing especially from 1950s up to the present day.

In 1951, Frank Abrams started to concern himself with the responsibilities of management towards the community. He claimed that with a growing importance of the business, firms should also consider the needs of their employees, consumers and society.⁶⁶

Patrick Murphy (1978) divided the CSR era into four periods. According to him, the phase up to 1950s was "philanthropic", meaning it was the time when businesses made contributions to charities. In the space of time from 1953 and 1967, the companies became aware of their responsibilities towards the community. The period from 1968 – 1973 was called "the issue era" during which the firms started concentrating on certain problems, such as discrimination, environmental pollution, etc. The last period which ranges from 1974 – 1978 and beyond, was named „the

⁶¹ United Nations (1987), see Section I, Point 3

⁶² cf. Crane, A. / Matten, D. / Spence, L. J. (2008), p. 92

⁶³ cf. Crane, A. / Matten, D. / Spence, L. J. (2008), p. 56

⁶⁴ cf. Milovanovic, G. / Barac, N. / Andjelkovic, A. (2009), p. 91

⁶⁵ Crane, A. / Matten, D. (2007), p. 5

⁶⁶ cf. Carroll, A. B. / Shabana, S. M. (2010), p. 86

responsiveness epoch“, in which the companies started to deal with the problems by taking different measures.⁶⁷

Especially in the 21st century, CSR has become an increasingly significant phenomenon with global dimensions. The development and growing importance of CSR practices has been evident particularly in the European Community.⁶⁸

3.4. CSR Hierarchy⁶⁹

The pyramid of CSR explained by Carroll (1991) consists of four kinds of responsibilities: economic, ethical, legal and philanthropic. All these responsibilities have existed also in the past, but recently ethical and philanthropic dimensions have gained greater importance.

According to Carroll the economic dimension is situated at the bottom of the pyramid and pertains to economic responsibilities a company has towards its stakeholders (maximizing profits, efficiency, etc.).

Legal dimension is the next level of the hierarchical order and it is related to the firm's obligation to operate in compliance with laws and regulations. Companies are expected to reach their goals which at least fulfil minimal legal requirements.

The next layer of the CSR pyramid consists of ethical responsibilities. These include standards and norms which the community expects a firm to follow even if they are not regulated by law. The company is required to take decisions which are fair, just and simultaneously have a high regard for stakeholders' moral rights. As a consequence of the fast business ethics development of the last years, ethical responsibilities became a significant element of the CSR hierarchy. Although the ethical dimension represents a separate layer of the pyramid, we must be aware of the fact that it is in a strong interaction with the legal dimension.

Philanthropic dimension is the last one at the top of the pyramid and it involves responsibilities of the company to undertake actions which support the wellbeing of the society, such as financial contributions, charitable activities, voluntary programs, etc. Unlike the legal responsibilities, the philanthropic responsibilities are considered to be more voluntary. A corporation is expected to engage in various philanthropic programs but it doesn't mean it is unethical if its activity in this area doesn't reach the preferred level.

⁶⁷ cf. Crane, A. / McWilliams, A. / Matten, D. / Moon, J. / Siegel, D. S. (2008), p. 24 - 25

⁶⁸ cf. Crane, A. / McWilliams, A. / Matten, D. / Moon, J. / Siegel, D. S. (2008), p. 41

⁶⁹ cf. Carroll, A. B. (1991)

3.5. Reasons for CSR activities

There are several motives for incorporating CSR practices into the business strategy. As the first reason we may define the growing prosperity in developed countries. Customers have enough money to decide which products they want to buy and thus, their expectations from the company are much higher. Firms which operate in wealthy societies have to make an effort to prove that they are socially responsible.

An increase in the prosperity and higher expectations of the community result in the fact that people worry more about the environment they live in. Subsequently, companies which seem to be unconcerned about the environment are being punished and evaluated negatively by others.

Nowadays, more and more companies operate in multiple countries. A result of the globalization is an increase in business complexity. In addition to extensive governmental laws and regulations, various cultural norms and social practices need to be taken into consideration. Since a company is a subject to a global target group, a compliance with CSR principles has become very important.

Another reason a corporation may pursue CSR activities is the brand reputation. Customers are more likely to purchase a brand they know and trust.

Furthermore, a firm should follow the CSR principles to satisfy numerous stakeholder groups (suppliers, nongovernmental organizations, etc.). In today's global world, a company which is able to meet the needs of different stakeholders is the one which will achieve the greatest success.⁷⁰

Finally, being a part of a socially responsible firm is what motivates and retains employees. That's why employee motivation is regarded as one of the most significant key drivers of CSR.⁷¹

3.6. CSR and Stakeholders

3.6.1. Introduction

So far in my theoretical part, I have characterized what CSR exactly is and defined differences between various CSR terms. In few words I explained the development of CSR and why I think it is important for companies to perform CSR activities. Through analyzing the CSR pyramid, I have described the individual responsibilities which companies have to its stakeholders.

⁷⁰ cf. Werther, W. B., Jr. / Chandler, D. (2011), p. 19 - 21

⁷¹ cf. Sprinkle, G. B. / Maines, L. A. (2010), p. 447

In this chapter, I will discuss several definitions of a 'stakeholder' as well as explain the 'Theory of stakeholder salience'. Furthermore, I will depict the stakeholder model by means of which I will define the three main stakeholder groups. At the end of this part, the Stakeholder theory with its different approaches will be presented.

According to Mitchell, Agle and Wood (1997), stakeholder theory has always been regarded as the main CSR theory. It claims that if the firm influences individuals or groups to achieve its objectives, these groups also have an interest in the company. This interest, which differs from stakeholder to stakeholder, must be taken into consideration by the corporation.⁷²

If a CSR within a company is successful, it is a sign of how effective the company is dealing with stakeholders' concerns while applying its business model. CSR means evaluating the interconnected relationships between firms, their stakeholders, the economic system and the society within which they operate.⁷³

3.6.2. Definition of a Stakeholder

A persistent matter for 'Stakeholder theory' was the recognition of the stakeholders, meaning to define who they really are and how they are associated to companies.⁷⁴ There were many theorists who were engaged in this topic and many definitions of the term 'stakeholder' exist. Nevertheless, we can say that the main predecessor of the 'Stakeholder theory' was R. Edward Freeman.⁷⁵

In his book on this subject which was published in 1984, he defines a stakeholder in an organization as *"any group or individual who can affect or is affected by the achievement of the organization's objectives."*⁷⁶ Freeman's definition is one of the best known and it is being commonly used to this day.

Though, it is also one of the broadest definitions because it doesn't define in detail which the possible stakeholder groups might be. What's more, the definition leaves the term "stake" unexplained.⁷⁷

⁷² cf. Crane, A. / Matten, D. / Spence, L. J. (2008), p. 108

⁷³ cf. Werther, W. B., Jr. / Chandler, D. (2011), p. 7

⁷⁴ cf. Freeman, R. E. / Harrison, J. S. / Wicks, A. C. / Parmar, B. / De Colle, S. (2010), p. 206

⁷⁵ cf. Crane, A. / Matten, D. / Spence, L. J. (2008), p. 109

⁷⁶ Freeman, R. E. (1984), p. 46

⁷⁷ Cf. Mitchell, R. K. / Agle, B.R. / Wood, D.J. (1997), p. 856

Mitchell et al. (1997) say that *"excluded from having a stake are only those who cannot affect the firm (have no power) and are not affected by it (have no claim or relationship)."*⁷⁸

Another well known example comes from Post, Preston and Sachs (2002) who describe stakeholders as *"individuals and constituencies that contribute either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers."*⁷⁹

In opposition to other authors concerned with the organization theory, Swedish theorist Eric Rhenman (1968) used specifically the term 'stakeholder' in his book *Industrial Democracy and Industrial Management*. According to him (Rhenman, cited in: Freeman et al., 2010), stakeholders are *"individuals or groups which depend on the company for the realization of their personal goals and on whom the company is dependent. In that sense employees, owners, customers, suppliers, creditors as well as many other groups can all be regarded as stakeholders in the company"*⁸⁰

3.6.3. Stakeholder salience

As stated in the previous section, the stakeholder literature offers numerous definitions of a stakeholder. The theory of stakeholder identification helps us to differentiate between stakeholders and non stakeholders. However, the question which stakeholder groups are prioritized by managers goes beyond the issue of stakeholder recognition.⁸¹

Mitchel, Agle and Wood (1997) generated the theory of stakeholder salience which on the basis of some specific characteristics helps managers to decide which stakeholders are really of importance and should be preferred.

This theory is based on an interaction of three aspects: power, legitimacy and urgency.⁸² The most of the existing conceptions of power are deduced from Weber's (1947) notion that *"power is the probability that one actor within a social relationship would be in a position to carry out his own will despite resistance."*⁸³ In other words,

⁷⁸ Mitchell, R. K. / Agle, B.R. / Wood, D.J. (1997), p. 856

⁷⁹ Post, J. E. / Preston, L. E. / Sachs, S. (2002), p. 8

⁸⁰ cf. Freeman, R. E. / Harrison, J. S. / Wicks, A. C. / Parmar, B. / De Colle, S. (2010), p. 43

⁸¹ cf. Mitchell, R. K. / Agle, B.R. / Wood, D.J. (1997), p. 854

⁸² cf. Zyglidopoulos, S.C. (2002), p. 147

⁸³ Weber (1947), cited in Mitchell, R. K. / Agle, B.R. / Wood, D.J. (1997), p. 865

power may be described as the capability of a stakeholder to affect managerial activities.⁸⁴

Legitimacy was specified as *"a generalised perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions."*⁸⁵

We can say that urgency rests upon two aspects. It depends on the degree to which stakeholders' requirements demand an urgent reaction, as well as on the significance of stakeholders' requests.⁸⁶

On the basis of this concept, stakeholders having all three features will be the most relevant for the company. The fewer of these characteristics stakeholder groups have, the lower the influence they exercise over managers.⁸⁷

3.6.4. Stakeholder Model

The figure pictured below presents the stakeholder model which might help companies to determine its key stakeholders.

According to this model, we distinguish between three categories of company's stakeholders: organizational, economic and societal stakeholders. The organizational stakeholders are situated in the centre inside of the two larger circles. They are being considered as the internal part of an organization (employees, managers, etc.). However, employees are not only internal stakeholders. Sometimes they may also be classified as firm's clients and form part of the society in which the company works.

Economic stakeholders are located between the organizational and societal stakeholders. They are considered as one of the major means by which the company supplies its goods and interacts with the public.

Societal stakeholders, such as the government or NGOs, frame the outside circle. All these groups act together within a global environment, being influenced by the fast development of technology.⁸⁸

⁸⁴ cf. Crane, A. / Matten, D. / Spence, L. J. (2008), p. 418

⁸⁵ Suchman, M. C. (1995), p. 574

⁸⁶ cf. Mitchell, R. K. / Agle, B.R. / Wood, D.J. (1997), p. 867

⁸⁷ cf. Zyglidopoulos, S.C. (2002), p. 147

⁸⁸ cf. Werther, W. B., Jr. / Chandler, D. (2011), p. 35 - 36

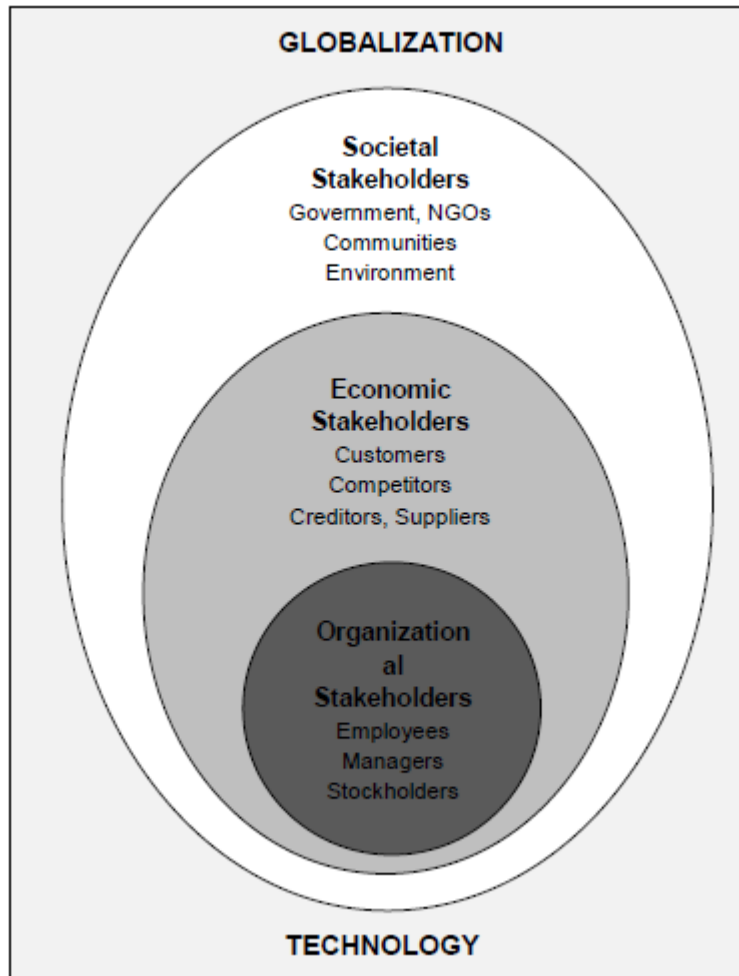


Figure 3: Stakeholder Model

Source: Werther, W. B., Jr. / Chandler, D. (2011), p. 35

3.6.5. Stakeholder Theory

3.6.5.1. Introduction to Stakeholder Theory

There have been many arguments about what kind of theory 'the stakeholder theory' exactly is. Various types of 'stakeholder theory' exist and it is impossible to create one, which would be regarded as the right version.⁸⁹

Some authors have claimed that it is not even a theory because theories are series of statements which might be tested. Others have indicated that there is too much ambiguousness in the definition of this theory.⁹⁰

Some argue that the 'stakeholder theory' it is the opposite of the 'shareholder theory' and considers an individual or groups which have a stake in the firm.⁹¹

⁸⁹ cf. Freeman, R. E. / Harrison, J. S. / Wicks, A. C. / Parmar, B. / De Colle, S. (2010), p. 30

⁹⁰ cf. Freeman, R. E. / Harrison, J. S. / Wicks, A. C. / Parmar, B. / De Colle, S. (2010), p. 63

Stakeholder theory is probably a theory with the highest influence in the CSR context. The term 'social' in the word composition 'CSR' refers to the 'society', towards which the company has responsibilities. The term 'society' is rather abstract and might be converted into a more concrete entity.⁹²

According to Freeman and Velamuri (2006), the key objective of the company is to fulfil stakeholders' requirements without keeping business apart from ethics. Accordingly, they have suggested exchanging 'CSR' for 'Corporate Stakeholder Responsibility' which would result in a different interpretation of the meaning.⁹³

Even though there are many different opinions and attitudes towards the 'stakeholder theory', it can be defined as follows: *"The firm is a system of stakeholders operating within the larger system of the host society that provides the necessary legal and market infrastructure for the firm activities. The purpose of the firm is to create wealth or value for its stakeholders by converting their stakes into goods and services."* (Clarkson, 1994; cited in 'The Oxford Handbook of Corporate Social Responsibility', p. 63)⁹⁴

In Freeman's book called "Strategic Management: A Stakeholder Approach" published in 1984, he introduced the stakeholder theory as a managerial theory. The responsibility of managers is to take into consideration all the interests of firm's stakeholders and to find a balance between them.⁹⁵

To find another expression of what management's duty exactly is, we should look at Evan's and Freeman's definition. Evan and Freeman say that *"management, especially top management, must look after the health of the corporation and this involves balancing the multiple claims of conflicting stakeholders."* (Evan and Freeman, 1988; cited in 'The Oxford Handbook of Corporate Social Responsibility', p. 63)⁹⁶

⁹¹ cf. Crane, A. / McWilliams, A. / Matten, D. / Moon, J. / Siegel, D. S. (2008), p. 62

⁹² cf. Crane, A. / Matten, D. / Spence, L. J. (2008), p. 107 - 109

⁹³ cf. Crane, A. / McWilliams, A. / Matten, D. / Moon, J. / Siegel, D. S. (2008), p. 62

⁹⁴ Clarkson, M.B.E. (1994), in: Crane, A. / McWilliams, A. / Matten, D. / Moon, J. / Siegel, D. S. (2008), p. 63

⁹⁵ cf. Crane, A. / Matten, D. / Spence, L. J. (2008), p. 109

⁹⁶ Evan, W.M. / Freeman, R.E. (1988), in: Crane, A. / McWilliams, A. / Matten, D. / Moon, J. / Siegel, D. S. (2008), p. 63

Couple of years later, in 2003, Freeman repeated that "*the stakeholder theory is a theory of organizational management and ethics.*"⁹⁷

3.6.5.2. Different approaches to Stakeholder Theory

In the article 'The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications' written by Thomas Donaldson and Lee Preston (1995), the authors describe the three main approaches to 'Stakeholder theory' and explain the major distinctions between them.

One of the main issues during the development of the 'Stakeholder theory' has been the uncertainty about its character and purpose. In general, we can say that there are many different theories which pursue different objectives. The 'Stakeholder theory' has been introduced and applied in a lot of different ways.

The first approach of the theory presented by Donaldson and Preston is descriptive. It indicates that the objective is to characterize main features and behaviour of the business, as well as to express the managerial way of thinking. The second approach is instrumental, meaning that with the help of existing information, the theory is able to recognize relationships between stakeholder management and the realization of common business objectives (productivity, growth, etc.). Even though the first two approaches are characteristic for the Stakeholder theory, the normative approach provides a basis for it.⁹⁸ This approach tries to provide a response to the two main questions which the companies ask themselves: What is the aim of the company? To whom do the managers have a responsibility?⁹⁹ It explains the role of the firm by means of ethical and philosophical background. These three ways were also presented by Edward Freeman who is regarded as the father of Stakeholder theory.¹⁰⁰

Donaldson and Preston (1995) say that the Stakeholder theory is a managerial theory. It doesn't only offer a description of situations, but it suggests ways of behaving as well as procedures with the aim of helping managers to solve problems more efficiently.

⁹⁷ Phillips, R. / Freeman, R. E. / Wicks, A. (2003), p. 480

⁹⁸ cf. Donaldson, T. / Preston, L. (1995), p. 65 - 71

⁹⁹ cf. Freeman, R. E. / Harrison, J. S. / Wicks, A. C. / Parmar, B. / De Colle, S. (2010), p. 213

¹⁰⁰ cf. Donaldson, T. / Preston, L. (1995), p. 72

3.7. CSR and Globalization

3.7.1. Dimensions of Globalization

As Peter Singer, a professor at Princeton University once stated, *"How well we come through the era of globalization (perhaps whether we come through it at all) will depend on how we respond ethically to the idea that we live in one world."*¹⁰¹

Changes in economy and politics caused by the globalization process brought many questions and concerns about companies' responsibilities towards the community and environment. The firms are becoming aware of the increased importance of their position in the society and recognize the higher public expectations on CSR.¹⁰²

*"Globalization may be characterized as the process of intensification of cross-area and cross- border social relations between actors from very distant locations and of growing transnational interdependence of economic and social activities."*¹⁰³

According to Scherer and Palazzo (2008)¹⁰⁴ the most significant factors which had the greatest influence on the globalization were the changes in politics, culture and society as well as technological changes in general. Due to the political changes during the last decades, trading with goods and services across international territories has become much simpler. Besides this, the development of transportation as well as the progress in communication technology allows people from the whole world to cooperate and communicate together. As a consequence of all these facts, we have been witnessing a global economic and social growth.¹⁰⁵

During the 18th century, when companies competed on the national level, Adam Smith's assumed that socially responsible behaviour was dependent on the self-interest of manufacturers. Nowadays, since enterprises are constantly growing and operating outside national boundaries, the situation has changed.¹⁰⁶ Over the last years, business has experienced phases of public scrutiny. The debates concerning globalization started to cause concerns that multinational enterprises seek to maximize their earnings at the expense of our environment, labour force, etc. As a

¹⁰¹ Singer, P. (2002)

¹⁰² cf. Nae, G. / Grigore, C. (2008), p.232, http://mibes.teilar.gr/proceedings/2008/oral/Nae_Grigore.pdf

¹⁰³ Scherer, A.G. / Palazzo, G. (2008), p. 415

¹⁰⁴ The original article by A. G. Scherer and G. Palazzo is called "Globalization and Corporate Social Responsibility" and is available in "The Oxford Handbook of CSR" by Crane, A. et al.

¹⁰⁵ cf. Crane, A. / Matten, D. / Spence, L. J. (2008), pp. 456 - 457

¹⁰⁶ cf. Werther, W. B., Jr. / Chandler, D. (2011), p. 98

reply to such concerns and pressures from the society, international companies have progressively taken actions targeted at the support of CSR activities.¹⁰⁷

3.7.2. Multinational corporations (MNC's) versus national companies

*As stated by OECD, "multinational enterprises usually comprise companies or other entities established in more than one country and so linked that they may co-ordinate their operations in various ways. While one or more of these entities may be able to exercise a significant influence over the activities of others, their degree of autonomy within the enterprise may vary widely from one multinational enterprise to another. Ownership may be private, state or mixed."*¹⁰⁸

MNC's have both positive and negative effects on our lives. *"According to the comparison of corporate sales and country GDP's, of the 100 largest economies in the world, 51 are corporations while only 49 are countries."*¹⁰⁹ Due to the increasing number of MNC's, the business ethics has become one of the top priorities worldwide.¹¹⁰

A company acting in a single country has to conform to the laws and regulations of that specific country. In the case of an international firm or a big multinational corporation operating around the whole world, the expected CSR level is much higher. A multinational not only has to obey the rules and laws of all the countries in which it is transacting business.¹¹¹ Moreover it deals with different traditions, local governments, beliefs and the way of life of their key stakeholders and has to challenge different views on the CSR.¹¹²

3.7.3. Stakeholders in MNC's

Taking into account stakeholders of multinational corporations, we can differentiate between local and global ones.

Local stakeholders are residents of those countries where the corporation actively operates. At this point we continue to distinguish between home country stakeholders, who live in the country where company's head office is located, and host country stakeholders resident in the country of the subsidiary enterprise.

¹⁰⁷ cf. Edwards, T. / Marginson, P. / Edwards, P. / Ferner, A. / Tregaskis, O. (2007), p. 2

¹⁰⁸ OECD (2008), p.13

¹⁰⁹ Shah, A. (2012), available under: <http://www.globalissues.org/article/234/the-rise-of-corporations>

¹¹⁰ cf. Carroll, A.B. (2004), p. 114

¹¹¹ cf. Zyglidopoulos, S.C. (2002), p. 141

¹¹² cf. Bustamante, S. (2011), p. 5

Global stakeholders include for example internationally active associations or nongovernmental organizations.¹¹³

By reason of connected business transactions, the issues of various local stakeholders can't be separated from each other. Operations carried out in one country may influence stakeholders living in that region, but they can also cause concerns among stakeholders from another areas. This relates mostly to problems with overall consequences, such as global warming. In some cases, different standards and values might result in potential disputes between various stakeholders (issues concerning human rights, child labour, etc.).¹¹⁴

3.7.4. Integrative Social Contracts Theory (ISCT)

An important input coming from Thomas Donaldson and Thomas W. Dunfee was the Integrative Social Contracts Theory which supports managers of international companies in dealing with intercultural differences. Their model (pictured below) consists of a number of circles characterizing different ethical norms which a firm may observe.¹¹⁵

Hypernorms, situated in the middle of the circles, correspond to values which are being accepted by all societies and corporations. The consistent norms are more individual, but they are in accordance with hypernorms and other legal norms. Most companies' codes of ethical conduct belong to this group of norms. The outside circle indicates the moral free space and includes norms which are contradictory with at least some constitutional norms of other civilizations. Many times they describe distinctive principles of different cultures. Illegitimate norms are not in accordance with the hypernorms. By reason of exceeding the acceptable limit, they don't form part of the circle.¹¹⁶

¹¹³ cf. *Bustamante*, S. (2011), p. 10

¹¹⁴ cf. *Bustamante*, S. (2011), p. 5

¹¹⁵ cf. *Carroll*, A.B. (2004), p. 115

¹¹⁶ cf. *Donaldson T. / Dunfee T.W.* (1999), p. 52 - 53

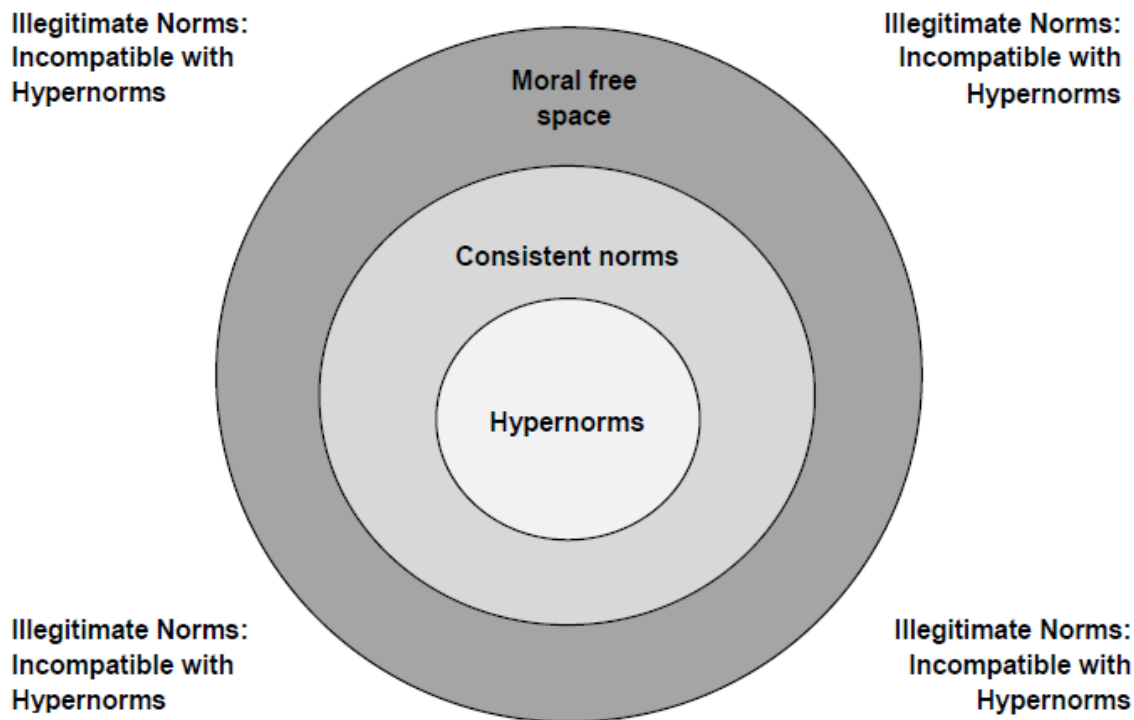


Figure 4: Global norms under ISCT

Source: Donaldson, T. / Dunfee, T.W. (1999), p. 52

In the ethical decision-making process, the managers need to find a balance between the moral free space and the compliance with hypernorms. The business actions of the associated company should stay in conformity with company's values regarding child work, discrimination, bribery etc. Though, the hypernorms should be adopted with caution and this often requires creative management thinking.

On the other side, according to the idea of the moral free space, we have to be aware of the cultural diversity and accept the differences between civilizations.¹¹⁷

3.7.5. Global pyramid of CSR

In reference to the former model of CSR, known as the CSR pyramid, Carroll started to ask himself how this model could be applied to CSR in global context.¹¹⁸ The global CSR pyramid presents a framework for global thinking and demonstrates all the responsibilities which need to be fulfilled by an internationally active company.¹¹⁹

¹¹⁷ cf. Donaldson T. / Dunfee T.W. (1999), pp. 60 - 61

¹¹⁸ cf. Carroll, A.B. (2004), p. 116

¹¹⁹ cf. Carroll, A.B. (2004), p. 118

The economic responsibilities, domestic as well as the global ones, form the basis of the CSR pyramid. Global corporations seek to achieve a profit, however the required rate of return may vary depending on the country or area the company operates in (difference between a market characterized by a high level of competition and a market in a developing country).¹²⁰

The globalization process leads to significant changes not only in the economic and political systems, but also in the legislation. As a result of the internationalization of business activities, legal responsibilities have gained considerable importance. Because of the existing differences in justice systems, we are required to deal with global challenges to overcome the regulatory barriers of different states.¹²¹

The third group, composed of ethical responsibilities, is probably the one where contradictory opinions of different cultures are most significant. In fact, the aim of global business ethics is to adjust the home- and host- country ethical norms and, to define those standards which will please both.¹²²

Philanthropic responsibilities are not codified by law nor generally anticipated in ethical perspective. However, more and more often we expect a MNC to *"be a good corporate citizen, especially as defined by the host-country's expectations."*¹²³

Implementing the model of Global CSR pyramid is one of the practices that can help managers to meet the requirements of global stakeholders. Another approved method is the incorporation of business ethics into strategies and operations of the enterprise. Furthermore, a company should create its own Code of Conduct, as well as accept global codes written by international associations (for example OECD Guidelines for MNE, UN Global Compact, etc).¹²⁴

3.7.6. Implementation of CSR Codes in MNC's

Globalization has led to an increasing analysis of the corporate behaviour during the past decade. External stakeholders require a higher level of transparency and liability by MNC's relating to their business operations which have an influence on our society and environment. The companies are aware of the growing importance of social and environmental standards and the need for their integration into the firm's

¹²⁰ cf. Carroll, A.B. (2004), p. 117

¹²¹ cf. Sieber, U. (2010), pp. 4 - 5

¹²² cf. Carroll, A.B. (2004), p. 117

¹²³ Carroll, A.B. (2004), p. 118

¹²⁴ cf. Carroll, A.B. (2004), p. 118

core business strategy. To deal with the implementation of the standards successfully, firms are adopting a variety of different tools.¹²⁵

One of the most widely used tools is the CSR Code of Conduct, which meanwhile has become an important management instrument, used especially by multinational companies. Codes of Conduct (CoC) may be defined as *"self-regulatory instrument that addresses the issue of their social, environmental and human rights externalities."*¹²⁶

However, it is difficult to find an exact definition of CoCs.¹²⁷ According to Kaptein and Wempe (2002), a definition of code should be limited to *"those written and adopted norms and values of choice that apply to managers and their employees for solving ethical dilemmas. A corporate code can therefore be seen as a document that indicates the basic corporate responsibilities toward stakeholders, and that formulates virtues and principles applicable to the entire corporation."*¹²⁸

While at the beginning the codes were concerned mostly with subjects regarding corporate governance, nowadays they are dealing with broader societal questions.¹²⁹ The main key for the implementation of codes among multinational corporations is the increasing pressure of the society.¹³⁰ The globalization and the decreased control of the performance of MNC's by national governments and international organizations leads to a higher significance of voluntary self-regulation.¹³¹ CoCs, as the most common type of optional self-regulation, represent the opposite of the obligatory regulation by the government.¹³²

Continuously, there are discussions if the codes are effective tools and if they comply with expectations of the public. The adoption of CoCs within multinationals offer many advantages, as well as drawbacks, which have to be taken into account in order to determine their efficiency.

¹²⁵ cf. *The World Bank Group* (2003), pp. 8 - 9

http://siteresources.worldbank.org/INTPSD/Resources/CSR/Company_Codes_of_Conduct.pdf

¹²⁶ Levis, J. (2006), p. 50

¹²⁷ cf. Bondy, K./ Matten, D./ Moon, J. (2007), p. 435, in: Crane, A./ Matten, D./ Spence, L.J. (2008)

¹²⁸ Kaptein, M. / Wempe, J. (2002), p. 272

¹²⁹ cf. Bondy, K./ Matten, D./ Moon, J. (2007), p. 432, in: Crane, A./ Matten, D./ Spence, L.J. (2008)

¹³⁰ cf. Levis, J. (2006), pp. 52 - 53

¹³¹ cf. Jenkins, R. (2001), p. 6

¹³² cf. Bondy, K./ Matten, D./ Moon, J. (2007), p. 433, in: Crane, A./ Matten, D./ Spence, L.J. (2008)

The main benefit is the flexibility of the codes, which allows them to adapt themselves to special needs of companies, businesses, groups, etc. Moreover, the implementation of codes of conduct reduces necessity for regulation by the government and thus, leads to lower regulation expenses. Besides this, codes help to improve relationships with the main stakeholder groups and are also of great importance in transnational operations. Through the creation of Cocs, companies may improve their reputation and build trustworthy customer relationships.

Despite of the above mentioned (and many other) advantages, codes often suffer from weaknesses, such as the absence of liability and the incapability or reluctance of firms to successfully meet the responsibilities defined in the code.¹³³

In general, codes tend to be an effective instrument for self-regulation, but they should be created while considering the respective shareholders, as well as using monitoring methods to evaluate the corporate performance.¹³⁴

¹³³ cf. Bondy, K./Matten, D./Moon, J. (2007), pp. 441 - 443, in: Crane, A./Matten, D./Spence, L.J. (2008)

¹³⁴ cf. Bondy, K./Matten, D./Moon, J. (2007), p. 445, in: Crane, A./Matten, D./Spence, L.J. (2008)

4. U.S. Steel Košice

4.1. Company's Profile

The company I decided to investigate is called U.S. Steel Košice (USSK) and it is located in the eastern part of Slovak Republic. We consider the Company to be one of the most significant producers of flat-rolled products in Central Europe. Nowadays the corporation represents a successful and strong alliance of Slovak steelworkers' technical competencies, western managerial methods and market-focused business strategies.¹³⁵

With more than 13.000 employees, U.S. Steel Košice is considered to be the largest private employer in Slovakia.¹³⁶ It operates mainly in Central and Western Europe. The Company manufactures and processes steel for various sectors, such as automotive industries, oil and gas engineering companies, electrical and petrochemical producers, etc.¹³⁷

The adoption of the Quality Management System assures a high quality of products, such as hot and cold rolled plates, pipes, radiators, etc. The Company is certified to ISO's management system standards (ISO 9001, ISO 14001) and it is a holder of the National Quality Award of Slovakia for the year 2010.¹³⁸

The customer relationships are characterized by long-term contracts with significant clients. Other basic fundamentals of a successful business relationship are sincerity, correctness and ethical behaviour.¹³⁹ Depending on region, market and requirements, the Company serves its customers directly or through various sales offices in Germany, France, Czech Republic, etc.¹⁴⁰

4.2. Business drivers

The six main business drivers implemented in the manufacture, retail, and communication are the key factors of the company's success.

1. Safety and health of all the workers, co-workers, and suppliers is the Company's highest priority.

¹³⁵ <http://www.usske.sk/>

¹³⁶ Cf. *U.S. Steel Košice (2011)*, CSR Report 2010, p.10

¹³⁷ Cf. *U.S. Steel Košice (2011)*, CSR Report 2010, p. 19

¹³⁸ Cf. *U.S. Steel Košice (2011)*, CSR Report 2010, pp.18-19

¹³⁹ Cf. *U.S. Steel Košice (2011)*, CSR Report 2010, p. 22

¹⁴⁰ <http://www.usske.sk/>

2. The integration of the Environmental Management System (EMS) in all the divisions, conforming to ISO 14001, leads to an improvement of Company's environmental performance.
3. One of the fundamental drivers of the Corporation is to offer high quality products. The installation of quality control programs increases the capability of the Company to operate successfully in domestic as well as in foreign markets.
4. Providing outstanding customer services is another significant driver of USSK. To best meet customers' needs and requirements, the managers either organize special meetings or they visit the most valuable clients personally.
5. The decrease of production costs is one of the key objectives of USSK. The introduction of various cost saving systems was very important especially during the recent crisis.
6. Finally, the Company seeks to enhance the productivity of its operations.¹⁴¹

4.3. Vision of USSK

The vision of USSK is to be a profitable company which provides satisfactory returns to its shareholders as well as maximizes the value of its stakeholders, such as purchasers, employees, suppliers, communities, etc.¹⁴²

The Company values its employees and treats them equally and with respect. A positive working atmosphere and employee recognition leads to a higher motivation, greater productivity, and thus to an achievement of better business results. The Corporation seeks to have satisfied workers who are proud of being a part of it.¹⁴³

4.4. History of U.S. Steel Košice

Ironmongery was one of the oldest industrial sectors in Slovakia. The reason for the rapid development of steel making was the occurrence of large iron ore deposits in this region. A significant increase of iron and steel production began in the 13th century. Due to a large technological improvement in the following centuries, there was a high progress in the manufacture of steel.

In the year 1960, a new steel mill called "Východoslovenské železiarne Košice" ("East Slovakian Steelworks in Košice") started to be built. Five years later, the first blast furnace, which is used for smelting the material, began to operate. In the

¹⁴¹ Cf. *U.S. Steel Košice (2011)*, CSR Report 2010, p. 9

¹⁴² <http://www.ussteel.com/uss/portal/home>

¹⁴³ Cf. *U.S. Steel Košice (2011)*, CSR Report 2010

subsequent years, other fundamental metallurgical processes (for example steel making in oxygen converters) were developed. In all these years, Eastern Slovak Iron Works have grown into a large steel company and have gained a competitive position among other steel corporations. The steel mill has positively influenced the economy not only in the eastern part of Slovakia, but in the whole country as well.¹⁴⁴

A large change in the history of "East Slovakian Steelworks" came in the year 2000, when the company was purchased by "United States Steel Corporation", one of the biggest steel producers in the world. The company, renamed to "U.S. Steel Košice, s.r.o." (U.S. Steel Košice, LLC) was founded on June, 7th 2000.¹⁴⁵

4.5. United States Steel Corporation

United States Steel Corporation was established by some of America's most famous businessmen (J.P. Morgan, Andrew Carnegie, etc.) in the year 1901. At this time, it was the largest corporation in the United States. The first chairman, a lawyer named Elbert H. Gary, was a supporter of the corporate responsibility and business ethics. He set the basis for the ethical business behaviour by identifying and applying the so called "Gary Principles".¹⁴⁶

US Steel Corporation was the first corporation in the United States which was worth more than \$ 1 billion. It achieved great success by implementing the vertical integration strategy. Already in the first years of company's existence, it was responsible for the manufacture of more than 60% of the country's steel.¹⁴⁷

Nowadays, United States Steel Corporation, headquartered in Pittsburgh (Pennsylvania), is a multinational steel company operating in USA, Canada and Central Europe.¹⁴⁸ According to the ranking list of World Steel Association in 2011, the Company was the world's 13th largest steelmaker, producing 22 million tonnes crude steel.¹⁴⁹

¹⁴⁴ <http://www.usske.sk/corpinfo/hist-e.htm>

¹⁴⁵ Cf. *U.S. Steel Košice (2011)*, CSR Report 2010, p. 7

¹⁴⁶ <http://www.usske.sk/corpinfo/hist-e.htm>

¹⁴⁷ <http://www.referenceforbusiness.com/businesses/M-Z/United-States-Steel-Corporation.html>

¹⁴⁸ <http://www.ussteel.com/uss/portal/home>

¹⁴⁹ <http://www.worldsteel.org/dms/internetDocumentList/downloads/statistics/Topsteelproducers/document/Topsteelproducers.pdf>

Besides this, the Company maintains its leading position in product and process technology and has four R&D centres (three of them situated in USA and one in Košice, Slovakia).

4.6. Company and business ethics

Since the foundation of the US Steel Corporation, CSR and ethical behaviour has been an important part of the company. The corporation brought new rules to business ethics.

It was the first company in USA which organized annual meetings for its shareholders and released annual reports.¹⁵⁰

It undertook its own safety program long before the adoption of the Occupational Safety and Health Act.¹⁵¹

4.6.1. Gary Principles

The Gary Principles (cited below), which were set by company's first chairman Elbert H. Gary provide a basis for the "Code of Ethical Business Conduct of U.S. Steel Košice".

1. *"I believe that when a thing is right, it will ultimately and permanently succeed."*
2. *"The highest rewards come from honest and proper practice. Bad results come in the long run from selfish, unfair and dishonest conduct."*
3. *"I believe in competition...that the race should be won by the swiftest, and that success should come to him who is most earnest and active and perserving."*
4. *"I believe that no industry can permanently succeed that does not treat its employees equitably and humanely."*
5. *"I believe thoroughly in publicity. The surest and wisest of all regulation is public opinion"*
6. *"If we are to succeed in business, we must do it on principles that are honest, fair, lawful and just."*
7. *"We must put and keep ourselves on a platform so fair, so high, so reasonable, that we will attract the attention and invite and secure the approval of all who know what we are doing."*
8. *"We do not advocate combinations or agreements in restraint of trade, nor action of any kind which is opposed to the laws or to the public welfare."*

¹⁵⁰ Cf. *United States Steel Corporation* (2008), Code of Ethical Business Conduct, p. 18

¹⁵¹ Cf. *United States Steel Corporation* (2008), Code of Ethical Business Conduct, p. 8

9. *"We must never forget that our rights and interests are and should be subservient to the public welfare that the rights and interests of the individual must always give way to those of the public."*¹⁵²

4.6.2. The Code of Ethical Business Conduct of U. S. Steel Košice¹⁵³

The whole management as well as all the employees of USSK are bound to act in accordance with all constitutional laws and regulations. A disobedience of rules may result in sanctions up to a termination of employment relationship.

The Code presents a basis for the ethical behaviour of the Company. It outlines requests and anticipations for ethical performance and describes the principles which should direct employees' actions. The Company requires its employees to behave by the highest ethical standards. It means more than just obeying the rules and laws. It means that everybody is responsible for doing what is the right thing to do for all of us. The Code doesn't specify every situation the workers have to deal with while doing business, but it provides assistance in selecting the appropriate course of action.

The key value of the Company is the workplace safety. A personal responsibility of each employee is to adhere to safe work procedures and pay attention to the safety of the colleagues at work.

The workers have to respect each other and accept the workplace diversity. In order to achieve this, they must create and maintain an environment which approves personal differences and promotes each employee to achieve the best possible results.

Compliance with environmental policies is another important principle which has to be followed by the Company. Everybody should contribute to an improvement of Company's environmental resource management by decreasing emissions, saving energy, etc.

The employees must carry out their duties and work dependably, morally and in favour of the employer. They are not allowed to take advantage of their positions in the Company in order to look for or to achieve personal benefits (or benefits of their

¹⁵² Principles were defined by Gary, E., available in: Code of Ethical Business Conduct of U.S. Steel Košice, p. 6

¹⁵³ Section based on Code of Ethical Business Conduct of U.S. Steel Košice, s.r.o

relatives). Moreover, it is prohibited to use unpublished facts about the Company for self-enrichment.

In compliance with the law, the Company is obligated to announce correct and perfect information concerning its actions, financial situation and performance. Any suspicion about publication of inaccurate and deceptive information has to be communicated to the Company's Ethics line, which is managed by an independent firm. External persons may also make use of the Ethics line to give notice of immoral behaviour concerning the Company. Additionally, it's all employees' obligation to protect proprietary information, which is all the secret information they dispose of or information confidentially given to the Company by other associated companies.

It is everyone's responsibility to keep the property of the Company safe and to deal with it in a responsible way. By property we mean all the personal and real property possessed or leased by the Corporation.

The next principle of the Code is doing business honestly and in compliance with existing laws within the entity, as well as on the outside of it. Misuse, dissimulation and misinterpretation of significant information, as well as any other kinds of dishonest behaviour are strictly forbidden. Besides this, all employees, directors, agents and others doing business in the name of the Corporation are required to act in accordance with all the anti-corruption laws.¹⁵⁴

4.7. Corporate Social Responsibility

4.7.1. Company as a part of CSR network in Slovakia

Since the year 1909, when fundamental principles of business ethics were defined by E. H. Gary, a responsible business attitude has been an inevitable part of the enterprise.

In the year 2001, USSK started to publish its own CSR report in order to give the community information about all kinds of CSR activities integrated in everyday business. The reports are being updated continuously with the aim of informing the public about efforts and progress achieved in different areas.

¹⁵⁴ Cf. *U.S. Steel Košice (2012)*, Code of Ethical Business Conduct of U.S. Steel Košice, s.r.o.

Furthermore, USSK is a member of the organization called 'Business Leaders Forum (BLF)'. It is an informal association of firms which commit themselves to promote CSR principles in the Slovak Republic. BLF was founded in 2004 by 'Pontis Foundation' and 11 other volunteer firms. By signing the so called 'Memorandum of Understanding on Corporate Social Responsibility', the companies officially declared an interest to voluntarily include CSR activities in their business strategy. Nowadays, the association consists of 23 members and it belongs to the leader organizations engaged in the development of CSR. Thanks to the partnership with the largest European CSR network called 'CSR Europe', the members of the BLF association have the possibility to influence the CSR policy at the European level.¹⁵⁵

In 2008, USSK won the Pontis Foundation's 'Via Bona Slovakia award' for the involvement of employees in voluntary activities as well as company's responsible approach to workers. The award was handed out to the vice president of Human Resources for the Project 'Equality of Opportunity' focusing on the employment of socially disadvantaged groups.¹⁵⁶

4.7.2. Fields of support

In December 2002 the 'U. S. Steel Košice Foundation' ('Nadácia U. S. Steel Košice') was set up by the U. S. Steel Košice executive board. The main target of the Foundation is the organization and sponsoring of public interest projects in the field of community health, education, culture, sports, etc. The Foundation provides help and financial support to those who are not capable of improving their living conditions by themselves. The donations go especially to orphanages, homes for the handicapped people as well as associations participating in charitable activities. The contributions to the Foundation may be made by private persons as well as legal bodies.¹⁵⁷

The current activities of the Foundation are described in the Annual Report of the U. S. Steel Košice Foundation. During the year 2011, the organization was involved in various charitable activities. It donated a certain amount of money to the University Children's Hospital in Košice in order to provide special medical services for children. What is more, the USSK Foundation focused on the improvement of the education

¹⁵⁵ <http://www.blf.sk/>

¹⁵⁶ <http://www.viabona.sk/>

¹⁵⁷ <http://www.usske.sk/citizenship/nadacia-e.htm>

level of socially deprived students and children by offering them scholarships and supporting several education programs. In 2011, 63 scholarships were given to university students to help them develop their talents. Another project run by the Foundation was called 'Wishing tree' whose goal was to make children's Christmas wishes come true. The mission of the Foundation is to offer equal opportunities to everyone. It also supports young, talented children from underprivileged families to do sports by incurring all the necessary costs, such as membership fees and others.¹⁵⁸

In the last few years, a huge progress has been achieved in the above mentioned project 'Equality of opportunity'. Amongst others, the project was honoured with the Gypsy Spirit price 2011. The main purpose of the Gypsy Spirit project is to promote the active engagement in all those activities which improve the situation of Roma population in Slovakia.¹⁵⁹

The main focus of my thesis is laid on describing the CSR engagement of our Company by investigating and describing the course of the project 'Equality of Opportunity', considering the impacts on society and Roma community, suggesting ideas for improvement, etc.

The reason why I decided to pick this project is the fact, that it is one of the most successful examples of an active participation in CSR activities in Slovakia.

¹⁵⁸ Cf. *U.S. Steel Košice Foundation* (2012), Annual Report of USSK Foundation 2011, pp. 2-3

¹⁵⁹ <http://www.gypsyspirit.eu/>

5. The Project 'Equality of Opportunity'

5.1. General characteristics of the Project

5.1.1. Introduction of the Project

Since the year 2002, the company U.S. Steel Košice runs a unique project in order to support the employment of Roma citizens. Given that the main objective of the project is to provide equal opportunities to the members of the Roma minority group, the project was named 'Equality of opportunity'.

Within the project the Company gives an amount of work to Roma citizens who have been suffering from long term unemployment for many years. Additionally, it offers further vocational training to those participants who are working hard and who are interested in improving their professional qualifications. The participants with the best evaluation results have the chance to become Company's permanent employees.

The specific characteristic of the programme is the great effort to include the families of the participants in the project by supporting the education of Roma children.¹⁶⁰

5.1.2. Purpose of the Project

Since the Company is the largest private employer in Slovakia and the largest employer of the East Slovakia, it effects the economic development. It enhances the economic growth not only in the Košice region, but also in the whole country. The company plays an active and responsible role among the society and thus, maintaining and promoting a strong corporate social responsibility belongs to the one of the company's highest priorities.

The Company wants to offer Roma equal possibilities and integrate them into the labour market, which leads to a decrease of unemployment in some Roma communities. At the same time it helps to improve the skills of the ones who already work there. Another considerable reason is the increase of the education level of Roma children whose parents are involved in the project.

For all these and many other reasons the Company is trying to develop and enhance the project and thereby forcing the integration and sustainment of the Corporate Social Responsibility Policy.¹⁶¹

¹⁶⁰ Cf. *Fecurková, M.*, Human Resources, U.S. Steel, Košice, Interview at the Company, 15.03.2012

¹⁶¹ Cf. *U.S. Steel, Košice, Human Resources* (2011), 'Employment of Roma'

5.1.3. The Project and Business Ethics

The investigated company is obligated to perform its business activities and make good commercial decisions based on business ethic standards. Ethical as well as legal behaviour is a fundamental key for its success. It provides a basis for the confidence and reliance which is crucial for the long-term prosperity of the business. That's the reason why the ethical and legal standards must be met unconditionally.

The aim of the Ethical Business Conduct of the Company is to act in compliance with all the applicable laws and regulations related to business ethics and to make sure that all the workers have notice of these ethical and legitimate standards. It rigorously applies to all the company's employees as well as to all the employees of its subsidiaries. Each of them has to fulfil own responsibilities according to the highest standard of professional ethical norms. To make this work, all the employees must act in conformity with the behaviour principles within the workplace.¹⁶²

5.1.4. Driver and partners

The driver of this project is the Corporation itself. The project was created completely by the Company without any help coming from other organizations (for example NGO's). It is funded entirely by USSK, which means that the whole programme is running without any financial contribution from the European Union or other sources of funding.

The partners of the project are the municipalities of the city Košice called Luník IX and Košice Šaca, as well as the village Veľká Ida. By cooperating with these partners, the Company achieved a huge success and made it possible for socially excluded members of the Roma minority to integrate themselves into the labour market. Besides that, a number of elementary and nursery schools entered into the project.¹⁶³

5.1.4.1. Situation in the municipalities of Košice, Slovakia

In the municipalities of Košice mentioned above, the situation is very complicated. They are overpopulated with a high percentage of Roma. Because the most of them are unemployed, they lack basic needs and can't afford to pay the monthly rent. Consequently, they live in very bad conditions without the heating and warm water. Due to the high concentration of families living in poverty, the social help within the

¹⁶² Cf. *U.S. Steel Košice (2012)*, Code of Ethical Business Conduct of U.S. Steel Košice, s.r.o.

¹⁶³ Cf. European Project INCLUDE run by UPJ and ENGAGE, Case Study 'Equality of Opportunity', http://www.upj.de/fileadmin/user_upload/MAIN-dateien/Projekte/INCLUDE_Equality-of-Opportunity_Slovakia.pdf

municipalities is insufficient. Young people don't have any possibilities for a meaningful spending of their free time. There are no leisure centres, so the children and adolescents roam the streets and destroy public property. Thus, the municipalities are characteristic by a high rate of criminality and vandalism.¹⁶⁴

5.1.5. Development of project participant headcount

Looking at the chart below, we can observe an increase in the number of project members up to the year 2008. As the graph shows, the highest number of participants was reached in 2008. The situation started to change in the last quarter of 2008. The noticeable decrease in the number of employees in the year 2009 signifies the result of natural fluctuation of workers. During the financial crisis, more of them decided to leave because of undefined reasons. In the previous years, the Company used to replace workers who had left the project. Since the situation was difficult due to the financial crisis, the Company decided not to substitute workers by hiring new ones. That is the reason for the low number of participants in 2009. In the years 2010 and 2011 we can notice a slight growth.¹⁶⁵

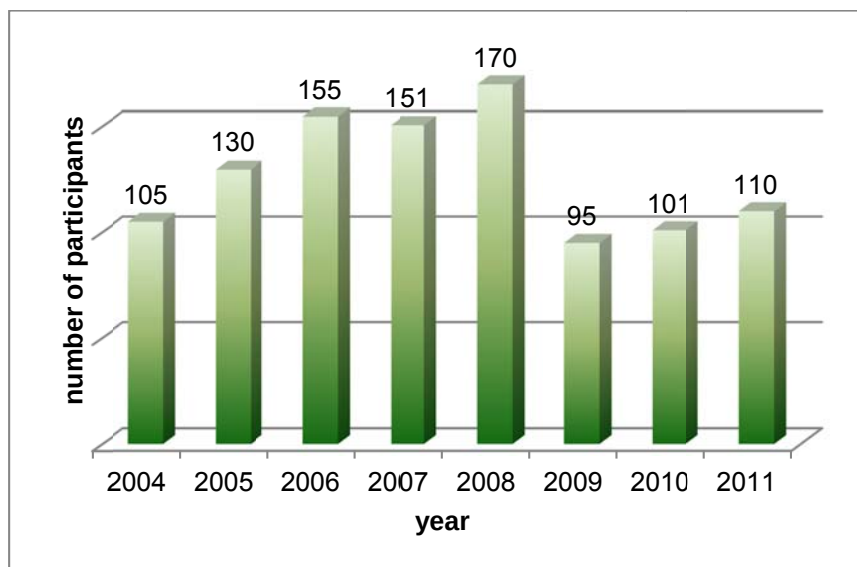


Figure 5: Project participant headcount

Source: U.S. Steel, Košice, Human Resources (2011), 'Marginalized groups Project'

¹⁶⁴ Cf. Community plan of social services, Košice, Annex No. 2, http://www.kosice.sk/static/prilohy/kpss/priloha_2_SWOT_analyzy.pdf

¹⁶⁵ Cf. Bača, J., Human Resources, U.S. Steel, Košice, Interview at the Company, 15.03.2012

5.1.6. The form of employment

The primary employers of the project participants are the municipal authorities. The Company is the provider of work, necessary working equipment as well as corresponding financial resources. This form of employment is called personnel leasing or temporary assignment of employees to other employer. The employees have an employment contract with the municipal authorities; the company pays only for the certain amount of hours worked.¹⁶⁶ The functioning of the whole employment process is pictured below:

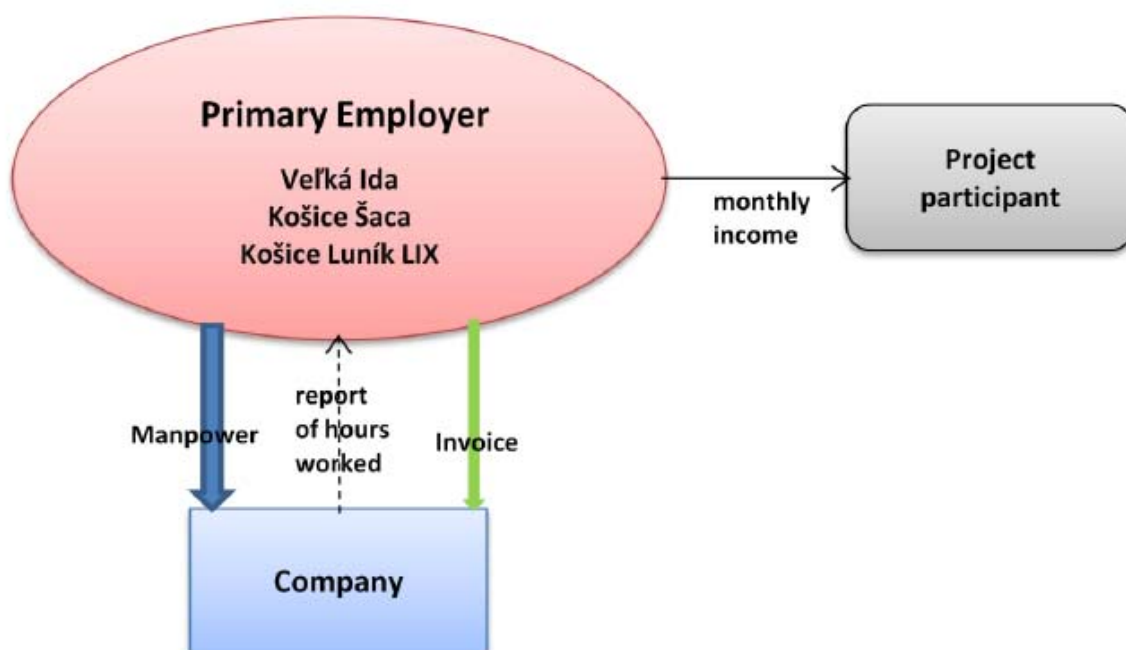


Figure 6: The form of employment

Source: own illustration

The village and municipalities act like a manpower supplier providing workforce to the Company. Each month the Company writes up a report of hours worked. In other words, the amount of hours worked of each employee during one month is written down and sent to the concrete primary employer (one of the local authorities). On the basis of this report the participants receive their monthly income from the local authorities, who subsequently send an invoice to the Company. This process is being repeated every month.

¹⁶⁶ Cf. Malindžák, D., Human Resources, U.S. Steel, Košice, Interview at the Company, 05.04.2012

As already mentioned, the workers are being paid for every hour of work. Like all the other permanent employees of the Company, they also get additional danger pay which may be characterized as *"extra money paid to compensate for the risks involved in certain dangerous jobs."*¹⁶⁷ Besides the amount of work, the Company supply workers with work clothing and basic equipment.¹⁶⁸

5.1.7. The effective communication channels

The main business objective is the achievement of an effective communication within the Company as well as outside of it. The exchange of information within the Organization and between the Organization and its partners is based on streamlined communication channels (see the picture below).

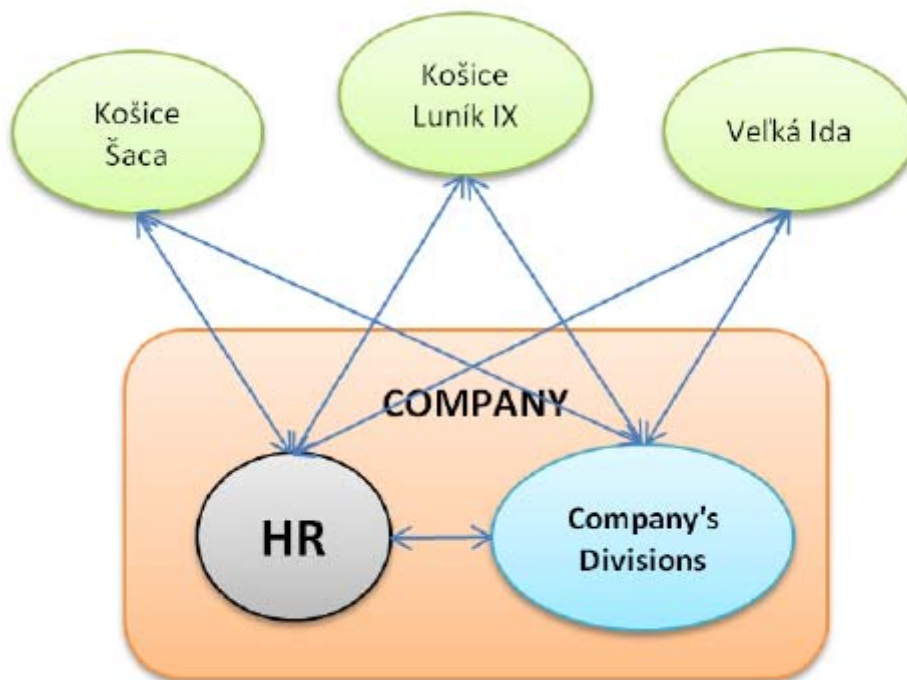


Figure 7: Communication channels

Source: own illustration

Firstly, the Company aims to reach a successful communication within the various divisions. However, sometimes it might be harder that it actually seems to be, because each of the participants sees and understands things in a different way. The supervisors must be very patient and pay a lot of attention to their workers. They are trying hard to focus on the whole team in general, as well as on each individual

¹⁶⁷ Definition available under: <http://www.thefreedictionary.com/danger+pay>

¹⁶⁸ Cf. Malindžák, Human Resources, U.S. Steel, Košice, Interview at the Company, 05.04.2012

worker. Regularly, they have to repeat something three times until everybody has understood it. The supervisors are aware of the requirements needed to achieve success in each area of communication. They are taking notice of employers' positive characteristics and support individual and team performance. Moreover, they are taking care of all the workers being involved in the achievement of Company's goals.

Secondly, the information between the Human Resources Department and the divisions must be requested and provided frequently. The supervisors give detailed information about the work performance, team work, problems, workers' attendance, etc. Accordingly, the HR staff members decide next steps which must be taken in order to increase the productivity of the Company.

Additionally, there are direct communication channels between the partners and the Company. For example, if a participant fails to appear at work for a couple of days, the HR department may contact the responsible local authority. This also works the opposite way around. The municipality mayors have the possibility to get in touch with the HR department or directly with the supervisors and ask questions concerning workers' behaviour and performance at the workplace.¹⁶⁹

5.1.8. Model of the Company

The project is based on the following model which was set up by the Company.

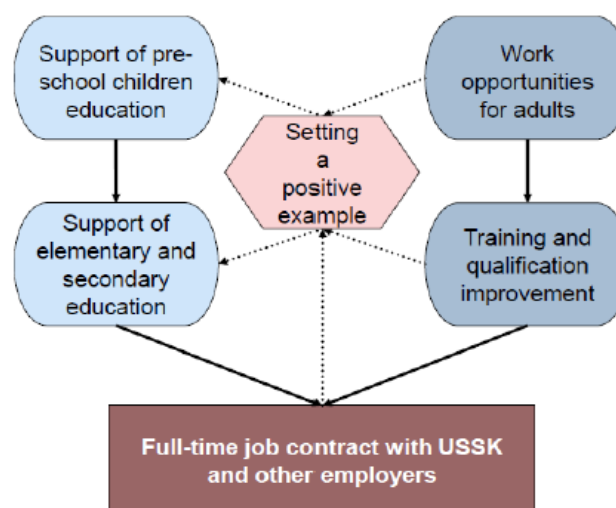


Figure 8: Model of the Company

Source: U.S. Steel, Košice, Human Resources (2011), 'Employment of Roma'

¹⁶⁹ Cf. Malindžák, Human Resources, U.S. Steel, Košice, Interview at the Company, 12.04.2012

On one side, Roma people are offered the possibility to work for the Company and improve their living standard. The best of them get the chance to develop themselves through training and qualification programs. At the end, the Company offers the best of them a full-time job contract.

On the other side, the Company supports the education of the participants' children. After achieving a certain education level, they will be prepared to enter the labour market and they might apply for a job in the Company.

5.2. Project participants

5.2.1. Age structure of participants

The following chart shows the age structure of the participants. These results are based on the latest information about the age of workers from the year 2011. As the numbers show, most of them are young people aged between 20 and 35 years. This outcome is very pleasing considering that young workers have families with children. As soon as they grow up and finish school, they will have chances to find a job in the Company.

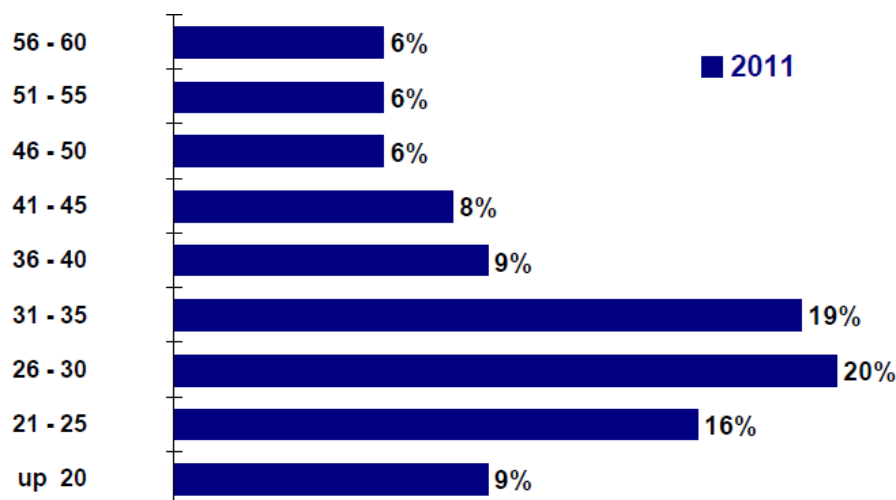


Figure 9: Age structure

Source: U.S. Steel, Košice, Human Resources (2011), 'Employment of Roma'

5.2.2. Participants by achieved level of education

At the beginning of the project there were more participants with a very low education level, meaning that many of them finished just a few years of elementary school. The completion of the secondary education was rather uncommon. Fortunately, over the years the situation has changed for the better. Looking at the graph, we can see that

21 % of all participants finished primary education and almost one fourth of them have a high school diploma.

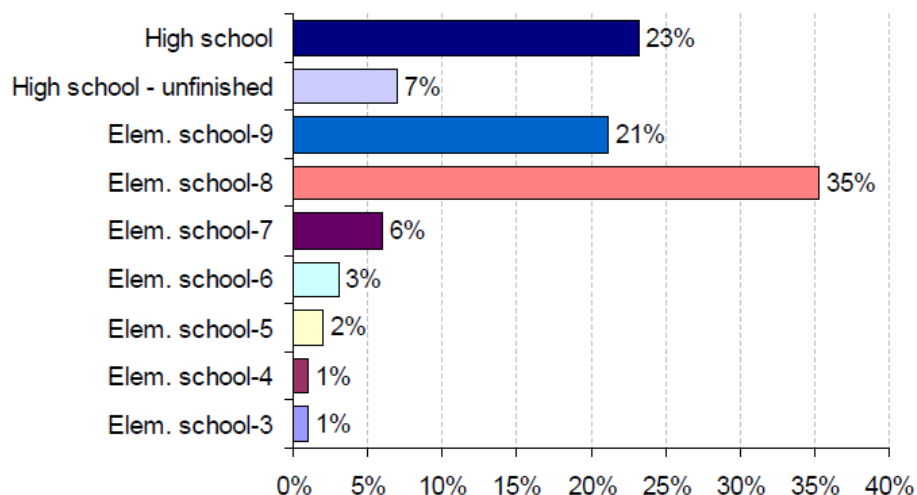


Figure 10: Education level

Source: U.S. Steel, Košice, Human Resources (2011), 'Employment of Roma'

5.2.3. Participants by the number of children

According to the information from the year 2011, there are more than 70 family providers among the participants. In total, they provide for approximately 250 children. The following chart demonstrates that the most of them (21 workers) have each 2 children. There are only 3 participants who have more than 8 children.

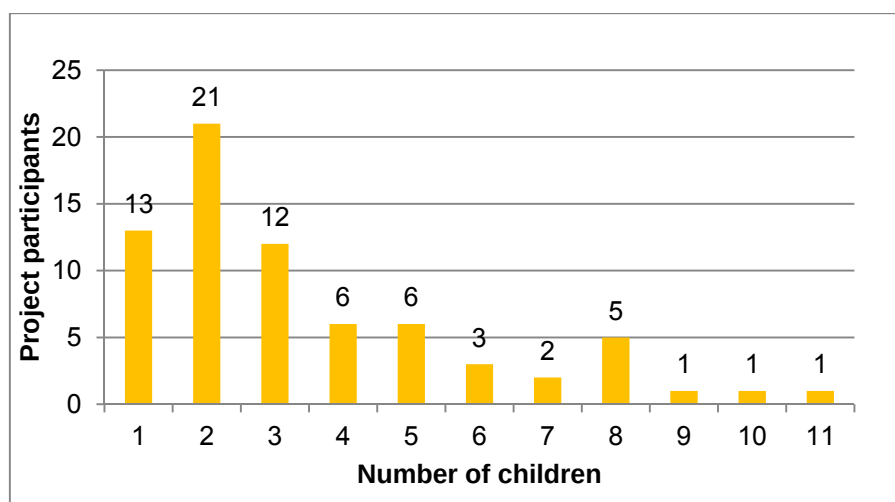


Figure 11: Number of children

Source: U.S. Steel, Košice, Human Resources (2011), 'Employment of Roma'

5.3. Description of the Project

5.3.1. Recruitment and selection of employees

Generally, the Company doesn't determine an exact number of the project participants who are going to be hired. The request for new employees comes from the divisions. If a division manager feels that he might need some new workers or if somebody has to be replaced, he passes his request on to the Human Resources Department. Afterwards the personal managers get in touch with the village representatives, who arrange the whole selection process.

It takes place either in the village or in one of the municipalities, depending on which locality they need people from. Since the purpose of the employment process is to offer "*equal opportunities*" to all the Roma people who are interested in working, the administrators try to equally include Roma from all the cooperative villages in the project.

However, the objective is not to increase the number of workers, but to improve the quality of the project by keeping the existing workers motivated. At this moment the Company employs new staff only if it is really necessary. Another important goal is to reduce the fluctuation of project participants. That's the reason why the applicants are being selected with reasonable care. The more time the recruiters spend on deciding which person they should hire, the higher the chance for picking the right candidate.

In general, the key target of a selection process is to choose the most suitable candidates out of all applicants. If somebody applies for a position, he or she must meet the required qualifications stated in the job characterization.

Since there is a very low level of education among the Roma minorities, the whole selection process is not based on job-related qualifications. Everybody who shows motivation and interest in working and learning new things has a chance to get the job.

However, the workers must have a basic education level, meaning that each worker must be able to read and write. Without having these basic skills the applicant wouldn't be able to pass all the pre-entrance tests.

Naturally, having a particular qualification level might be advantageous for a worker, but the Company tries to offer an opportunity also to those people, who haven't had any job experience so far.

The applicant has to be motivated; he must know what he wants and why he wants to work for the Company. He must be flexible and willing to adapt himself into the workplace culture. Since helping each other and working in a team is very important in this job, he must be a strong team-player.

The recruiters take strongly into consideration, how big the families of the applicants are. In some cases a man might have 7 or more children waiting at home. By offering him a job position in the Company, they would help not only him but the whole family. That's why the candidates must be selected very carefully considering all the fundamental aspects.

Sometimes the choice of the employee depends on the request from a concrete division. For example, if a division needs a welder, the recruiters try to focus on this fact and they look for somebody who would be suitable for this position.

Many aspects must be taken into account when looking for the most appropriate workers. Above all, a pleasant first impression a person leaves behind is what counts most.

The selection process proceeds in a fair and effective way. After knowing the exact date and time of the recruitment process, the village representative spreads the exact information among the village inhabitants. All the participants meet at a particular time and place. The recruiters as well as the village representative are waiting for each candidate in a meeting room.

After entering the room (the candidates enter individually), each one is required to sign a consent form. By signing this special form, the Company is permitted to process personal data of the people who are concerned. The purpose of the data processing is the support of the Project Equal Opportunities, as well as monitoring of the progress and evaluation of the participants. The provided data will be used for statistical purposes.

The Company is allowed to analyse and use data concerning the following points: Name and surname, birth date, permanent address, highest education level achieved, completed vocational qualification, former job position, housing question, number of unprovided children, number of school-aged children, school achievement, school attendance, school and after school activities.

The form consists of basic information as well as of data which are more sensitive. Since the families of the participants should be involved in the project, the recruiters concentrate on getting as much information as possible about the family members, especially about the school age children.

The second thing the applicants have to do is to fill in the entry questionnaire, on which the whole interview is based. The questionnaire includes questions related to the work experience in the Company, achieved education level, housing, etc.

Primarily, the inquirers are interested in knowing who the primary employer of the responder (village Veľká Ida or municipalities Košice Šaca, Košice LIX) is.

They also ask if the candidate has already worked in the Company. If the answer is yes, they want to know the name of his supervisor, his old identification number as well as the reason of leaving the Company. They might have left because of problems in the family, another job offer or because of other personal issues. This question is important, because the Company wants to avoid hiring unstable workers who leave jobs without having any reasons for it.

Additionally, they are asked if they have graduated, which skills they have, if they possess a vocational certificate, etc.

Furthermore, the interviewees have to state the exact number of finished grades at the elementary school. There are some who finished the compulsory education and others who failed to finish it.

The duration of interview is 5-7 minutes. The interviewers watch the respondent's behaviour as well as his skills to communicate.

At the end of the selection process, all the data are inserted into a table to achieve greater clarity of the results. If there is any information missing, the table can be completed by the representative of the community.

Besides of that, the community mayors provide information about the life of the candidates within the community. Since the community representatives look at the candidates from a different point of view and know how they behave in diverse daily life situations, the cooperation with them brings many advantages and helps to simplify the selection process.¹⁷⁰

¹⁷⁰ Cf. *Malindžák*, Human Resources, U.S. Steel, Košice, Interview at the Company, 12.04.2012

5.3.2. Education and Training of Employees

Occupational health and safety of the workers, service providers and associates is the main concern of the Company. There is a big variety of improved safety equipment which can be used in various specific fields.

Since health and safety on the workplace belongs to the main principles of the Company, project participants are being familiarized with health and safety rules every day. Before starting any working activity, they have to pass various courses and training programs.

Firstly, the attendance at the OSH (Operational Safety and Health) course is compulsory for all the workers. The workmen have to participate in the obligatory sessions at the OSH cabinet considering the timetable which will be handed over to them by training employers. All the participants must attend the sessions; otherwise they will not be admitted to the exam. OSH Section belongs to the most significant and approved instruments of education, professional prearrangement and support of safety work. OSH Cabinet serves as the meeting point of learning, methodical and promotion activities related to the safety at work. Instructive lessons are an essential part of the educational strategy of the employees.¹⁷¹

The OSH Section arranges various trainings and actions connected to the safety and health regulations. The following training types are offered by the Company:¹⁷²

- Initial training for the new employees
- Repeating trainings and tests
- Pre-medical First Aid
- Other exceptional practices

At the end of the course, all the project participants have to pass the final OSH test. The exam takes places in the OSH Cabinet and the participants must be supervised by special employers, who are making the test all days for all the workers of the Company.

Before starting to work for the Company, each project participant needs to make an inspection of the workplace. The workplace must be shown to each employer by their

¹⁷¹ Cf. *Malindžák*, Human Resources, U.S. Steel, Košice, Interview at the Company, 12.04.2012

¹⁷² Cf. OSH Section, Human Resources, U.S. Steel, Košice, 09.04.2012

foremen or supervisors. They explain them the working safety procedures which the workers have to practice and follow. They learn to predict what could happen at the workplace and how they can avoid accidents and injuries. After the whole course which takes a couple hours, they have to pass an exam consisting of questions related to the inspection of the workplace.

Next important part of the whole training process is "The Cardinal Rules" part. In the last years, Cardinal Rules have been adopted more and more by the employers. The project participants have the possibility to practice the rules in a special training centre. At the end of the preparation, their knowledge is being tested. The Cardinal rules test has to be passed by everybody and it must be retaken every year.

All these courses pertain to the safety training and nobody is allowed to work without having passed them. In addition, there are other courses which the Company offers only to particular employers to improve their qualifications. Since the courses are quite expensive, the choice of workers must be made carefully. The Company takes into consideration more information and combines it. The most important is the information concerning the evaluation of each worker as well as the attendance at work. The workers are being evaluated by their foremen. If the evaluation and the attendance is good, which means if the participant is a hard worker, comes to work every day and achieves excellent results, he will get the chance to attend a specialized course. The foremen also decide which type of course is necessary for a particular worker. By offering special courses the participants may improve their position within the Company and integrate themselves more into the production processes. This motivates them to come to work regularly and make a bigger effort.

The specialized courses are organized either by the Company itself or by an external provider. One of the most attended courses among the project participants is the Basic course of conveyer belt operators. The content includes basic structural parts of conveyer belts and main operators' responsibilities before the beginning of the operation, during the whole process as well as at the end of it. The attendees analyse the injury rate of the Company and they are being explained the most common causes of injury. After passing the basic course, the participants have the opportunity to attend the repeating course of conveyer belt operators.

Another significant course is the Basic course for lubrication operators. In this course, the attendees are being taught the basic rules and ideas of lubrication, the main types and lubrication systems, etc. The teachers give them a detailed explanation of the duties and tasks of lubrication operators. They analyse the representative cases as well as the most frequent failures of lubrication. The major safety rules and the requirements of fire protection are a part of this course.

It is also worth to mention the training for elevator operators where the workers learn about the key principals of the process. Furthermore, the obligations of elevator operators are determined and implemented.¹⁷³

5.3.3. Evaluation of project participants

5.3.3.1. Evaluation in general

In the past the evaluation was very informal. The workers received one grade which referred to their whole performance.

Last year, there was a big progress made in this field. The Company established a system of standardized evaluation questionnaires to simplify the analysis of the results. The Company uses a five point performance rating scale, with 1 being the minimum and 5 the maximum level of performance.

Each month the questionnaires are being sent to the supervisors whose responsibility is to monitor the effort of the participants. They pay attention to each worker's behaviour, flexibility, willingness to work, ability to work as a part of a team, etc. At the end of the month the supervisors are obliged to hand the filled forms back to HR Department.¹⁷⁴

5.3.3.2. Performance rating scale

The supervisors evaluate their workers with the help of the 5-point rating scale which is displayed below.

¹⁷³ Cf. *Malindžák*, Human Resources, U.S. Steel, Košice, Interview at the Company, 12.04.2012

¹⁷⁴ Cf. *Malindžák*, Human Resources, U.S. Steel, Košice, Interview at the Company, 12.04.2012

Evaluation	Description of performance	Rating
Unacceptable	Irregular and inefficient performance in the most of the core competencies. There is a strong need for employee development.	1
Improvement in the performance needed	He is able to work efficiently, but not regularly in more than in half of the core competencies. There is a significant need for employee development in more than in one key capability.	2
Successful	The performance is effective (with the expected quality) and usually stable in the most of the key competencies. Development might be essential in some areas. The worker fulfils the expectations.	3
Excellent	The performance is very effective, qualitative and stable in the most of the areas. Just an insignificant progress is required. The worker exceeds the expectations.	4
Outstanding	The performance is highly effective, qualitative and stable in all of the core competencies. There is no or just a very low need for employee development. The worker highly exceeds the expectations and sets a good example for all the participants.	5

Table 3: Evaluation form

Source: Evaluation of participants of the Project 'Equality of Opportunity', U.S. Steel, Košice (2012)

5.3.3.3. Key capacities

For each capacity the supervisors select a rating that matches the performance of an employee during the evaluation period. The rating provides information about the behaviour of the participants in respect of the capabilities. All these key competencies listed below have the same level of importance.

- 1) **Safety:** The worker performs activities by concentrating himself on the elimination of accidents and adverse effects on his health as well as on the health of others. He shows a sense of safety and health in all aspects of work. He supports the safe behaviour of his co-workers. In the case of unsafe behaviour, he intervenes immediately to prevent injuries and damage to health.
- 2) **Job knowledge and skills:** He understands the principles and the conception of his work equipment. He applies his knowledge and skills in the workplace and fulfils all his responsibilities. Furthermore, the participant tries to enhance his practical experience.
- 3) **Attendance and effort in the workplace:** He is disciplined and accepts the working hours and shift schedules. He has a good attendance habits, he comes to work on time and carefully follows the instructions of his supervisor. Additionally, he expresses the sense of business ethics. Besides this, the employee is able to work independently and gives a good performance.
- 4) **Communication and team work:** He communicates with his supervisor and colleagues and accepts opinions as well as suggestions of others. The employee willingly cooperates with others to achieve the given target. He is capable of working in a team; he supports the others and learns from them. He works efficiently together with the other employees.
- 5) **Adaptability:** The worker has a good reaction to changes. He is open-minded to new methods and he can quickly adapt himself to new circumstances and situations. Moreover, he is willing to familiarize himself with new procedures, techniques and systems. Above all, he is interested in further qualification.¹⁷⁵

Finally, the supervisor who is responsible for the particular employee recommends in the evaluation form the course, which he would recommend him to do in the Company. He also may suggest a different position for the worker, if he thinks that it would be more suitable for him.

¹⁷⁵ Cf. U.S. Steel, Košice (2012), Evaluation of key capacities

5.3.3.4. Statistical evaluation

At the end of the evaluation process, the filled evaluation forms are sent back to the HR department. All the data are transferred into a database to enable a better analysis of the results. The output which we get by using the statistical data analysis is the Bell-curve pictured below. This Bell-curve represents a normal distribution of the data.¹⁷⁶

*"A normal distribution means that most of the examples in a set of data are close to the "average," while relatively few examples tend to one extreme or the other."*¹⁷⁷

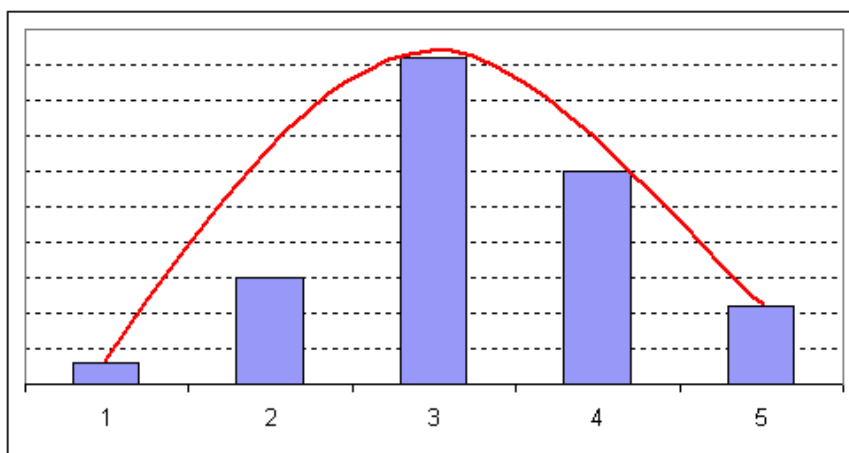


Figure 12: Statistical performance evaluation

Source: Human Resources, U.S. Steel, Košice, 2012

The x-axis (the horizontal axis) is the value in question, which means that in our case the x-axis stands for the number of points the workers obtained. The y-axis (the vertical axis) presents the number of data points for each value on the x-axis, which signifies the number of project participants that received x points in the performance evaluation process.

The values oscillate around the number 3 which means that in average the most of the workers received 3 points. With other words, the majority of the participants are successful in fulfilling their duties. They work effectively and their effort is mostly consistent. Further development of these employees is required in some key competencies.

¹⁷⁶ Cf. Malindžák, Human Resources, U.S. Steel, Košice, Interview at the Company, 25.05.2012

¹⁷⁷ <http://www.robertniles.com/stats/stdev.shtml>

If we look at the graph, we can notice that there are more data points leaning to the right side. This implies that there are more workers who achieved a good performance than those who achieved a bad one.

The employees of HR department of the Company focus especially on these workers who either got the best or the worst results.

Concerning the less successful workers, HR staff members need to find out what might be the reason for their failure at work. There could be various reasons, for example family issues, health problems, etc. Sometimes, it is just a communication problem, which might be solved easily by having a conversation with the problematic worker. On any account, the reason for a poor work performance must be detected in order to help the worker with his problem.

The workers with the best performance evaluation are offered the possibility to take various courses. Thereby, the workers may increase their qualifications and undertake more demanding tasks and more important responsibilities.¹⁷⁸

5.3.4. Motivation

5.3.4.1. Motivation in general

Employee motivation at work is a challenge faced by all leaders and managers and it is the key to the success of a corporation. The leaders should try hard to find some ways how to motivate their employees, so that they achieve a better job performance and stay satisfied at the same time. There are many incentives and rewards which lead to the achievement of a better job performance and the companies should make an effort to combine various motivating factors.

The leaders may keep their employees motivated by using monetary or non-monetary incentives. Certainly, pay, benefits and employee bonuses have a large influence on worker's motivation, but according to the studies, an existence of these factors has no significant effect on the motivation in the long run.¹⁷⁹

*"Motivation develops internally from a personal desire to achieve goals that are important both to the individual and to the organization."*¹⁸⁰ Factors like praise,

¹⁷⁸ Cf. *Malindžák*, Human Resources, U.S. Steel, Košice, Interview at the Company, 25.05.2012

¹⁷⁹ Cf. *Harbeke*, M. (2010), posted article: The best ways to motivate employees at work, <http://myventurepad.com/markharbeke/49195/best-ways-motivate-employees-work>

¹⁸⁰ Cf. *Shore*, H., posted article: 15 ways to motivate your employees <http://www.evancarmichael.com/Business-Coach/3046/15-Ways-to-Motivate-Your-Employees.html>

recognition, progress, and workplace atmosphere are considered to have positive effects on the employee motivation in the long run.

5.3.4.2. Motivation problems in the Company¹⁸¹

Our investigated company tries to keep both the tribal employees as well as the project participants motivated. However, the Company has to be aware of the fact that there are huge differences between the working attitude of the Roma and the majority.

As already mentioned before, the Roma minorities suffer from long-term unemployment, which has a negative influence on their lifestyle. The decrease of internal motivation, the inability of adapting to new situations as well as the negative working attitude caused by the unemployment makes the integration into the workplace more difficult. The lack of motivation can be already noticed among young people. Since they don't see their parents going to work, they neither have the motivation to start working one day.

When a Company started the project, a limit of what it could afford to offer had to be set. On the other side, the Company was trying to motivate the workers, so that despite their negative working attitude, they would come to work every morning. That's why a balance had to be found to solve the motivation problem.

Another issue was that many workers had debts or were victims of usury. When they started working, they automatically became recipients of income. That means they could be identified by executors who started to dispossess them of their money. Ironically, when they started working they had less money than before. Consequently, the workers didn't have any motivation and many of them decided to leave. The participants had to overcome initial animosity and it took some time until the number of workers had stabilized.

Concerning the financial motivation, the Company had to find an income limit that would be satisfying for the workers. It should be worth to them to wake up every morning and go to work. Meanwhile, the Company has found that limit, but it is still struggling to keep some of the workers motivated.

A lack of motivation leads to another problem which is related to unexcused or sickness absences. As already pointed out before, the Company pays the workers for the number of hours worked. If an employee doesn't come to work, the Company

¹⁸¹ Cf. *Malindžák*, Human Resources, U.S. Steel, Košice, Interview at the Company, 25.05.2012

doesn't pay him. If he is on sick leave, his primary employer (in our case the local employment office) has to bear the absence costs.

5.3.4.3. Research on workers' motivation and motivational techniques¹⁸²

In 2011 the Company made a research to find out what motivates the project participants most to attend work. Results of the statistical analysis can be read out of the pie chart depicted below.

The results show that the most of the workers (32%) are motivated by money. However, the business leaders have a different opinion about it. Over the years, they have measured workers' performance and have kept track of how various incentives influence the motivation at the workplace. They say it's evident that money is important to the workers, but it is not a major motivator in the long run. Rather, it can be characterized as a short-term motivator.

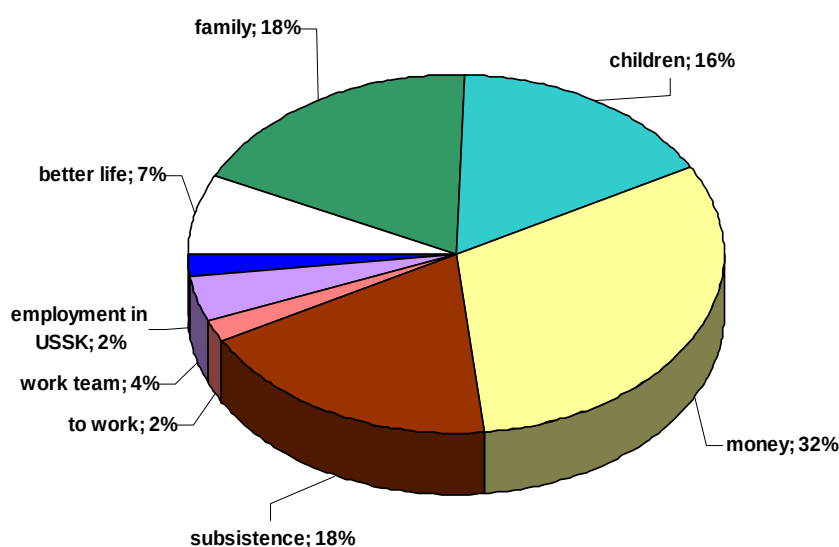


Figure 13: Motivation of employees

Source: U.S. Steel, Košice, Human Resources (2011), 'Employment of Roma'

People living in generational poverty have a different attitude to life. Entertainment and personal relationships are the top priorities for them. They don't care about their future. Their decisions are based on current feelings and on the need to survive. One of the biggest problems for them who are trying to get out of poverty is the ability to manage money. How can you manage something that you never had before? Among

¹⁸² Cf. Malindžák, Human Resources, U.S. Steel, Košice, Interview at the Company, 25.05.2012

people facing poverty, money is perceived as something which has to be spent on entertainment and maintaining relationships. They don't think about the idea to use money for more important things.¹⁸³

The HR members of staff learned to understand Roma's attitude to money. Gradually, they could notice that getting more money doesn't result in better work performance. That's the reason why the leaders try to use non-financial incentives to inspire the employees.

The Roma way of life is characterized by strong family ties and collective co-existence of family members. Their everyday life in poverty makes them hold together. The relationships of the family members are very strong because they are based on the principle of mutual solidarity.

When we look at the pie chart, we can observe that it's the same in the case of our project participants. Families and children of the participants are high motivators for them. Taking into consideration these results, the leaders try to centre themselves on non-financial forms of motivation by involving workers' families and children.

Firstly, the Company supports the education of Roma children by cooperating with schools. Secondly, it is working together with kindergartens in order to prepare Roma preschool children for elementary schools. Additionally, the Company organizes various cultural and educational programs for children and prepares diverse activities on special days like Saint Nicholas day or Children's Day. The Company does it all on its own initiative and expenses with the aim of keeping their employees motivated.

Other forms of motivation are the development initiatives. The Company offers training and further qualification programs to each participant who achieves good results and who is interested in enhancing its qualifications. Investing in employees will make them feel useful, which leads to a better job performance.¹⁸⁴

The Company's objective is to integrate the Roma workers into the working environment. The leaders stand behind their workers and they always find the time to listen carefully to the participant's opinions and problems. They are having Company's support and are treated equally and with respect. They get equal

¹⁸³ Ruby, K. P. / DeVol, P. / Smith, T. D. (2010) , p. 49-50

¹⁸⁴ <http://www.allbusiness.com/motivate-your-employees/16567613-5.html>

opportunities and have to follow the same rules as regular employees. Making them feel equal to other workers is one of the goals of the Corporation.

The employee's motivation can be strongly influenced by the recognition of their achievements. The employees are being praised by their supervisors every time they have done a good job. Furthermore, the Company publicly acknowledges the success of the project participants by publishing articles in the Company's newspapers "Ocel' Východu".

Another form of motivation was the completion of permanent employment contract with workers who achieved the best evaluation. However, this form depends on the strategic direction of the Company as well as on the actual situation on the market. At the moment, the Company doesn't hire new employees by reason of the financial crisis and difficult market situation.

5.4. Education of Roma children

5.4.1. The importance of education

A lack of education is a significant reason for the inability of Roma to enter the labour market. We all know that the level of education achieved has a big influence on the position in the labour market and subsequently on the standard of living. In our culture the education is highly valued. The higher an education level of a person, the better possibility to find a job, which consequently is related to a better social status.

When talking about education, we have to distinguish between formal and informal education. *"Formal education is classroom-based, provided by trained teachers. Informal education happens outside the classroom, in after-school programs, community-based organizations, museums, libraries or at home."*¹⁸⁵

The following graph illustrates the unemployment rate in relation to the education level. The importance of higher education is clearly visible.

¹⁸⁵ <http://enhancinged.wgbh.org/started/what/formal.html>

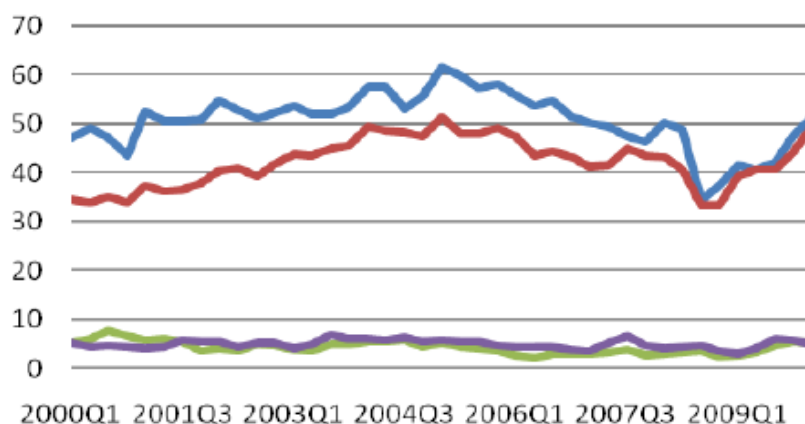


Figure 14: Unemployment rate among men and women according to the education level ¹⁸⁶

Source: Statistical Office of Slovak Republic

The upper lines represent the development of the unemployment rate of men (blue line) and women (red line) with a low education level. In the year 2009 there were around 50 % people with low qualifications suffering from unemployment whereas the unemployment rate of people with a high level of education stands below 10 %. The bottom lines present men (green line) and women (blue line) with a high education level. ¹⁸⁷

5.4.2. Problems of Roma children

There are many problems related to the Roma children and their stance on education. One of them is the attitude of their families, which was already mentioned. Another serious issue is the language barrier of Roma children. Roma language is the mother tongue for the most of the Roma. The communication in the mother language among family members increases in relation to the degree of separation. Only 27, 4 % of Roma living in mixed areas (together with the majority) use Romany to communicate among themselves, whereas more than 70 % of Roma living in separated areas speak Romany daily. Regardless of this fact, Romany is not the language of teaching in any schools and kindergartens in Slovakia. There is a lack of teachers with Roma language skills, as well as a lack of textbooks and other tuitional material. ¹⁸⁸

¹⁸⁶ Available under: http://www.snsip.sk/files/FINAL_STUDIE_-_EU_SAV.pdf, p. 29

¹⁸⁷ Cf. Košta, J. et al. (2010), S. 29

¹⁸⁸ Cf. Kusá, Z. (2011), S. 7

5.4.3. Company's support of participants' children

The complexity of the project includes work with children and the achievements are of significance. Especially children and adolescents are the groups which need to be supported and motivated. It is very important to form their personalities, so that they become socially responsible and educated people.

The main target is to incorporate the family members into the project. Job applicants who are interested in the education of their children and help them to succeed at school have good chances to be picked. The support of child's education is a requirement which must be fulfilled.¹⁸⁹

5.4.3.1. Company's research on parents' attitude towards their children

The Company wanted to identify the factors which the members of the project consider to be the most important for their children. All the participants from the Village Veľká Ida as well as from the municipalities Košice LIX and Košice Šaca have been interviewed. The survey demonstrates interesting results:

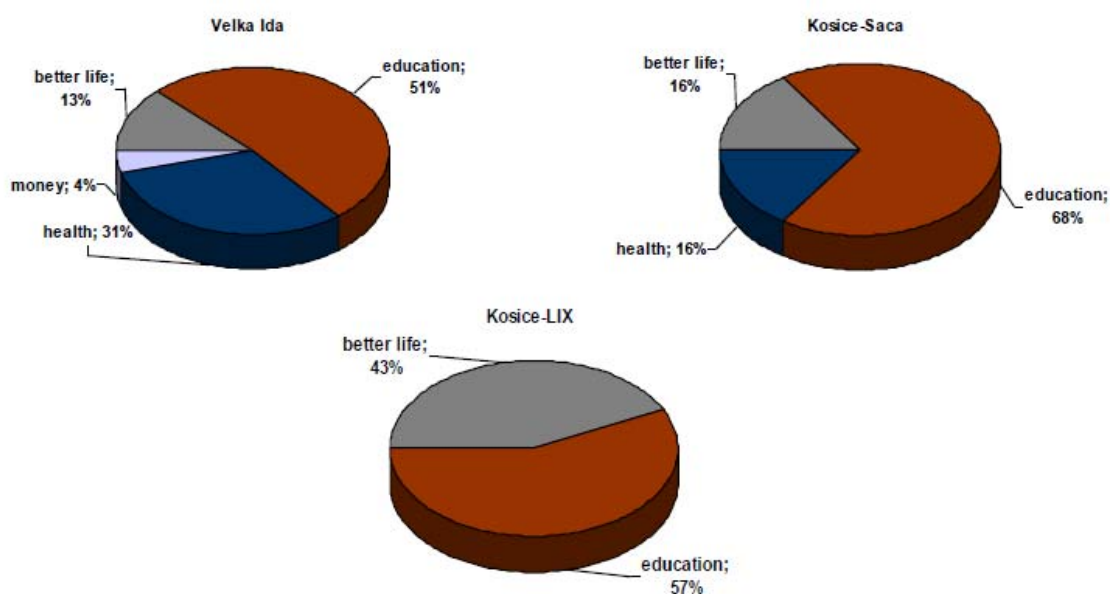


Figure 15: Parents' attitude towards their children

Source: U.S. Steel, Košice, Human Resources (2011)

Workers from all three areas regard education of their children as the most important factor. The largest measured percentage was in Košice - Šaca, where almost 70 % of all the respondents see the education of their kids as the first priority. In Košice

¹⁸⁹ Cf. Malindžák, Human Resources, U.S. Steel, Košice, Interview at the Company, 25.05.2012

Luník IX and Veľká Ida, the percentage is a bit lower, but in all of the regions it is above 50 %.

Furthermore, the participants wish their children to have a better life. Children who achieve a certain education level can be integrated into the labour market and consequently, they can live a better life.

An interesting point is that there were only 4 % of the respondents of the village Veľká Ida who look upon money as the most important factor.

In conclusion, the end result is very pleasing since there is a strong connection between the attitude of the family to the education and the child's motivation to attend school.

5.4.3.2. Cooperation of the Company with schools and pre-school facilities

To help the children to deal with the difficulties of entry to education, the Company supports the pre-school education of Roma children. The Corporation made a contribution to the activities of the Project "*Schola*" and thereby helped to make it possible for many Roma children to attend special preschool facilities (cooperation with the kindergarten Luník IX) and "zero grades" in the *Šaca Primary School*.¹⁹⁰

Roma teacher assistants help the children to overcome struggles. The children are provided with textbooks in Romany language and other didactic aids. Benefits resulting from the teamwork are evident. The children's attendance has improved over the years. Furthermore, progress has been made in the area of the communication with Roma children and relationships based on mutual understanding have been built. Another advantage which has to be mentioned is a better preparation of children for the elementary school.¹⁹¹

Despite of the preschool support program the Company works together with elementary schools. The support includes following areas:¹⁹²

- Provision of a complete equipment (tools, protective equipment, etc.) in the workshops
- Procurement of furniture and audio-visual equipment in classrooms
- Promoting vocational education for students of 8th and 9th grades in secondary vocational schools in the form of organizing opening days, etc.

¹⁹⁰ <http://www.usske.sk/citizenship/rom-e.htm>

¹⁹¹ Cf. Polča, M. (2008), Human Resources, U.S. Steel, Košice, p. 6

¹⁹² Cf. Polča, M. (2008), Human Resources, U.S. Steel, Košice, p. 7

The children are being prepared for their future profession by enhancing their professional skills. There are being taught to pay attention to safety issues as well as many other things which could be useful for their future work-life.

5.4.4. School attendance

The parental care is a top priority for the Company, which means that there is a strong relationship between the child care and the employment in the Company. If the parent doesn't care for the school attendance of his child, he has no chance for a professional advancement within the Corporation. The school attendance is being monitored by the Human Resources Department of the Company. If a child has too many unexcused absent hours at school, the parent will be informed by the Company.

The results pictured in the graph below show the average number of unexcused absent hours per child from September 2011 to January 2012 in all the schools cooperating on Company's project.

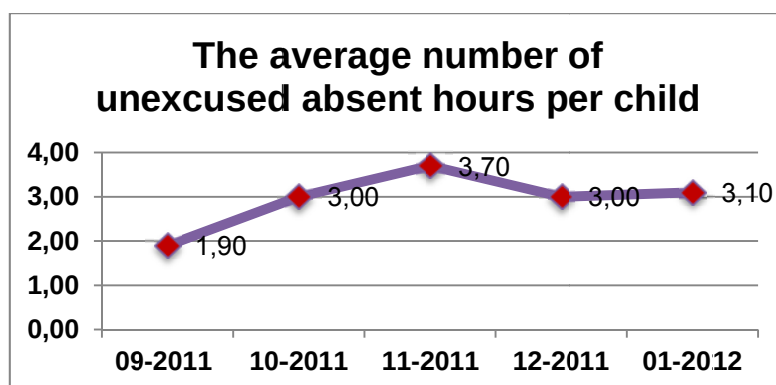


Figure 16: School attendance of Roma children

Source: U.S. Steel, Košice, Human Resources (2012)

The highest number of absent hours was reached in November 2011, whereas the lowest amount was attained in September 2011. There is no exact explanation of these results. In my opinion a higher attendance in September may signify that the children play truant less often at the beginning of a new school year.

5.4.5. Model of efficient education

By including the children of project participants into the project, the Company is trying to break the vicious circle of inefficient education.

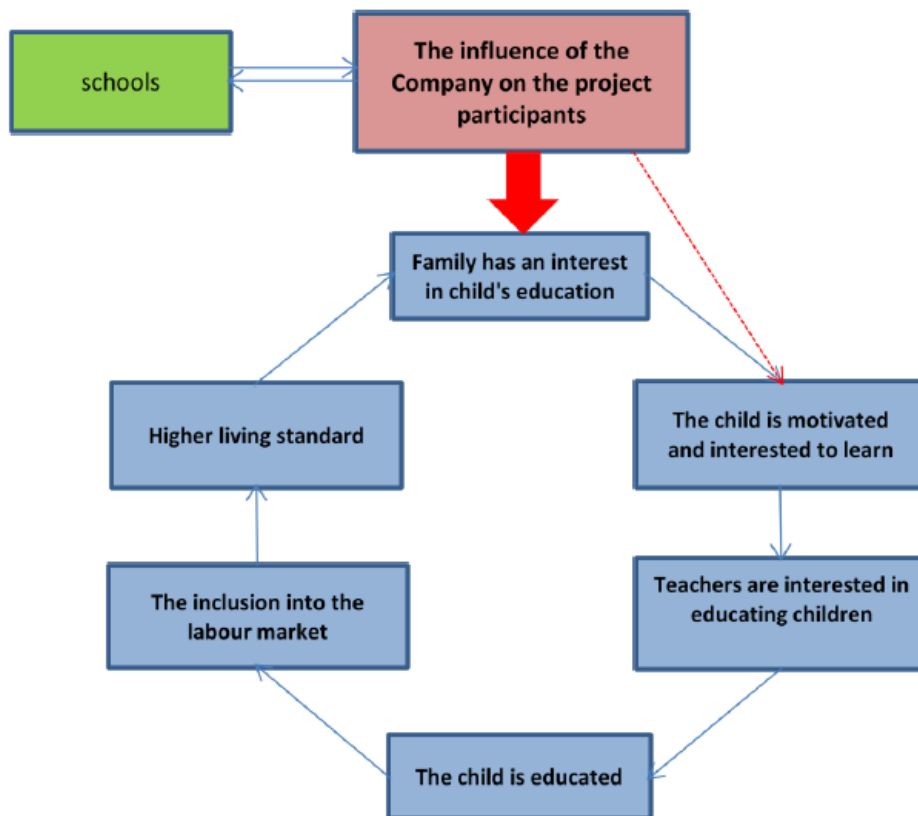


Figure 17: Model of efficient education

Source: own illustration¹⁹³

The Company cooperates and communicates with teachers and assistants from schools and preschool facilities. They give a feedback on school achievement and attendance of the children. Afterward the Corporation passes the information to the parent (project participant). The children are interested in education because they get support and help from their parents. They will reach a certain education level and enter into the labour market by passing the standardized selection process.

¹⁹³ Source: own illustration based on the Model of inefficient education
Available in: *Mušinka, A. / Benč, V. (2011), Pokrízová obnova SR: Zvyšovanie zamestnanosti a inklúzia Rómov, S. 126*

5.5. Impact

5.5.1. Benefits to the workers

Roma workers have developed their skills and the quality of their life has significantly improved. They get a regular monthly income which permits them to take care of their family members. There was a great improvement of the care of participants' children. They are able to provide them with food, clothing, school supplies, etc. Besides this, they changed their attitude towards the education and they are supporting their kids in order to achieve good results at school.

Many of them moved from old cottages without heating located in Roma settlements into nice flats situated in the city. They got used to travel daily to work. Some of them bought a car or a bicycle to make the commuting easier. They are trying to follow the strict work schedules and obey the safety rules. Consequently, the alcohol consumption among the workers has decreased over the years.

Having a regular income improves workers' ability to manage money. It leads to a debt reduction and regular payments for accommodation, water, utilities, etc. Besides this, they are able to apply for a loan from banks.

Growing interest in integrating themselves into the society and living a normal life is not only a major benefit for the workers but also for the whole society.¹⁹⁴

5.5.2. Benefits to the community

By employing Roma citizens, the unemployment rate within municipalities fell by around 25 % (the original unemployment rate in some regions was 100%). Because of a stricter monitoring of school attendance, the children spend less time on the streets. These facts lead to a reduced poverty and criminality within the communities. By offering work to Roma people, the purchasing power within the communities increased. Moreover, the participants are capable of fulfilling their civic duties, such as paying taxes and contributions.¹⁹⁵

The estimated loss from the failure to use the job market potential of Roma population in Slovakia is around 5 – 6 % of GDP. If we make use of the skills and abilities of Roma, the economic situation in Slovakia will improve significantly.¹⁹⁶

¹⁹⁴ Cf. *Bača, Ján*, Human Resources, U.S. Steel, Košice, Interview at the Company, 15.03.2012

¹⁹⁵ Cf. *Malindžák*, Human Resources, U.S. Steel, Košice, Interview at the Company, 05.04.2012

¹⁹⁶ Cf. *Mušinka, A. / Benč, V.* (2011), S.20

5.5.3. Benefits to the Company

The Company is supporting socially excluded groups of Roma by offering them job positions and incorporating their families into the Project. This unique model allows the Company to position itself as a leader in this field. Since CSR is strongly connected to corporate reputation, the Corporation gains a good reputation as well as stronger visibility. Besides this, the Project motivates employers in other regions in Slovakia.¹⁹⁷ By implementing Company's model into other corporations, more jobs for Roma minority groups could be created in the future.

What's more, the Company has strengthened the position and authority of municipal representatives, NGO's and local leaders.¹⁹⁸

5.6. SWOT-Analysis

5.6.1. Description of the procedure

Even though the project has been already running for more than 10 years, there are still some weak points which require an improvement. As already mentioned in the previous part, the Company is not trying to increase the number of project participants. It rather seeks to retain the existing workers and maintain their satisfaction. In order to reach these goals, it is looking for strategies to move the project to a qualitatively new level.

With the intention of finding new ideas for improvement, I decided to use the SWOT Analysis. Firstly, I defined the main objectives of the Project.

Then I analysed the strengths and weaknesses which are considered to be internal factors coming from the company. These factors are related to U. S. Steel, Košice, and to the particular project "Equality of Opportunity". That's the reason why they are more manageable than the external factors.

After the analysis of the internal factors, I determined the external factors (opportunities and threats) which depend on the environment. They concern the attitude of companies towards CSR, the support of EU, Roma communities in general, etc. The Company doesn't have a direct control over them. Since they may

¹⁹⁷ Cf. European Project INCLUDE by UPJ and ENGAGE, Case Study 'Equality of Opportunity', p.3, http://www.upj.de/fileadmin/user_upload/MAIN-dateien/Projekte/INCLUDE_Equality-of-Opportunity_Slovakia.pdf

¹⁹⁸ Cf. *Nadácia Pontis, Business Leaders Forum* (2006), p. 16
http://www.nadaciapontis.sk/tmp/asset_cache/link/0000014844/breviar_English.pdf

also have a significant effect on the achievement of our goals, it is important to identify those factors.

Finally, I was trying to find new solutions by taking advantage of the strengths, exploiting opportunities, overcoming weaknesses and protecting against threats.

5.6.2. The main objectives of the Project

- ❖ Stability in the number of project participants → Decreasing employee turnover rate
- ❖ Improvement of Project quality
- ❖ Searching and supporting synergies (work-family-school)

5.6.3. Identifying SWOT points

Strengths:

1. Company has been running the Project for already 10 years. Over these years, company's regular employees working in this field have gained a lot of experience in what they are doing. It takes time to both learn and understand Roma's different attitude towards life and to treat them with respect and dignity.
2. Company's support of CSR practices has a strong reputation in the market.
3. Company has an excellent image and a unique position as a leader in this work area.
4. The Corporation sets a positive example for other employers.
5. By offering Roma people jobs within the Company, their lives have significantly improved.
6. Decreased poverty among the participants leads to a decreased level of criminality as well as reduced alcohol consumption.
7. Family members are involved in the Project which results in a better family care.
8. The participants are being treated with respect.
9. Safety in the workplace is Company's top priority. Before starting to work, all participants have to pass the safety course. Moreover, the workers are provided with the personal protective equipment.
10. The participants are offered various courses to develop and improve their professional skills.

Weaknesses:

1. There is still a lack of motivation among the participants.
2. There is a potential for high turnover of workers which is connected to high costs.
3. Since the whole Project is financed by the Company itself, it is very costly.
4. Time as well as large effort is required for the training of new workers (According to experience, the adjustment period of a new worker is approx. 6 months.)
5. Complicated Data Management system doesn't provide a good overview of the information about participants (age, family status, education level, etc.) as well as of the achieved results.
6. There is an information gap, meaning that the Company still misses some important facts about certain candidates (for example the age, number of children, housing, etc.)
7. The work attendance of some participants is irregular.
8. Sick leave abuses are connected to high expenses which have to be borne by the municipal authorities.
9. As a result of high expenses, local authorities lose the motivation to employ Roma.
10. Frequently repeated training of new participants results in the lack of motivation among the supervisors, who are responsible for providing necessary instructions and information to the workers.

Opportunities:

1. The Strategy of the Slovak Republic for the Integration of Roma up to 2020 includes policies concentrated on the abolition of poverty and social exclusion of Roma minority groups.
2. European Union supports the social inclusion of marginalized Roma groups by providing financial resources from the EU-funds.
3. The awareness of CSR policies among companies in Slovakia has increased in the last few years.
4. There are more and more Roma who are interested in working and improving the quality of their lives.

Threats:

1. There is a poor awareness of the dramatic social and economic problems concerning Roma citizens.
2. Labour market exclusion and social marginalization of Roma is still widely spread among the majority population.
3. The financial resources needed for the development and support of similar projects are insufficient.
4. Companies are being negatively influenced by the financial crisis.

5.6.4. Results and suggestions for improvement

The Company has problems with a lack of motivation among workers which results in a high labour turnover rate. An improvement of motivation among participants would lead to a decrease in labour turnover rate and thus, to a reduction of costs. That's why the Company should concentrate on finding new ways how to motivate participants.

One possibility could be the introduction of a new feedback system which would allow the participants to express their feelings. At the end of each month, the workers, supervisors and the HR team would get together. Each participant would write on a piece of paper one thing he likes and one he doesn't like about his work in the Company. The feedback would be carried out anonymously in order to get honest responses. At the end, a team of employees would evaluate the results and consider possible improvements.

Other type of motivation would be material rewards, such as bonuses or presents for special occasions (for example Christmas). The Company doesn't offer higher salaries for the best workers so far, but this point should be considered in the future. Participants' children who attend schools could be motivated by receiving school starter packages from the Company.

Motivation of certain supervisors who are responsible for the members of the project is another important aspect. They could be financially rewarded (for example by getting bonuses) for doing the best they can.

Other weak points are the abuse of sick leaves and irregular work attendance. Unfortunately, it is quite difficult to deal with these problems. The workers need to be

reminded of the effects of poor work attendance. However, this form of negative motivation could cause even greater aversion to work.

I think that in our case an appliance of positive motivation methods would be more effective. At the end of each month, the Company would offer a reward (additional training course, gift coupon, etc.) to the first three project participants with the lowest number of absence hours.

Another option which would simplify the work attendance would be free transportation. Every morning a free bus provided by the Company would collect workers from all the villages and drive them directly to work.

To decrease the labour turnover rate, we have to keep the workers motivated over a longer period of time. In order to achieve this, they need to have a future goal and stick to it. The employer could implement a probationary period of 1 year during which the respective supervisors could decide which of the workers are capable of fulfilling the job responsibilities on time. The supervisors would also take notice of the attendance, quality, cooperation, workers' habits as well as their family situation. After one year of probationary period, the most hard-working and dutiful employees would be able to conclude an open-ended employment contract with the Company.

The attendance of workers is not the only problem the company has to face. Even the teachers struggle to raise school attendance of Roma children. Children growing up in disadvantaged families require special care and attention. Every teacher working with problematic children should have the right to receive an incentive bonus which amount would be dependent on the number of this kind of children in a class.

Studies have shown that child's motivation to study depends in large part on parents' attitude towards the education. The school attendance should be strictly observed and discussed on regular meetings with parents, children as well as project coordinators. Firstly, the parents whose children don't attend school regularly should be warned by the teachers. They should try to help the parents by providing necessary advice and interventions. If no positive changes can be noticed, the Company must tighten the sanctions for parents.

Generally, tougher sanctions must be implemented also by the state. In accordance with new reforms of Ministry of the Interior of Slovak Republic concerning the education and compulsory school attendance, the school attendance of Roma

children will significantly influence family allowances. Repeated unexcused absences from school lead to a reduction in child benefits. Since lower child benefits have been replaced by higher financial support for people in material need, this sanction hasn't been very efficient up to now. In the future, a compensation for financial sanctions in form of other financial benefits won't be possible.¹⁹⁹

The implementation of a well arranged data management system which allows a regular and systematic update of employee data is the key task within the project. Since the project is very dynamic, the information needs to be updated day-to-day. There are various reasons why a new data management system would be useful within the project.

The system would contain all the important personal (name, age, education level, number of children, housing situation, etc.) as well as work-related information (ID number, performance results, etc.) of each project participant.

All the people involved in the project (project coordinators, supervisors, etc.) would have access to the employee database in order to maintain the same information level.

Another reason would be a better monitoring of work attendance. By logging in, the coordinators could check which workers are absent. In case of longer absences, the supervisors would have the possibility to set a warning message which would immediately appear in the system. The HR staff would instantly see it and contact the responsible local authority. Of course, supervisors might also leave positive notes concerning workers' behaviour or performance.

Instead of using the evaluation forms, the standardized performance evaluation would be entered and saved directly in the system. This would save the time used for transferring the data from the evaluation forms into the database and thus, simplify the whole evaluation process.

Besides this, the system would allow taking a look at the development of each participant during the project, including the training record, work attendance as well as evaluation results over the last months/ years.

¹⁹⁹ Cf. *Kaliňák, R., Matovič, I., Pollák, P., Saloň, M.* : Správna cesta (Rómska reforma), Október 2012 http://www.minv.sk/?vzdelavanie_rk

The higher the quality of selection process, the better the chance of picking the right candidate. The Company could start using new recruitment methods, such as assessment centre or behavioural interview in order to innovate the hiring process.

Behavioural interview is a modern form of job interview which is considered to be much more predictive than the classical interviewing. The goal of this kind of interview is to determine candidate's future potential by posing questions based on experience from the past.²⁰⁰

The realization of all these ideas would reduce the effort made by people involved in the project. Unfortunately, due to a lack of financial resources, the possibilities of the company are very limited.

²⁰⁰ http://www.udel.edu/CSC/pdf/behav_interview.pdf

6. Conclusion

Socially responsible behaviour, which has become a challenge in society as a whole, is gaining more importance from day to day. In the long history of CSR, numerous explanatory models and approaches have been developed at national, international but also at the enterprise level.

Since the development of the first idea of CSR in 1950s, there have been continuous discussions about the concept of corporate social responsibility and its adoption. Despite the active preoccupation of this subject matter, no generally accepted definition of CSR could be acknowledged down to the present day. Accordingly, the term CSR is being interpreted in many different ways.

Among the numerous definitions, Carroll's pyramid of CSR has largely prevailed at least in the scientific field. It is build up of four kinds of responsibilities, with the economic responsibility providing the basis.

The globalization is one of the main reasons why CSR has gained so much interest over the last years. Environmental damage as well as social injustice following from the globalization is causing concerns to the whole society. In reply to such concerns, multinational companies have taken progressively more actions directed at promoting CSR. One of the most important instruments supporting companies in the implementation and evaluation of CSR standards is the Code of Conduct, which has been increasingly adopted by multinational companies.

Over the last decade, CSR has been a relevant topic also in the European Union. EU's growth strategy, Europe 2020, with its main targets in the area of employment, education and social inclusion, seeks to create new jobs and thereby, reducing poverty and social exclusion by at least 20 million by 2020.²⁰¹

One of the problems, which European Union and many of its member states have to face, is the high unemployment and social exclusion of Roma minority groups. In Slovakia the unemployment rate among Roma increased rapidly after the year 1989, reaching 100 percent in certain areas.²⁰²

²⁰¹ cf. *European Commission* (2010), p. 3

²⁰² cf. *Vašečka, Michal* (2007), p. 250, in: *Kahanec, M./ Zimmermann, K.F.* (2011), pp. 247-265
Chapter based on updated version of *Vašečka, Sadovská and Vašečka* (2006)

To help the Roma people to integrate themselves into the society, actions must be taken at both European and national level. In 2012, the Strategy for the integration of Roma up to 2020 was approved by the Government of Slovak Republic. The main target of this strategy is the decrease of unemployment rate of Roma by simplifying the entrance to the job market and offering them places to work. To be able to achieve this objective, a participation of employers is necessary.

The corporation situated in the Eastern part of Slovak Republic, U.S. Steel Košice, presents the most successful example of good business initiative²⁰³ for supporting Roma minorities living in the Eastern part of Slovakia. From the year 2000, when the company was bought by 'United States Steel Corporation', great importance has been placed on the development of corporate social responsibility. Since 2002, the company with the cooperation of local municipalities is successfully running the project called 'Equality of Opportunity'. Thanks to this project, people who have been facing discrimination and social exclusion got the chance to live a normal life.

Certainly, this project is time-consuming and expensive. Since the company is financing it from its own resources, new ideas for improvement can hardly be implemented. With a financial support from the European Union, the project could be enhanced and achieve even greater success in the future.

The Project creates many benefits to the participants and their families, to the society, as well as to the Company itself. Strong engagement in CSR activities helps the corporation to improve its reputation and creates an opportunity to position itself in the market as a company that is more responsible than its competition.

Nevertheless, U. S. Steel, Košice, as well as other firms which take actions in this field, should promote their CSR practices more actively, in order to raise awareness of CSR also in other companies.

²⁰³cf. Vašečka, Michal (2007), p. 261, in: Kahanec, M./ Zimmermann, K.F. (2011), pp. 247-265
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List of abbreviations

BLF	Business Leaders Forum
CC	Corporate Citizenship
CoC	Code of Conduct
CSR	Corporate Social Responsibility
EMS	Environmental Management System
EU	European Union
i.e.	Latin "id est", engl. "that is"
ISCT	Integrative Social Contracts Theory
ISO	International Organization for Standardization
MNC	Multinational Company
MNE	Multinational Enterprise
NGO	Non-governmental Organisation
OECD	Organisation for Economic Cooperation and Development
OSF	Open Society Foundation
OSH	Operational Safety and Health
R&D	Research and Development
s. r. o.	Spoločnosť s ručením obmedzeným Engl. LLC – Limited Liability Company
UN	United Nations
UNDP	United Nations Development Programme
US	United States
USSK	U.S. Steel, Košice

Abstract

Slovakia is fighting against the long-term unemployment, which is considered to be one of the major issues for the country. This problem mainly affects the socially deprived communities, i.e. the Roma, which constitute the largest minority group in Europe.

The actual economic crisis has brought out the negative situation of Roma even more. On the other hand, the crisis has put forward new ideas for changes and extensive reforms. New strategies based on social integration of Roma minority groups must be included in the future development of Slovakia.

In 2011, European Commission adopted the 'Framework for National Roma Integration Strategies up to 2020' in order to improve the life of Roma and facilitate the labour market integration. However, each Member state has a different economic environment and has to translate the general EU targets into the own national goals.

The Slovak Government approved the 'Strategy for the integration of Roma up to 2020', which concentrates especially on creating new employment opportunities as well as supporting the education of Roma minority groups. One of the main keys to advancement is the engagement of employers.

A company which is successfully engaged in this field is called U.S. Steel Košice, located in the Eastern part of Slovakia. This corporation belongs to the most significant producers of flat-rolled products in Central Europe and is considered to be the largest private employer in Slovakia.

The main focus of this paper is laid on describing the CSR engagement of the company by analysing the project "Equality of Opportunity". The purpose of the project, which has been running since the year 2002, is to offer jobs to Roma citizens suffering from long-term unemployment for many years. Thanks to the project the Roma citizens get the chance to integrate themselves into the community and improve their living conditions.

Kurzfassung

Slowakei kämpft gegen die Langzeitarbeitslosigkeit, die für das Land zu einem der größten Probleme gehört. Diese Problematik betrifft vor allem sozial benachteiligte Gruppen, sprich die Roma, die die größte Minderheitengruppe Europas bilden.

Die aktuelle Wirtschaftskrise hat die negative Situation der Roma Minderheit noch mehr hervorgehoben. Andererseits hat die wirtschaftliche Krise viele Möglichkeiten für umfangreiche Reformen und Veränderungsprozesse gebracht. Neue Strategien bezogen auf soziale Integration der Roma Minderheiten müssen in die zukünftige Entwicklung des Landes aufgenommen werden.

Die Europäische Kommission verabschiedete im Jahr 2011 den "EU-Rahmen für nationale Strategien zur Integration der Roma bis 2020", um das Leben der Roma Minderheit zu verbessern und die Integration in den Arbeitsmarkt zu vereinfachen. Allerdings hat jeder Mitgliedsstaat ein eigenes wirtschaftliches Umfeld und muss die allgemeinen Ziele der EU in eigene nationale Zielpunkte umsetzen.

Die slowakische Regierung genehmigte die "Strategie für Integration der Roma bis 2020", die sich vor allem auf die Schaffung neuer Beschäftigungsmöglichkeiten, sowie auf Unterstützung der Ausbildung der Roma Minderheitengruppen konzentriert. Einer der wichtigsten Schlüssel zum Erfolg ist das Engagement der Arbeitgeber.

Ein Unternehmen, das erfolgreich in diesem Bereich tätig ist, heißt U.S. Steel Košice und befindet sich in der Ostslowakei. Diese Gesellschaft gehört zu den bedeutendsten Herstellern von Flachstahlprodukten in Mitteleuropa und gilt als der größte private Arbeitgeber in der Slowakei.

Der Schwerpunkt dieser Arbeit liegt in der Beschreibung des CSR Engagements des Unternehmens mittels der Analyse des Projektes "Equality of Opportunity". Der Zweck des Projekts, das seit dem Jahr 2002 läuft, ist die Arbeitsplatzbeschaffung für Roma Minderheitsgruppen, die seit Jahren unter Langzeitarbeitslosigkeit leiden. Dank dem Projekt erhalten die Roma Bürger die Chance, sich in die Gemeinschaft zu integrieren und ihre Lebensbedingungen zu verbessern.

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Sprachkenntnisse

Deutsch	sehr gute Sprachkenntnisse
Englisch	sehr gute Sprachkenntnisse
Spanisch	gute Sprachkenntnisse
Französisch	Grundkenntnisse
Slowakisch	Muttersprache