APPLYING THE PRINCIPLES OF CSR IN ENTERPRISES IN THE CZECH REPUBLIC

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INTRODUCTION

The concept of CSR has been developing very dynamically and spontaneously for several last decades.

In the 1950’s Howard R. Bowen, who is considered one of the first major theorists of society, already interpreted CSR in his book Social Responsibilities of the Businessman as follows: „It [social responsibility] refers to the obligation of business men to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society.“ (Carrol, 1999, p.270)

Although this definition of CSR emphasizes particularly committed and exemplary approach of entrepreneurs, it became very important and crucial for further development of the CSR concept. Especially in recent years, the issue of corporate social responsibility has developed rapidly and exponentially, so it can be without any exaggeration said that it is experiencing a real boom [DAHLSRUD, 2008].

Spontaneous development as well as a relatively large width of this concept, causes a very high terminological inconsistency. Also, for the term “Corporate social responsibility” there is currently no single global definition and that fact does not seem to be changing in the near future [KOTLER, P., LEE, N., 2005, KUNZ, 2012, ČANÍK, P., ČANÍKOVÁ, P. 2006].

It is mainly due to the fact that corporate social responsibility is based on a voluntary basis, has no strictly defined boundaries and thus gives room to a wide debate, which is leading to very broad interpretation and understanding of this complex concept by individual stakeholders. As a result of this “understanding”, there are many definitions and approaches to corporate social responsibility, but they are often quite vague, which gives considerable space to the relatively wide application.

Despite this fact it is possible to identify certain basic features of the CSR concept.


- The principle of voluntarism - socially responsible companies voluntarily develop activities and accept obligations that goes beyond their duties specified by legislative provisions. This behavior is not forced by law but it comes from their inner beliefs.

- Active cooperation and open dialogue with all stakeholders - this commitment goes beyond traditional obligation of companies, to behave responsibly towards its shareholders, but it also applies to other stakeholders, whether it be for employees, customers, suppliers or local communities. The important part is the cooperation with NGOs and the government, often in order to improve society and to address important social problems. This active collaboration between the company and its stakeholders is to create a “win-win” situation from which can benefit both parties. To ensure that such a situation could occur, is needed not only responsible approach of firms but of stakeholders themselves, as they are a reliable partner.

- Involvement of companies - any company operating on a commercial basis, applying a proactive policy in this area should not wait to see how things work out for other companies that are already implementing CSR. Socially responsible companies that create new positive trends in society, already incorporate CSR into corporate strategy and take it into account when creating the company’s values and goals.

- Systematic and long term time horizon - CSR is a long term partnership. CSR should become part of the strategic planning, ongoing review and assessment of companies. Socially responsible companies do not focus only on short-term economic goals and profits, but their attention is focussed on long-term goals and long-term sustainability. Companies very often add value to their efforts in building CSR in the longer term, whether in the form of better image stability and long-term loyalty of its employees and customers.

- Operation of the company with regard to the so-called “triple-bottom-line business” - the corporate social responsibility is a modern enterprise concept, which is based on three pillars, and therefore also as one of the basic ideas emphasizes that companies should focus not only on maximizing their profit and economic growth.
In the Czech Republic are starting to be addressed issues of CSR more and more often, including finding ways for future expansion. We tried to find out through our own research, whether businesses in the Czech Republic react to the new challenges in the area of CSR. The main objective of this paper is to present the main results of this research and subsequently also to present some of our own proposals to promote more socially responsible business in the country.

1 **EMPIRIC RESEARCH ON CSR**

1.1 **OBJECTIVES AND RESEARCH METHODOLOGY**

Many studies carried out in the Czech Republic on the issue of corporate social responsibility are often only touching some topics related to this broad topic.

From these researches, concerning the issue of CSR in the Czech Republic, it is possible to mention these:

- CSR Research 2010 (Ipsos Tambor, 2010)
- CSR as a tool for competitiveness of small and medium enterprises in Prague (Market Vision ČR, 2007)
- Corporate social responsibility factor new corporate competitiveness (Business Leaders Forum, 2008)
- Research to identify the level of awareness and competence in using CSR tools for enhancing the competitiveness of small and medium-sized enterprises in the Czech Republic (Business Leaders Forum, 2007)

Own empirical research was therefore aimed to describe the problem of CSR in a broader context, that is not only trying to find out how much and how the main principles of this concept are manifested in everyday business practice in the Czech Republic, but also how it is perceived by the business entities in the Czech Republic and its role in society.

The main tasks of this research included finding out:

- What is the knowledge and awareness level of companies in the Czech Republic on CSR.
- Which activities, attitudes or behavior regard companies in the Czech Republic as a manifestation of social responsibility.
- How do inform companies about their CSR activities.
- Whether there is an acting coordinator / specialist CSR in companies.
- Main employment benefits that companies offer their employees.
- Whether companies support the reconciliation of work and personal life of its employees (i.e. work life balance).
- If there are appropriate measures to ensure the health, safety and welfare, which protects workers.
- What companies in the Czech Republic consider as the main benefits they receive for their socially responsible behavior.
- How many companies do not implement CSR and what is their reason.
- How the economic crisis affected CSR activities.
- Opinions of businesses to expand CSR in the Czech Republic.

The research looked at all the size groups of enterprises in the Czech Republic and also for testing differentiation in their approaches. In order to obtain more complete picture of the studied phenomena, the research used both quantitative and qualitative approach. Therefore, research was conducted in two waves.

1.2 **QUALITATIVE RESEARCH**

The first part of the empirical research on CSR took place between representatives of the business sector in the Czech Republic in the months March and April 2011.

There was selected 30 companies actively operating in the Czech Republic.

Interviews were conducted with representatives of senior management of selected companies (CEOs, directors, agents), in some cases with other representatives of senior and middle managers (e.g. directors of marketing, head of communication).

Personal interviews were done in the form of semi-structured interviews with respondents.

The objective of this phase was to eliminate any shortcomings of qualitative questionnaire (e.g. the surveyed respondents evaluate themselves) and the possibility of obtaining interesting reflection and experience from selected business representatives in the Czech Republic (among whom were
significantly represented companies that are involved in long-term areas of CSR and also won many prestigious awards for their CSR activities - such as AGC Flat Glass Czech Republic, which won the 2011 Employer of the Year Award).

1.3 QUANTITATIVE RESEARCH

The qualitative part of the research was followed by a questionnaire survey which took place in May and June 2011. Questionnaires were sent via email.

Total of 134 completed questionnaires was finally obtained. The largest group of respondents were recruited from within the small enterprises up to 10 employees (24.9 %), large enterprises with more than 250 employees were represented by 19.3 %, small businesses were represented 33.8 % and 22.6 % of medium-sized enterprises.

1.4 MAIN FINDINGS AND RESEARCH RESULTS

The majority of surveyed companies has never met with the concept of corporate social responsibility. In particular, representatives of small and micro enterprises think that their knowledge in this area is inadequate. Indeed, most of their answers were rather intuitive understanding of CSR.

Almost all of the addressed representatives of companies (90.4 %) agree that companies should be involved - in addition to generating profit - also in activities favoring society in which it operates.

Representatives of the business sector in the Czech Republic also believe that CSR should not be applied only to large companies, but should become the prerogative of the business sector.

The majority of respondents (97.2 %) perceive their company as socially responsible.

As the main manifestations of social responsibility companies consider, in particular, trying to:

- behave ethically and be transparent (35 %),
- be a good employer (22 %),
- donation and help local communities (13 %),
- respect for the environment (12 %),
- offering quality products and services. (10 %),
- maximize profit (8 %).

Research has shown that companies are trying to offer their employees a diverse range of employee benefits. Most respondents reported:

- extra week of vacation (57 %)
- vouchers to support leisure activities 50 %
- catering (51 %)
- meal tickets (62 %)
- contributions to the pension insurance with a state contribution (63 %)
- transport allowance (19 %)
- providing life anniversary gifts (57 %)
- social program to measure - Cafeteria (37 %)

With regard to the promoting a balance between work and personal life of employees, research has shown that companies in the Czech Republic gradually started to use tools that support balancing work and personal life.

- sick days – several days of paid sick leave – 41 %
- Alternative operating mode – Home Office 36 %
- Flexible working hours 69 %
- Work part-time (64 %)
- Compressed work week ( 9 %)
- Corporate nursery (4 %)

Interesting results were also from part of the research focused on the health and safety of workers. For example, research has shown that:

- Some companies offer help to superior health care (e.g. vaccinations) 44 %
- 40% of surveyed companies have performed analysis wheter workstations or personal work space is within the ergonomic standards
- Nearly one-half of companies have carried out analyzes of the work process (e.g. use of pauses) (61%)
- Only 9 % of companies have established post of company psychologist

The main benefits from the application of CSR companies see in particular in:

- Better image (33%),
• Attract and retain quality employees (24 %),
• Getting competitive advantage (12 %),
• Improving relation with stakeholders (11 %).

Almost one quarter of respondents representatives of companies (24 %) stated that their company has coordinator (specialist) for CSR.

As the main reason why firms behave more socially responsible, the majority of them responded the low tax advantages.

In particular, representatives of small businesses regarded as one of the major obstacles that hinders the implementation of CSR, is fear of further increasing their costs.

More than a third (36%) of contacted company representatives said that the global economic crisis has had an effect on the reduction of their activities in the field of CSR.

The respondents’ answers show that companies use many ways to report on its activities in the field of CSR. Most often it is a company website, intranet, corporate meetings and employee events or news articles. Regular annual CSR reports are so far issued only very infrequently by companies in the Czech Republic (only three business representatives said that they have issued at least once a CSR report in the past).

Almost half of respondents (48%) believe that spreading the idea of corporate social responsibility should be primarily done by Czech Government. Representatives of the companies would like to see government involvement in CSR in forming more favorable legislative and tax environment for socially responsible companies.

According to respondents to increase promotion of CSR in the Czech Republic would help emphasizing of the benefits that CSR can bring to companies (35 %), particularly examples of various activities of Czech and foreign companies in CSR (22 %). In addition, addressing representatives of businesses believe that we need to inform on the basic principles, tools, areas or approaches to the issue of corporate social responsibility (21 %).

More than two thirds of respondents (72%) are completely convinced that it would be useful if the knowledge of CSR would be incorporated training for managers and entrepreneurs in the Czech Republic.

2 PROPOSAL FOR THE ESTABLISHMENT OF SYSTEM CONDITIONS TO STRENGTHEN CSR IN THE CZECH REPUBLIC

Our research among representatives of the business sector in the Czech Republic brought many interesting results, due to its complexity and empirical data from business practice in the CZE.

In addition, the main conclusions of the research helped us in identifying key areas that could contribute to the strengthening and expansion of CSR not only among the surveyed representatives.

We believe that be in the Czech Republic the focus should in particular put on the following areas:

a) Accepting CSR by small and medium enterprises

Even though the expansion of CSR in everyday business practice is particularly connected with large and multinational companies, it is clear, that if it should reach full its potential, it must not only become the "privilege" of large companies, but it also must become a matter of the whole business sector.

b) Promotion of the CSR concept

The challenge is not only to inform about the basic principles, tools and approaches to the issue of CSR, but also to highlight the main advantages for companies, which can bring implementation of CSR principles.

c) Creation of single strategy

Government must incorporate CSR principles into its policy, which could be for example coordinated through the Minister for Social Responsibility (as is the case in the UK). It is also necessary to try to create a comprehensive national strategy to promote CSR principles to ensure appropriate and motivating environment for socially responsible behavior of companies - an environment that inspires and appreciates such behaviour (especially motivational tax and legislative environment).

d) Recognition and awards for CSR companies

Socially responsible companies in the Czech Republic deserve for their achievements in this area not only recognition, but the very best of them also public awards (in different areas and categories so small and medium enterprises are able gain recognition as well).

e) Education about CSR

To raise awareness and knowledge about this area, it is crucial to encourage education of future managers and entrepreneurs in the field of social responsibility. It is also necessary to start promoting
the integration of CSR and its principles, as well as other topics related to sustainable development, in lifelong learning.

f) Supporting CSR research

The results of these studies can be extremely valuable in choosing the appropriate public policy or to identify areas and issues that need a closer look. In addition, the results and conclusions of these researches will undoubtedly serve to further promoting this concept.

g) Cooperation with other governments

The Czech Republic should continue to cooperate with other countries (not only EU member states) in this area, whether in solving specific social problems and exchanging best practices and knowledge in this field, both at the national and regional level.

h) Supporting of transparency

One of the absolutely key challenges is to contribute to the growth of transparency, credibility and overall awareness, so that even the non-financial performance indicators are more comprehensive to all interested parties.

CONCLUSION

Corporate social responsibility has especially recently seen considerable attention, and as in the world as in the Czech Republic, including finding ways for further expansion of CSR.

The Czech Republic still lacks a coherent strategy to promote CSR principles. Inspiration in this respect may include some neighboring countries, such as Poland, where CSR has been included in the National Development Strategy 2006 - 2013.

One of the main tasks remains not only to inform about the basic principles, tools and approaches to the issue of CSR, but also to highlight the main advantages for companies that can implement CSR principles.

To raise awareness of this concept and its principles and increase interest in it, as well as its enforcement in practice, the concept must be promoted on all fronts. CSR information must be available to all interested parties (i.e. not only the representatives of the business sector in the country), including employees, customers, suppliers, investors and the general public. It is therefore necessary for the Czech Republic to continue to promote transparency and innovative concept of corporate social responsibility and at the same time to develop in the Czech environment conceptual society-wide debate about the role of CSR.

Examples many socially responsible activities of companies in the Czech Republic should be collected and subsequently presented not only from the large and multinational companies operating in the country. The aim of these activities should be pointing out the specific benefits of CSR to help convince not only companies, but also all other interested parties on the need for their greater involvement in this area.

Also the legacy of leading Czech business personalities in the field of CSR and philanthropy should not be forgotten and such personalities should be familiarized to new generations.

Very important is also the role of institutions in the Czech Republic focused on CSR and business ethics.

Stimulation of interest in the issue of social responsibility in the Czech Republic as well as presenting positive examples of companies that are already actively involved in the field of CSR can greatly contribute and media representatives.

At least the same attention must also be paid to systematically putting the main principles of this concept into everyday business practice.

The actual implementation of the principles of corporate social responsibility to a company means the need to include them into corporate values, business strategies and processes at all levels of the organization. It is clear that success can come in the long term only if the permanent implementation and the system include a clear internal logic.

At a time when we are facing the consequences of the economic crisis and the fear of another crisis gave is widespread support for CSR.

Not only that the stronger critical voices of opponents of CSR are emerging, but also some prominent business leaders, whose companies pay in recent years much attention to CSR, are beginning to consider their CSR strategy.

CSR policies of Czech companies should therefore be robust, realistic, relevant, and should become an integral part of a long-term strategic planning, ongoing review and assessment of companies. It should in no way be considered unnecessary pendant, from which it is necessary to drop in "difficult" times.
LITERATURE


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Abstract
In recent years we have lived in a world of rising interest in the issues of social responsibility, that is supported not only by the multinational and international organizations, the European Union and the governments but also by the firms themselves. Corporate responsibility has not only a social benefit but also brings large amount of advantages to the corporations themselves. Even in the Czech Republic awareness of this issue is permanently increasing, including searching for ways to its development. The aim of this research was to find out whether business entities in CZE react to this challenge through conducting primary research. The main goal of this paper is to public the main findings of this research and to offer suggestions and recommendations to develop corporate social responsibility in the Czech Republic.

Key words
Corporate social responsibility, Benefits from CSR, Stakeholders, Areas of CSR, CSR research

JEL Classification
M14