

Petr Boukal<sup>1</sup>, Josef Krause<sup>2</sup>

## **CORPORATE SOCIAL RESPONSIBILITY FROM A CUSTOMER'S PERSPECTIVE**

*The presented article deals with the concept of corporate social responsibility (CSR). The reasons for fulfilment of the CSR concept are formulated. Potential contribution of CSR for firms is discussed. Three basic pillars of this concept are characterized. The article offers the results of consumer opinion survey on CSR, including the statistical evaluation of its results.*

*Keywords:* corporate social responsibility; strategy; survey.

*JEL classification:* M14, L1.

Пётр Боукал, Йозеф Краузе

## **КОРПОРАТИВНА СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ З ТОЧКИ ЗОРУ СПОЖИВАЧА**

*У статті представлено концепцію корпоративної соціальної відповідальності (КСВ), а також причини участі фірм у КСВ та потенційний вплив КСВ на розвиток підприємства. На прикладах детально описано три основні складові корпоративної соціальної відповідальності. У практичній частині дослідження висвітлено результати опитування споживачів про розуміння КСВ та мотивацію участі фірм у таких проектах, надано математичне оцінювання даних опитування.*

*Ключові слова:* корпоративна соціальна відповідальність; стратегія; опитування.

*Табл. 4. Літ. 26.*

Пётр Боукал, Йозеф Краузе

## **КОРПОРАТИВНАЯ СОЦИАЛЬНАЯ ОТВЕТСТВЕННОСТЬ С ТОЧКИ ЗРЕНИЯ ПОТРЕБИТЕЛЯ**

*В статье представлены концепция корпоративной социальной ответственности (КСО), причины участия фирм в КСО, а также потенциальное влияние КСО на развитие предприятия. На примерах детально описаны три основные составляющие корпоративной социальной ответственности. В практической части исследования приведены результаты опроса потребителей о понимании КСО и мотивация участия фирм в таких проектах, дана математическая оценка данных опроса.*

*Ключевые слова:* корпоративная социальная ответственность; стратегия; опрос.

**Introduction.** Corporate social responsibility (CSR) is characterized as a general way of company functioning (Gottschalk, 2011; Blowfield et al., 2008). CSR has been much described since the mid of the 20th century in connection with efforts to force informally the socially responsible behaviour. Previously these activities depended only on the decision of a firm owner. Nobody determined how to treat employees. No institution formulated rules and principles. This led to many excesses, creating some kind of modern "slave relationship" of free workers and to the overall violation of the basic human rights. The newly organized society founded with difficulty a new structure of social relationship during the second half of the 19th century and the first half of the 20th century. The environmental damage was still evident and ferocity of many companies was strongly criticized. Serious entrepreneurs, of course, did not have these above described practices, their activities were based on humanistic and Christian values. However, these entrepreneurs were the minority among the rest.

---

<sup>1</sup> University of Economics, Prague, Czech Republic.

<sup>2</sup> University of Economics, Prague, Czech Republic.

The main principles of CSR are primarily voluntary, engagement of companies, orderliness, credibility, cooperation with stakeholders etc. (Srpova and Kunz, 2009).

Economy globalization and the related development of transnational, essentially anonymous joint stock companies were strong impulses for the formulation of the principles of CSR (McAuley, 2009; Segerlund, 2010). "Anonymous" joint stock companies were created especially rapidly in developing countries (Fisher, 2011). These companies develop sometimes practices impossible in their parent countries. This led to intrusion of the United Nations and other international institutions. The CSR strategy was explicitly formulated. However, the research has shown that CSR should be a part of a strategy of small, medium and large enterprises (Srpova et al., 2012).

Companies originally construed an externally formulated CSR strategy as the intervention to the rule of free entrepreneurship (Entrepreneurship..., 2011). They understood very soon that CSR strategy includes significant marketing potential. Therefore, especially large multinational companies began to independently develop CSR strategy of their own. The CSR strategy gradually extended to include many large Czech companies. What a CSR strategy actually is?

From the point of view of the European Commission, a CSR strategy is the "voluntary integration of social and environmental considerations into everyday business operations and interactions with the environment" (Communication from the commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions). Voluntariness is very important here, although companies cannot be successful in business without a CSR strategy.

CSR strategy is a view of the company and its role in society that assumes the responsibility to pursue certain social goals in addition to profit maximization and a certain responsibility among firm's stakeholders (Sun, 2010) to hold the firm accountable for its actions (Chandler and Werther Jr., 2014).

**Pillars of CSR.** CSR strategy of companies includes three so-called pillars. These pillars are – social, environmental and economic. They represent specific areas of activities in firms (Pilire CSR, 2011).

*The social pillar* includes the development of corporate culture, which includes, among other things, ensuring health and safety of employees, balancing work and family life, same employment opportunities (men/women, ethnic minorities, handicapped), establishing a system for employee benefits and career development plans staff training etc. This requires regular monitoring of workplace climate, assessment feedback through questionnaires etc. it is essential for management to respect the opinions of employees.

The one of actual priorities in CSR strategies of companies is balancing the family and work life of employees (Frankel, 2013). Company is not accessing their employees only as "used force" that makes profit, but as people who have a right for life outside the company. Corporate nurseries where employed mothers can place their children become a popular important tool in this case. Care for these children is organized by qualified teachers and governesses. Therefore employed mothers can better pursue their career and bring benefits to the company. Another tool within the social pillar of CSR is the system of part-time jobs, which enables better rotation of parents in child care, without the necessity to be too long in a nursery or in a kindergarten thus losing a contact between a child and parents.

Company should also provide freedom of association for its employees (in practice this means the possibility of unionization) first of all.

Working children should not be allowed in companies (this requirement despite being too obvious is particularly vital for the countries of the so-called third world).

If corporate culture is not oriented only inside the company, the social pillar and corporate philanthropy include the support of non-profit organizations in cash or non-cash forms (mainly through corporate volunteering).

Corporate philanthropy is generally developed in many versions. Corporate philanthropy in the cash form is quite popular. Companies establish aid funds, which are usually part of the marketing department budget. A significant part of the CSR strategy is the establishment of corporate foundation or an endowment fund. The most famous actors of this type are e.g. the Czech Savings Bank Foundation, the Foundation for O2, CEZ Foundation, OKD Foundation, Veolia Foundation, Foundation GSK etc. Companies are actively trying to develop cash forms of philanthropy as a part of their CSR strategy and to engage their employees in this strategy. Employees can e.g. organize fundraising campaigns, including with their own determination of the purpose for collection (removal of natural disasters consequences, assistance to employees affected by natural disasters). In addition, later the company can decide on adding own funds to the amount raised by employees (Boukal, 2013).

Non-cash form of corporate philanthropy has many variants too. Companies can provide material support (construction material etc.), or legal advice, IT services etc. for non-profit organizations. Companies offer their area (rooms) for the activities of non-profit organizations. In this case corporate volunteering is developed. Companies involve in the so-called volunteer days, or allow their employees long-term volunteering activities and take this into account during career growth.

**The environmental pillar** means friendly relationship of a company to natural environment (recycling materials, e.g. recycled paper, using renewable resources, regulation of water, energy and raw materials use, reduction of emissions, ecological ways of processing materials, a system of education concerning environment). The aim is to reduce the negative impacts of company's business activities on the environment and human health. Companies are trying to achieve this through the development of organic products, to use only reputable materials. The system preventing negative environmental causes is established and crisis management system on how to solve possible accidents is developed. Part of crisis management is oriented on the coordination of work with local government. The company should have a system of compensation for potential victims of disasters. This entire system should be presented to all employees. The environmental pillar of CSR influences the structure of investment projects. They include commitments on land restoration, construction of infrastructure (roads, parking lots, parks etc.). Important in this case is cooperation with local authorities (Kutnohorska, 2013; Zadrazilova, 2014).

**The economic pillar** refers to the creation of correct and transparent relationships with all business partners, i.e. with customers, suppliers, investors and all other stakeholders. This includes strict rejection of corruption, fraud or other types of dishonest behaviour with competitors, fair pricing, transparent reporting of financial results, timely payments of invoices, ensuring after-sales service, professional handling of complaints. The company declares reliability in all these cases. It regularly publishes

reports with contents, determined by the law' on corporations. Companies' websites should contain their name, address, identification number and all details of registration in the public register. This is the information that a company reports in its business papers. Newly Business Corporations Act introduced the obligation to publish on websites the financial statements, information on companies' belonging to groups, invitations to general meetings etc. Such disclosure obligation is enforceable in court, which can impose fines for non-compliance, or the repeated failure of the company. Companies that have publicly declared strategy of CSR cannot have any problem in this area.

**Presentation of CSR strategy.** CSR strategy is an important part of the overall marketing strategy (Richey, 2011). The tool of professionalization in this field is the platform "Business for society", which is a national partner of the platform "CSR Europe". The platform connects companies implementing CSR strategies and also serves in standardizing CSR principles that must be respected by firms introducing such a strategy. Successful companies are visible through competition, which is organized by this platform. The main strategic categories assigned to the winners are: TOP responsible large company, small TOP responsible company, responsible leader and the prize of public.

TOP responsible large company for the year 2013 was announced: Siemens Czech Republic for the overall integration of the responsible approach to business. The company Skoda Auto was evaluated as the second for its comprehensive strategic approach to staff and for cooperation with community. Telefonica Czech Republic was evaluated as the third for its transparent and thorough approach to responsible business and for treatment social needs.

TOP responsible small company was named Galvamet – for working with community and for active approach to stakeholders. CEZ Group received the prize of public.

**The purpose of CSR strategy.** The combination of the described pillars contributes to creating a good name of a company that is positively received by stakeholders, i.e. customers, business partners, suppliers, shareholders, shareholders, employees, representatives of state and local governments, media, trade unions and other potential stakeholders, including international organizations (Business and Poverty..., 2008).

Stable good name of a company should be understood as the starting point in the achievement of its mission and its financial and economic objectives (profit maximization, profitability, value growth for owners etc.). The real situation is verified in the practical part of this paper.

The initiator of any CSR strategy is always company management. Strategy cannot be introduced by another entity. The task of management is, however, the involvement of all employees into this strategy. It is very important that all employees accept the CSR strategy of a company as their main priority. CSR strategy cannot be only a presentation for management. This is the way how CSR strategy becomes credible among all stakeholders. The relationship between a company as an employer and individual employees is strengthened through this too. Employees work in a company much longer and are interested in increasing its productivity in this case (Gosling, 2011).



CSR strategy is a very important instrument in the creation of company's image within a regional community. Company is a "good neighbour" in a region, participates in solving regional problems. It has to be in good relations with local authorities, whose activities and projects are supported by companies (Wisser, 2011).

Any company expects that in this case its reputation will ensure customer loyalty, new business opportunities, employee loyalty and access to local resources. The aim of the CSR strategy is the creation of good reputation and the overall strong branding.

The aim of the presented paper is to assess consumer awareness of corporate social responsibility and to evaluate the potential of this concept (strategy).

**Material and methods.** The questionnaire survey is used to evaluate the awareness of corporate social responsibility and the potential of this concept for business strategy. The basic sociodemographic characteristics are: age, gender, residence, education level. The total amount of questionnaires is 380. 26% of the respondents were aged under 26 years, 70% of the respondents were aged 27–60 and 5% were aged above 60 years. 35% of the respondents lived in a place with the population ranging 0–10000 inhabitants, 19% of the respondents lived in a place with population of 10000–50000 and 46% lived in a place with the population above 50000 inhabitants. Respondents with primary education and secondary school without a certificate constituted 14%, respondents with secondary school with a certificate made 44% and respondents with university education were 42%.

For verification of the dependence the  $\chi^2$  test of goodness of fit was used. A standard significance level of  $\alpha = 5$  was required.

**Results and discussion.** 42% of the respondents do not know the very term "corporate social responsibility" and 58% know it.

53% of the respondents know the term "corporate social responsibility" from the Internet, 31% from school and 28% from newspapers and books. Other sources of information got considerably lower representation. Family and friends are the source of information for 6% of the respondents, employers – 5%. Other answers (television, radio etc.) got less than 1%.

On the reasons of companies for activities in the area corporate social responsibility the respondents could choose more answers.

According to 42% of the respondents the reason for CSR activities is the effort to improvement image within marketing activities. According to 31% of the respondents the reason is the possibility to obtain public support (subsidies, public procurement). Effort to improve relationship with customers is the reason for these activities according to 25% of the respondents. Effort to improvement employees' satisfaction is the reason for CSR according to 23% of the respondents. Effort to improvement of competitiveness is the reason according to 18% of the respondents and improvement of relationship with suppliers is the reason according to 8% of the respondents. The sincere efforts of companies regarding corporate social responsibility activities was the answer for 8% of the respondents. Other answers got less than 1%.

52% of the respondents take into account, if the firms are active in the area of corporate social responsibility. The rest (48%) do not include this factor into their purchasing decisions.

Table 1 provides information on the dependences between the chosen factors and the gender.

**Table 1. Chi-Square and P-value values – dependence on gender, authors'**

Factor – gender	Chi-Square	P-value
Knowledge of the concept CSR	0.168	0.6822
Taking in account the concept CSR in purchasing	0.827	0.3631

No dependences between gender and knowledge of the CSR concept were demonstrated. The P-values were distinctly higher than the required 0.05.

Table 2 presents information on the dependences of the chosen factors on education.

**Table 2. Chi-Square and P-value values – dependence with education, authors'**

Factor – education	Chi-Square	P-value
Knowledge of the concept CSR	48.82	0.0000
Taking in account the concept CSR while purchasing	9.657	0.0087

The dependence between knowledge of the concept corporate social responsibility is demonstrated (P-value = 0.0000). People with higher level of education know the term more than people with lower level of education. Dependence between education and taking in account the concept CSR while purchasing is also demonstrated (P-value 0.0087). It is possible to state again that people with higher level of education take in account more often in comparison with people with lower level of education if products are made by companies fulfilling their corporate social responsibilities.

Table 3 provides information on the dependences of the chosen factors with age.

**Table 3. Chi-Square and P-value values – dependence on age, authors'**

Factor – age	Chi-Square	P-value
Knowledge of the concept CSR	11.643	0.0087
Taking in account the concept CSR while purchasing	3.464	0.1770*

The dependence between age and the knowledge of the CSR concept is demonstrated (P-value = 0.0087). People in older age know the concept more than younger people. The dependence between age and taking in account CSR while purchasing was not demonstrated (P-value = 0.1770).

Table 4 offers information on the dependences of the chosen factors with the place of residence.

**Table 4. Chi-Square and P-value values – dependence on population of residence, authors'**

Factor – population of residence	Chi-Square	P-value
Knowledge of the concept CSR	15.338	0.004
Taking in account the concept CSR while purchasing	4.843	0.1837

No dependence between taking in account the concept CSR while purchasing and the place residence is demonstrated (P-value = 0.1837). Dependence between population of residence and knowledge of the concept is demonstrated (P-value =

0.004). Respondents in larger cities know the concept of CSR more often than respondents in smaller places.

**Conclusion.** The concept of the corporate social responsibility is discussed very often nowadays in professional literature. Potential benefits for business strategy are discussed here. According to this presented research the main reasons for CSR activities for companies according to the opinions of customer respondents are marketing activities of firms, public support and relationships with customers. The concept of CSR is more known by the respondents with higher level of education, respondents in older age and those living in larger residence places. Only respondents with higher education take into account the activities of firms in the area of CSR. Companies should better communicate their activities and emphasize the potential contribution not only for companies but for consumers as well.

**Acknowledgement.** *Financial support from the Internal Grant Agency at the University of Economics, Prague (Project F3/121/2014).*

#### References:

*Blowfield, M., Murray, A.* (2008). *Corporate responsibility: a critical introduction.* Oxford: Oxford University Press. 452 p.

*Boukal, P. a kol.* (2013). *Fundraising pro neziskove organizace.* Praha Grada Publishing.

*Business and poverty: innovative strategies for global CSR: how to develop global CSR strategies, manage risks and find new opportunities for your business in emerging and developing countries.* Vienna: ICEP, 2008. 262 p.

*Chandler, D., Werther, Jr., W.* (2014). *Strategic Corporate Social Responsibility. Stakeholders, Globalization, and Sustainable Value Creation.* Los Angeles Sage Publications, Inc.

Communication from the commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions // eur-lex.europa.eu.

Corporate responsibility and competitiveness [online]. Bradford, England: Emerald Group Publishing, 2006. *Corporate Governance, the international journal of business in society*, 6, No. 4 // site.ebrary.com.

Entrepreneurship, innovation and sustainability. Sheffield: Greenleaf Pub., 2012 // site.ebrary.com.

Evropska komise (2002). Directorate-General for Employment and Social Affairs. *Corporate social responsibility: a business contribution to sustainable development.* Luxembourg: Office for Official Publications of the European Communities, 2002. 30 s. *Employment & social affairs. Industrial relations & industrial change.*

*Fisher, C.M.* (2011). *Multinational corporations and abusive states: should they stay put and make things better or withdraw?.* London: Henry Stewart Talks.

*Frankel, C., Bromberger, A.* (2013). *The art of social enterprise: business as if people mattered.* 1st ed. Gabriola Island: New Society Publishers. 194 p.

*Gossling, T.* (2011). *Corporate social responsibility and business performance: theories and evidence about organizational responsibility.* Cheltenham: Edward Elgar. 150 p.

*Gottschalk, P.* (2011). *Corporate social responsibility, governance and corporate reputation.* Hackensack, N.J.: World Scientific // site.ebrary.com.

*Habisch, A. ed. et al.* (2005). *Corporate social responsibility across Europe.* Berlin: Springer. 397 p.

*Kutnohorska, J. a kol.* (2013). *Metodika zavadeni firemni filantropie pro firmy.* Praha Ostrava // www.spcsr.cz.

*McAuley, A.* (2009). *Globalization and corporate social responsibility.* London: Henry Stewart Talks.

Pilire CSR // www.gocsr.cz.

*Richey, L.A.* (2011). *Brand aid: shopping well to save the world.* Minneapolis [Minn.]: University of Minnesota Press // site.ebrary.com.

*Segerlund, L.* (2010). *Making corporate social responsibility a global concern: norm construction in a globalizing world.* Burlington, VT: Ashgate. *Non-state actors in international law, politics, and governance series* // site.ebrary.com.

*Srpova, J., Kunz, V.* (2009). *CSR bychom nemeli odpouset v dobe ekonomicke krize.* *Ekonomika a management*, 3(1): 64–74.

*Srpova, J., Kunz, V., Misar, J.* (2012). Uplatnovani principu CSR u podnikatelskych subjektu v Ceske republice. *Ekonomika a management*, 6(4): 44–57.

*Sun, W.* (2010). Reframing corporate social responsibility. Bingley: Emerald. Critical studies on corporate responsibility, governance and sustainability, Vol. 1 // site.ebrary.com.

The debate over corporate social responsibility. Oxford: Oxford University Press, 2007 // site.ebrary.com.

*Visser, W.* (2010). The A to Z of corporate social responsibility. Chicester Wiley.

*Visser, W.* (2011). The age of responsibility. CSR 2.0 and new DNA of business. Chicester Wiley.

*Yilmaz, I.* (2012). Corporate social responsibility disclosures: the interaction of social and financial performance. Saarbrucken: LAP LAMBERT Academic Publishing. 229 p.

*Zadrazilova, D.* Corporate Social Responsibility. Spolecenska odpovednost podniku jako zdroj konkurencni vyhody? // www.spolecenskaodpovednostfirem.cz.

Стаття надійшла до редакції 17.10.2014.

## КНИЖКОВИЙ СВІТ

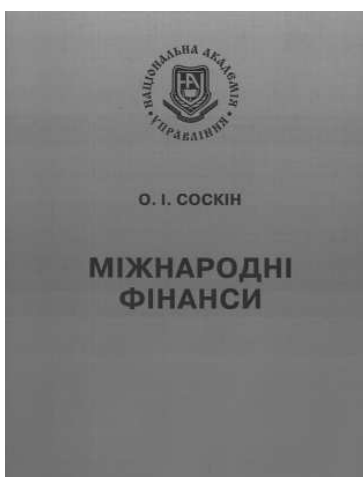


СУЧАСНА ЕКОНОМІЧНА ТА ЮРИДИЧНА ОСВІТА  
ПРЕСТИЖНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД  
**НАЦІОНАЛЬНА АКАДЕМІЯ УПРАВЛІННЯ**

Україна, 01011, м. Київ, вул. Панаса Мирного, 26

E-mail: book@nam.kiev.ua

тел./факс 288-94-98, 280-80-56



**Міжнародні фінанси: Навчально-методичний посібник.** – К.: Національна академія управління, 2011. – 300 с. Ціна без доставки – 30 грн.

Автор: **О.І. Соскін.**

У посібнику розкриті основні положення, сутність, механізми та функції міжнародних фінансів, розвиток та сучасний стан світової валютної системи та міжнародних фінансових ринків; проаналізовані сучасні тенденції у сфері міжнародних фінансів. Посібник сформовано відповідно до вимог Болонського процесу. Видання містить комплексні тестові завдання, питання для самоконтролю, глосарій. У посібнику знайшли відображення актуальні сучасні дослідження у сфері міжнародних фінансів, матеріали фахових періодичних видань «Актуальні проблеми економіки», «Економічний часопис – XXI» та інших.

Посібник призначено для студентів та аспірантів економічних спеціальностей, а також тих, кому цікаво сформувати власне розуміння проблематики міжнародних фінансів.