CSR in the Context of Sustainable Development

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Abstract: European Union trends towards sustainable development are increasingly applied to the corporate sector in the form of his social engagement and social responsibility. In the corporate sector, we are talking about corporate social responsibility. This philosophy integrates into business not only economic issues but also social and environmental ones trying to find balance between corporate profitability and responsibility. Corporate Social Responsibility is a business strategy. The brand value and reputation are increasingly seen as a company's most valuable assets, CSR can build the loyalty and trust that ensure a bright the sustainable development and future for corporate. By integrating CSR into corporate strategy and into business as core value, you are not only making a significant contribution to a better society. Corporations themselves visible, create your image and thus fight for their position, sustainable development and on the market. This fact is aware not only large corporations, but also small and medium sized enterprises and therefore social responsibility involved in their activities more frequently.

Keywords: Corporate Social Responsibility (CSR) · Sustainable development · SMEs

JEL: L20 · M12 · M14

1 Introduction

Corporate Social Responsibility and Sustainable Development. The idea of increasing the profits of enterprises is becoming a phenomenon of the present times, as well as a factor in sustainability and sustainable development. Sustainable development should be included in thinking and in doing business. Combining business, successful entrepreneurial activities and the fulfilment of other corporate interests would be for the benefit of all involved and even for the whole of society (Haid & Járková, 2012).

The public demands that companies adhere to the rules, respect the environment, maintain a good relationship with employees and business partners and show an interest in what is happening around them. This increases the pressure of groups and individuals who have an interest in the organisations or who are affected by the activities of the organisation. They attempt to directly or indirectly influence the operation of companies and their actions.

However, these are not only obligations towards natural resources, this responsibility is executed on several levels. It is a voluntary adoption of the environmental, economic and social liabilities of the company. Corporate Social Responsibility cannot be summarised in one definition recognised by a company. It is a complex concept.

Corporate Social Responsibility, according to ČSN EN ISO 26000:2010, is the responsibility of the organisation for the impacts of its decisions and activities on society and the environment, and for ethical behaviour contributing to the sustainable development, health and welfare of society; it takes into account the expectations of stakeholders; is in accordance with the applicable legislation and international standards of behaviour and is integrated throughout the organisation and applied in its relations.

There is no uniform definition of CSR. This is due to the fact that CSR actually has no specific defining boundaries and is based on a voluntary basis. The reported definitions are not specific enough to give space to the widest possible application, which is probably also the objective of the organisations from which they come. We can mention, for example, the most famous and most quoted definition: "CSR is the voluntary integration of social and environmental aspects into everyday corporate operations and interactions with corporate stakeholders" (Green Paper, 2001). CSR is a way of doing business that meets or exceeds the ethical, legal, commercial and societal expectations. It is the continuous commitment of companies to behave ethically and to contribute to economic growth, while striving to improve the quality of life for employees and their families, as well as the local community and society as a whole (WBCSD (1999).

Buchoholtz and Carroll (2012) extend the basic characteristics with a dimension involving the economic, legislative, ethical and philanthropic expectations that society has towards a business entity at a given time. By economic responsibility is understood the commitment to the company to meet the needs of the market and to capitalise on the
owners’ investment; by legislative responsibility is understood the enterprise's obligation to comply with relevant legislation; by ethical responsibility is understood the enterprise's obligation to act in accordance with the expectations of society; and by philanthropic responsibility is understood the company's commitment to beneficial activities and the support of the volunteerism of employees.

Because a company is an integral part of society, this fact determines its basic rights and obligations that arise towards the wider community, including contributing towards the improvement of the quality of life (Kunz, 2012). Corporate Social Responsibility implies the initiatives and activities of companies with significant economic and social consequences, and also impacts on the environment (Mishra & Modi, 2013). Socially responsible companies behave so as to be credible and transparent, their activities are 'voluntary', companies adopt a proactive, rather than only a reactive policy. The company management anticipates and actively creates new, positive trends.

In connection with the development of the whole of society, together with changing economic conditions, the needs and requirements of customers also change. They require better quality, more efficient products, better and faster services. Businesses want to make a profit and meet the expectations of owners and investors, they want to maintain their competitiveness. At the same time, they are already beginning to perceive that the expectations of society and interested groups are an important factor in their further development and may contribute to their good name and thus to the sustainable development of the organisation.

Sustainable development is a concept that is fundamentally different from the social responsibility and sustainable development of a particular organisation. Sustainable development refers to the way in which a company's needs are being met. Sustainability of the existence of a particular organisation may, or may not, be consistent with sustainable development. It depends on how the organisation is managed and controlled (ISO 26000).

A common definition of sustainability traces back to a 1987 World Commission on Environment and Development report entitled, Our Common Future, which defines sustainability as follows:

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Another popular view of sustainability consists of the overlap of three "pillars" of sustainability that must be considered in concert: Ecological factors, social factors, and economic factors (Libra guides, 2016). In this sense, a commonly shared representation of sustainability can be seen really as the result of three dimensions, as in the Figure 1: economic (i.e., the capacity to generate income and employment for the sustenance of the population), social (i.e., the capacity to ensure conditions of stability, democracy, participation and justice, as well as the possibility to guarantee conditions of human well-being – security, health, education – equally distributed to all classes and genders) and environmental (i.e., the capacity to maintain quality and reproducibility of natural resources).

Figure 1 Three dimensions of sustainability

Compared to social responsibility, sustainable development is development that meets the needs of the present, without compromising the ability of future generations to fulfil their own needs. Corporate Social Responsibility is based on the concept of sustainable development. A company currently has a tendency to consider its surroundings, judge the consequences of its actions. CSR therefore, as one of the methods of advocated sustainable development around the globe, becomes a method of gaining a competitive advantage (Werther & Chandler, 2011). The authors further state guidelines related to Corporate Social Responsibility, which they classify as: environmental sustainability, growth of prosperity, globalisation, free flow of information and the growing importance of good reputation and brand. CSR, the concept of Corporate Social Responsibility, cannot replace or take over the state's obligation in the area of laws or legal regulations, but companies must adhere to those laws.
2 Methodology and Data

The primary data were obtained by means of a questionnaire survey of 302 respondents of small and medium-sized enterprises in the Region of South Bohemia in the Czech Republic in 2013 and 2014. In the examined sample were represented in the sectors: trade 20%, transport 6%, services 26%, construction 10%, manufacturing 30% and agriculture 8%. Respondents (owners and managers) focused on the characteristic features of the surveyed enterprises and their human resource management strategies, evaluation of individual processes and areas of human resource management process and corporate social responsibility area. The information database was formed by data of a quantitative as well as qualitative nature. Based on technical literature, 9 basic processes were determined that are implemented in enterprises in general: Corporate Social Responsibility, Human Resource Management, Marketing, Manufacture of Products and Services, Trade and Sales, Financial Management, Quality Management, Information Internal Processes, Communication with the Public – Media.

Engaged of companies in various activities of social responsibility are divided into: donations, voluntary actions and sponsorship, minimising the negative impact on the environment, superior employment policy, other activities, not engaged in any activities.

3 Results

In the context of the survey of European SMEs, it can be seen that competitive advantage is not the first priority for SMEs. Issues of dialogue with stakeholders become existential for them. The most important topic for small and medium-sized enterprises is work relationships and therefore Human Resource Management. However, during our research, was found prioritisation of individual processes in small and medium-sized enterprises (evaluated by managers or respondents authorised by managers) was identified. Owners and managers of enterprises reviewed the various processes in order of importance, at levels of 1 to 9 (integers), with a list that reviewed processes for each undertaking separately. Evaluation of importance by an enterprise as level 1 means the most important process in the company, while the value of 9 is equal to the least important process, selected from a list of 9 evaluated processes. In practice, this meant that the owners and managers of businesses chronologically compiled the importance of consecutive processes. Each process has its specific value, i.e. No two processes are located on the same level of importance. The results classified the process of human resources management at the 6th place and process of Social Corporate Responsibility at 8th place according to the importance.

Following this research was evaluated the functioning of individual processes by managers or respondents authorised by managers. Functioning of processes was evaluated as very weak. The management quality of Corporate Social Responsibility was evaluated at 7th place and management quality of human resources at 5th place from all evaluated processes (Doležalová, Holátová 2015).

A statistical evaluation shows table 1, that the value of the first quartile (X1st.Qu.) was 49 250; the value of quartile (median) was 70 000; the value of the third quartile (X3rd.Qu.) was 90 000. The simple arithmetic average of evaluation of the level of the functioning of processes was 61 820 (mean) and the standard deviation (sd) for the analysed variable in the file was 36 922.

Table 1 Evaluation of the functioning of processes of social responsibility

<table>
<thead>
<tr>
<th>Min.</th>
<th>X1st.Qu.</th>
<th>Median</th>
<th>Mean</th>
<th>X3rd.Qu.</th>
<th>Max.</th>
<th>NA.s</th>
<th>sd</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.000</td>
<td>49.250</td>
<td>70.000</td>
<td>61.820</td>
<td>90.000</td>
<td>100.000</td>
<td>15.000</td>
<td>36.922</td>
</tr>
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Source: Holátová, Doležalová (2015)

This evaluation testifies to the fact that the managers evaluated of processes as insufficiently important although they still speak about this as about the essential.

The research also showed in which areas of social responsibility the surveyed companies are involved. Table no 2: 62.7% of respondents in the companies show engagement in social responsibility primarily in activities of donations, volunteering and sponsorships.

Another area in which firms are involved is the area of minimizing the negative impact of business on the environment - 43.32% of respondents. Respondents also reported that 13.2% of companies are committed to superior employee policy and 20.79% state that they are engaged in other unspecified activities and 17.16% reported that they are not engaged in any activities.
Table 2 Percentage of companies engaged in various activities of social responsibility

<table>
<thead>
<tr>
<th>Engagement of companies in activities</th>
<th>Engagement of companies in %</th>
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<tbody>
<tr>
<td>donations, voluntary actions and sponsorship</td>
<td>62.70</td>
</tr>
<tr>
<td>minimising the negative impact on the environment</td>
<td>43.23</td>
</tr>
<tr>
<td>superior employment policy</td>
<td>13.20</td>
</tr>
<tr>
<td>other activities</td>
<td>20.79</td>
</tr>
<tr>
<td>not engaged in any activities</td>
<td>17.16</td>
</tr>
</tbody>
</table>

Source: Holátová, Doležalová (2015)

4 Discussion

On September 25th 2015, OCN countries adopted a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years. For the goals to be reached, everyone needs to do their part: governments, the private sector, civil society and people. Within the goals are 169 targets, to put a bit of meat on the bones. Targets under goal one, for example, include reducing by at least half the number of people living in poverty by 2030, and eradicating extreme poverty (people living on less than $1.25 a day). Under goal five, there’s a target on eliminating violence against women, while goal 16 has a target to promote the rule of law and equal access to justice (The guardian, 2015).

Figure 2 The Global Goals for Sustainable Development

**THE GLOBAL GOALS**
For Sustainable Development

17 goals:
1) end poverty in all its forms everywhere
2) end hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3) ensure healthy lives and promote wellbeing for all at all ages
4) ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5) achieve gender equality and empower all women and girls
6) ensure availability and sustainable management of water and sanitation for all
7) ensure access to affordable, reliable, sustainable and modern energy for all
8) promote sustained, inclusive, sustainable economic growth, full and productive employment, decent work for all
9) build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation
10) reduce inequality within and among countries
11) make cities and human settlements inclusive, safe, resilient and sustainable
12) ensure sustainable consumption and production patterns
13) take urgent action to combat climate change and its impacts
14) conserve and sustainably use the oceans, seas and marine resources for sustainable development

15) protect, restore and promote sustainable use of terrestrial ecosystems, combat desertification and halt and reverse land degradation, and halt biodiversity loss
16) promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17) strengthen the means of implementation and revitalise the global partnership for sustainable development

Werther and Chandler (2011) further indicate five basic trends related to the growing importance of Corporate Social Responsibility, i.e. to enhance prosperity, environmental sustainability, globalisation, free flow of information and the aforementioned growing importance of the company's reputation and brand.

Although many definitions have been attributed to the concept of Corporate Social Responsibility, all are essentially based on the basic definitions presented by the European Commission (Crowther & Aras, 2008): "Corporate Social Responsibility is a concept in which companies voluntarily integrate social and environmental interest in their business operations, and in interaction with their stakeholders."

Corporate Social Responsibility is an important topic in the European Union in the field of social and economic policy. Entrenched in this concept is also the state's approach which should support voluntary activities in various forms.

The key question for business entities is: Why should the company be socially responsible? Reported advantages for companies in terms of this concept are customer loyalty, good reputation, inner functioning of the system and the decrease of business risks. The advantages, however, are long-term in nature and many companies see only the costs of this decision.

The elements that make up social responsibility reflect the current expectations of society, and therefore are constantly changing according to the changing interests and expectations of society and of an organisation that reflects these interests (ISO 9004). The organisation therefore must respond to the changing environment and respond to new demands. Many large corporations reassess their attitudes and respond to public expectations, the demands of their clients and the pressure of the environment in cases where their conduct is inconsistent with the generally perceived principles and expectations of the surroundings regarding responsible and correct behaviour.

Responding to public demands has become part of the strategy of many multinational and local companies that understand that this policy pays off for them in the long term. It has an impact on the overall rating of the company. Competitive advantage is sought, attitudes are reviewed and new ways explored, organisations change their strategies and management tools.

Many companies seeking competitive advantage are aware of these facts and are forced to respect them. In the global competitive environment, they begin to adopt more new features in their strategies. Business entities are realising that a narrow view of the manufacture and sale of their production and the sale of products and services is no longer sufficient. The corporate sector has come under increasing pressure of this trend and is under the influence of the pressure of stakeholders to demonstrably become involved in socially responsible activities (Jenkins, 2009).

Discussion on the basic principles, approach to CSR issues, measures and instruments have been and are constant topics. The European Commission has published a new policy on Corporate Social Responsibility. By taking steps better meeting their social responsibility, enterprises can help themselves as well as society as a whole.

The new strategy of the European Commission on Corporate Social Responsibility (CSR) aims to create favourable conditions for sustainable growth and job creation in the medium and long-term horizons. The European Commission presented new, simpler definitions of social responsibility as "the responsibility of enterprises for their impacts on society". The new policy also puts forward an action programme to cover eight areas, such as strengthening the market reward for CSR, and better linking of the European and global approaches to CSR (European Commission, 2011).

The standard adopted in 2011, ISO 26000:2010, Guidance on Social Responsibility is the current document supporting the philosophy and practice of CSR. This standard provides guidance on the integration of socially responsible behaviour in an organisation. It emphasises the importance of the results and improvement of the profile for the organisation in the area of social responsibility and its sustainable development (ISO 26000).

Although CSR philosophy implies the voluntariness of activities, general pressure on employers and entrepreneurs keeps growing and there is a visible shift from voluntariness towards obligation and legal bonds through the establishment of directives, regulations and agreements. However, CSR represents a method of managing a company and building relations with partners which contributes to the improvement of the reputation and credibility of the company (Freeman & Moutchnik, 2013).
Specifically, social responsibility is reflected by the integration of positive attitudes, practices and programmes in the business strategy of the company at the level of its top management. The Triple Bottom Line principle has a framework of three parts: social, environmental and financial. Many organisations have adopted this framework and evaluate their performance in the broader context (Slaper & Hall, 2011), indicating that the company concentrates not only on economic growth, which is primarily its objective, but also on the social and environmental aspects of its activities.

An increasing number of companies is aware of the importance of long-term investments in their own development, realising that orientation only on immediate profits and short-term goals is no longer a sustainable policy. Enterprises and representatives of various social spheres collaborate to improve the existing deficiencies of a company. A "win-win" situation is created in which everyone involved benefits. Corporate Social Responsibility encompasses the principles of conduct that are based on standards, guidelines and rules of conduct that are considered moral and correct in the context of a particular situation. This behaviour should fit into the framework of the objective to contribute to the sustainable development and welfare of society. Although there is no exhaustive list of principles of social responsibility, there is broad agreement that at least seven principles should be applied: human rights, international standards, principle of legality, principle of interested parties, principle of ethical conduct, principle of transparency, principle of responsibility (ISO 26000).

The role of Corporate Social Responsibility is currently increasing, particularly in the areas of business activities, such as general marketing strategy and tactics. Corporate responsibility is expected to enhance the positive image of a company, and to encourage customer interest and commitment to products (Pergelova & Angulo-Ruiz, 2013).

Reasons for considering involvement in socially responsible activities (Weirich, Cannice, Koontz, 2013) are many.

Corporate Social Responsibility was originally created as a response to the growing negative impact of large, typically multinational companies. As pointed out by Jenkins (2009), the issue was increasingly being associated merely with large companies. However, as stated by Enderle (2004), in the past decade there has been a significant shift, combined with the recognition by SMEs of the growing importance of these very small fish to focus on social and environmental impacts.

The involvement of employees in a company plays a less obvious, albeit important role. It assists employees to develop new skills, increases their motivation and can lead to greater innovative activity and creativity. An international study conducted by authors Kim & Scullion (2013) deals with the effect of the concept of Corporate Social Responsibility on employee motivation.

Every company must monitor its own financial health and legal obligations, as well as those within the wider social and economic contexts. A company should be a "responsible corporate citizen", whether working in any field, at home or abroad, in developed countries or even third world countries. Multinational organisations sometimes tend to infiltrate their business into countries that have cheap labour, low taxes and where social demands are not so high. Therefore, there is a legitimate effort to encourage organisations to respect the unwritten standards, whether in the form of public codes of conduct, or the increasingly more widespread "social brands" (Torugsa, O'Donohue, Hecker, 2013).

The authors, came to the conclusion that active responsibility management, implemented in all three areas, can lead to increased financial gain. Thus, if a company has all three abilities, it actively collaborates with stakeholders and shares a common vision and strategy with them.

**Figure 3** The Triple Bottom Line principle of CSR

![Figure 3](Source: Library (2016))
To achieve sustainable success in the constantly changing and uncertain environment, it is essential that organisations regularly monitor, measure, analyse and review their performance (ISO 9004). According to authors Pérez & Rodriguez del Bosque (2013), precise and detailed measurement of corporate responsibility is a complicated task.

There are two aspects of recognition and social responsibility. One aspect is that the organisation should understand how its decisions and activities influence others and the environment. Another aspect is that the organisation should understand the company's expectations regarding responsible behaviour in relation to these impacts.

Recognition of responsibility includes identification of problems caused by the decisions and activities of the organisation, and of the methods of dealing with these problems so that the organisation contributes to the sustainable development and welfare of society (ISO 26000).

5 Conclusion

The corporate sector and mostly small and medium-sized enterprises are coming under increasing pressure to demonstrably engage in activities that are referred to as socially responsible (Jenkins, 2009). While many such activities become part of the legislation, companies practising social responsibility should go beyond this framework. Kotler and Lee (2005) suggest that, just like taking care of our bodies is manifested in appearance and in a longer and happier life, social responsibility has the same effect on corporate practice.

Corporate responsibility as one of the methods of globally promoted sustainable development is therefore becoming a trend in management and the means of gaining competitive advantage (Werther & Chandler, 2011)

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