

SOCIAL PILLAR OF CSR IN THE CZECH SUBSIDIARIES OF INTERNATIONAL COMPANIES

Marie Dohnalova – Katerina Legnerova

Abstract

The paper brings the overview of the CSR practices in the social pillar in the Czech subsidiaries of international companies. The social component of CSR focuses on the care of employees as far as on the philanthropic issues of the firms. Equal opportunities, care of employees' health and satisfaction, work – life balance and corporate volunteering are the main areas of the social pillar. The paper is based on the qualitative research among fifty companies on the Czech market with the foreign ownership in 2016. It brings the summary of the activities in the social pillar and compares them according to the country of headquarters location. The output can serve as an overview of the best practice for the companies that are interested in developing the social pillar further.

Key words: Corporate Social Responsibility (CSR), corporate volunteering, philanthropic issues, social pillar, social enterprises

JEL Code: M12, M14, O35, O15

Introduction

Corporate social responsibility is a hot topic of the last few years. Many companies feel an inherent need to return back to society or to take care of their immediate surroundings and community. They feel that this issue is inseparable from their business. The strong personal values of the owner, a family tradition or desire to do something beneficial to nature or society lead to the acceptance of corporate social responsibility. The companies discovered business opportunities in the form of meeting societal needs (Anheier, Toepler, 2010).

According to these authors, corporate social responsibility (CSR) changed and developed significantly during the interpretation of the CSR concepts. Initially, the CSR was a synonym for donations. Companies engaged in charity and donation, appeared the indication "good corporate citizen" for the companies that behaved socially responsibly. In the 80's of the 20th century, in particular in the United States, increased emphasis on corporate reputation and

perception towards stakeholders, the companies put stress on the elimination of the negative impact of their economic activities. They also stress on the positive impact of CSR implementation on profit in the 90s. At present, the socially responsible behavior associated with sustainable development, with a threefold responsibility. "Triple bottom line" is described as a principle, according to the activities of the company should stand on three pillars: economic (Profit), the quality of the environment (Planet) and social capital (People).

1 Corporate social responsibility

Corporate social responsibility (CSR) and the emphasis on the sustainability of the business reflects a recognition that it is important to focus not only on the achievement of planned results but also on the way how to achieve them. It often decides on the long-term outcome of the companies. Corporate social responsibility is perceived positively not only by the company itself but also by the customers or potential employees. According to foreign surveys, people perceive the responsible company as a twice more attractive employer. They are more willing to buy their product or service (Kim; Scullion, 2013). Corporate social responsibility is becoming an important factor also in choosing a job. Employees are choosing their jobs according to the values espoused by their employer.

Social responsibility of the employer is a key factor in choosing a job, especially for generation Y employees. Additionally, the employees are more interested in being actively involved in socially responsible business activities, compared to the rather passive approach in the past. Activities in the area of CSR are becoming more accessible and visible (Amir; Ariely, 2007). At the same time, the employees play an important role in determining the focus of the social activities of the company (Maak 2007; Muthuri et al. 2009). Employee engagement in this area at the same time force managers to pay more attention to the CSR activities (Aguilera et al. 2007; Gond et al. 2010).

The long-term financial success of companies increasingly goes hand in hand with reporting and commitments to the social responsibility. A responsible approach to business brings visible and measurable benefits. The responsible behavior of the companies that they do beneficial things beyond the scope of their business is for their owners and management an increasingly important topic. More often the highest level of management of large companies discusses the CSR issue. It turns out that for the agenda of the socially responsible behaviors are increasingly responsible the general directors. According to the latest study by the UN Global Compact, and Accenture (2016), practically all top managers (95%) feel personally

responsible for ensuring that their businesses will play also the social role. 80 % of them believe that engagement with the social challenges is one of the crucial points of their industry. More than two-thirds (69 %) of the top managers involved in the survey reported that sustainability has become a part of the discussion in the top positions. 64 % of them say that the issue of sustainability has become a part of building the business strategy. Most executive directors (59 %) said that their company is able to quantify the value of their commitment to the sustainability, which means 21 % growth from 2013. The respondents also claim that their progress is replicated through the entire industry, and 89 % say that engagement in sustainability has a major impact on their industry. Corporate social responsibility is reflected in a number of areas. They are mainly divided into three pillars: economic, social and environmental.

1.1 Economic pillar

The economic pillar includes not only the forms of use of the company profit but also the overall behavior of the enterprise towards its key partners. This is an area in the overall management of the company. It includes the behavior of customers, employees, investors, and suppliers. Economic pillar includes the creation of profit not at any price, but with regard to biodiversity, environmental sustainability, and the responsibility for the community. This pillar involves the ethical behavior of all the participating parties, to customers, vendors, employees, and owners. Transparent management, compliance with the code of ethics and the responsibility for the whole of society is the main theme of the economic pillar. In practice, this means that the company does not promote the profitability at all costs, but with regard to the environment and society as a whole. The responsible company favors the long-term sustainability of short-term profits. Its management is in accordance with ethical principles and principles of moral responsibility to the whole society.

1.2 Social pillar

The social pillar of the CSR is related to the legislative and ethical principles of interaction of employers and employees especially in the area of labor relations, employee care and the level of the working environment and working conditions. The company supports freedom and adequate position of their employees in labor relations and collective bargaining, also intensely and especially the formal instruments of any discriminatory behavior and situations. In the area of application of the rights and obligations of employees emphasizes transparency reflected in the intense communication of this policy towards the employees. These aspects also require of

its suppliers. The company acted in the prevention of the occurrence or the subsequent solution of problems in a way that creates tools for the regular collection of information from employees and builds a culture of communication and immediate solutions to all the problems arising from the involvement of the human capital in its economic activities. The essence of the CSR in the social field also lies in the fulfillment of the idea that only in a healthy society the company prospers long-term. In this area, the companies are showing their solidarity with the wider society. It points out that individuals from the business behave as the citizens. That company requires from its suppliers and business partners the respect for human rights including the labor policy. Companies also support the voluntary activities of its employees, has a comprehensive strategy for corporate donation and philanthropy. Last but not least, the company is interested in the needs of local community and works with local authorities. The company may also be a source of social innovation. For the social pillar of multinational companies is necessary to reflect the values and social conscience of the country, where it is implemented (Mostovicz et al, 2001). The role of the employees and their proactive approach in this area has an increasing trend (Gond et al., 2001). Many corporations already have set up a specific department or person responsible for the area of CSR (Googings et al. 2007). CSR departments should cooperate with the other departments in the implementation of CSR policy into all aspects of the corporation's core business activities (Dvorakova, 2014).

1.3 Environmental pillar

The environmental pillar of CSR means that companies support a preventive approach to environmental protection. They systematically assess the level of risk of non-compliance with the standards in relation to the environment, health, and safety. They inform the employees about preventive approaches. The challenge for businesses is the formulation of environmental principles, checking compliance and implementation of the environmental policies at all levels. The environmentally responsible companies not only sort waste, but they are developing the environmentally conscious strategy to ensure no damage to the environment. They monitor the compliance of environmental principles also in their business partners. They support the development and diffusion of environmentally friendly technologies that protect the environment and are less polluting, use all resources in a more sustainable manner, and recycle more of their wastes and products. Companies must innovate in all areas related to the environment. They join to the protection of natural resources and participate in initiatives to promote the environmental responsibility.

1.4 CSR Strategies and resources

CSR Businesses become successful and effective in the formation, establishment, and realization of social responsibility if the program or project plan systematically controls the CSR and organize, after the initial stage, the adoption of the concept. Strategies and resources to CSR represent the starting points for CSR management. Strategy or policy of CSR formulates the obligations towards the stakeholders. Resources for CSR (in particular, financial and human) are a basic condition without which cannot start any activity in the area of social responsibility. To establish the CSR process thrives with the help of a regularly updated database of interested sides and set the rules of the CSR program. Control mechanism provides the monitoring and reporting of CSR, as used to record the procedures and results of CSR policies.

The periodic reviews of compliance to the requirements of the internal and external environment of the enterprise with the reality serve as feedback on the CSR activities. The feedback also performs and generates suggestions for improvement. The main driver of CSR activities is the top management whose role is to periodically assess the fulfillment of the objectives and commitments. Multinational companies often face the dilemma of whether to apply the same approach in all the countries of its operation or to use a local approach (Kolk; Lenfant, 2009). Typically, this area is delegated at the national level, while keeping the multinational principles (Ransburg; Vágási, 2007). According to Schouten (2007), the corporate social responsibility can be defined as a component of human rights. Individual companies can also make contributions to the human rights through the corporate philanthropy.

2 The results of research activities on the social pillar of CSR

2.1 Research

The research was carried out in 2016 among the fifty companies on the Czech market. The sample represented the subsidiaries of multinational companies. The main objective of the research was the analysis of corporate social responsibility activities in the social pillar. The outputs were compared by country of location of the headquarters of the owner. This sample was selected due to the fact that companies with Czech ownership are not in the social field of CSR area is very active. They prefer activities falling within the environmental pillar before the social pillar.

2.2 Research approach

The research was provided by a combined form of quantitative and qualitative approach. The first part of the research was carried out in the form of email communication toward the firms using a semi-structured questionnaire. The results have been supplemented with information published on the websites of the enterprises. From eighty addressed enterprises returned fifty responds. The response rate represents 62 %. Businesses involved in the research have been selected according to the parameter of the number of employees over 500. In this companies can be assumed a higher involvement in CSR activities than in smaller ones. Companies across all sectors have been included.

2.3 Research sample

In the research was involved thirteen with the headquarters (HQ) in the US, ten in Germany (DE), five in Great Britain (GB), 5 in France (F), three in Japan (J), Sweden (S), and Belgium (BE). In the tables 1 and 2, there are summarized the activities of companies involved in the research.

Tab. 1: Types of activities by individual countries of the owners (in numbers).

Type of social activities	Country of headquarters								Total
	USA	DE	NL	BE	GB	F	S	J	
Support of SP	8	9		3	3	4			27
Support of local communities		8	4	3		2	3		20
Equal opportunities	11	6	2		3		3	2	27
Corporate volunteering	7	7		2					16
Support of Work life balance	3				2			2	2
Blood donation		2	2						4

Source: own research

Tab. 2: Types of activities by individual countries of the owner (in percentage).

Type of social activities	Country of headquarters							
	USA	DE	NL	BE	GB	F	S	J
Support of SP	62%	90%		100%	60%	80%		
Support of local communities		80%	50%	100%		40%	100%	
Equal opportunities	85%	60%	25%		60%		100%	67%
Corporate volunteering	54%	70%		67%				
Support of Work life balance	23%				40%			67%
Blood donation		20%	25%					

Source: own research

The largest variety of activities has been detected in branches of German companies, followed by businesses owned by companies from the United States. The least diversity of portfolio of social activities reported subsidiaries from Japan, France, and Sweden.

The most represented activity is the support of social entrepreneurship in the form of contributions and donations to nonprofits. The support is usually focused on helping the disabled and socially disadvantaged people through their support of nonprofit organizations with this mission. This kind of support aims to improve the integration of the disabled, abandoned or sick people, and engage so different social groups back into civil society. Supported are usually organizations whose activities falls within these areas and are interested in long-term cooperation with the for – profit company.

The support of local communities is the second widely supported area, to which enrolled twenty companies from the research sample. With regard to the country of the ownership, except companies from the USA, Great Britain and Japan, all other companies in the sample interest in local issues and support the local community. The support represents often the cultural and sports events, contributions to the development of social life in the localities where it is placed the Czech branch of the company.

The most prevalent forms of support include the support for social entrepreneurship through corporate volunteering. Companies support social entrepreneurship in its long-term sustainability. For example, PWC shares their experience mainly with social enterprises, which stands on the threshold of profit and non-profit organizations, and at the same time, they are looking for their business plans for solutions to social problems. At the same time, the company also supports the social start-ups and existing social business through professional volunteering in the areas of finance, business and financial models and business planning, getting an investor and also through consultations concerning the sustainability and long-term competitiveness in the tax and legal matters. Another area, which the company deals with is the form of support of social enterprises through buying their products and services. Firms involved in research supports also the competition Social Impact Award, which acknowledges the best ideas from social startups.

The support of social entrepreneurship through professional volunteering is another way of help to social enterprises. Companies usually provide each worker one day a year spend on volunteer activities. This day can employees use, for example, to clean up the countryside or

children playgrounds. Additionally, employees involved in the collections of clothing or blood donation.

A healthy lifestyle is another topic that was included in the activities within the social pillar. Especially overweight and obesity is a major problem, which deals with the companies that participated in the research. For example, Tesco seeks ways to contribute to its employees and customers feel better and live healthier lives. In order to fight for a healthy lifestyle began to Tesco in 2013, when it started to organize twice a year a day of health for their employees. The purpose is to give employees space to determine their health status and consult it with nutritional specialists and physiotherapists. It helps the employees improve their health condition. For customers, Tesco expanded the range of products that support a healthy lifestyle. Tesco introduced three types of products that can buy customers who care about a healthy diet. In Tesco stores can clients find healthy products in sections: Tesco's Healthy Living, Tesco Light Choices and Tesco Organic. Support of diversity applies most to the advancement of women, in particular, women on maternity leave. Within HR departments are determined people responsible for communications with the women on maternity/parental leave. Their task is to detect their current situation regarding a possible return to work and support them in the active monitoring of job offers and requests for jobs. They also organized information meetings. The personnel department is also trying to negotiate with the line managers on how to customize the job needs for returning women-mothers, including allowing flexible working hours.

2.4 Limitations of the research

This research was carried out on a selected sample of fifty Czech branches of foreign companies. This sample is too small so that the findings cannot be generalized to the whole Czech business market. Discussion and conclusions, therefore, apply only to that of the sample. The research will continue, the sample will be enlarged. Then there is planned a comparison of the activities within the social pillar in the parent companies. It is planned as well as a comparison of the activities of undertakings with Czech ownership. The survey involved activities in all three areas of corporate social responsibility included also economic and environmental areas. These areas will be the content of another article.

2.5 Discussion of the results

The results from the survey on a selected sample of Czech branches of foreign enterprises show that the social pillar is one of the least covered by the areas of corporate social responsibility. This area is still marginal. Most enterprises engaged in the environmental area. The survey

shows that, in the context of the social sphere, more enterprises from the sample deals with the support of local communities, diversity and promoting social entrepreneurship. To support the local communities, companies incorporate their activities into the social life in the regions where they have their seats. Due to the lack of funding for cultural and sports activities from the government, the companies strongly supports these activities. It brings their visibility to the enterprise in the region at the same time. It can promote the good name of the employer for both, current employees and potential applicants for employment.

Conclusion

This article describes the analysis of corporate social responsibility in the context of activities within the social pillar. In the form of qualitative research was compared fifty enterprises, the Czech branches of foreign companies. This sample was selected with the aim to compare the CSR activities. Research indicates that most kinds of activities within the social pillar support the companies with German ownership, followed by the firms from the United States. Among the most supported activities include support of local communities and social entrepreneurship. Seven of the eight countries examined the owner actively encourages diversity. In other areas, such as corporate volunteerism, blood donation or support work-life balance is the involvement of companies involved in the research lower.

Corporate social responsibility is becoming an increasingly hot topic, which businesses are paying more and more attention. The social pillar of the CSR is probably the least used, but its importance is still increasing. An important role in these growth play employees who expect the activity a social pillar from the employer. The presence or absence of support social activities plays an increasingly important role in the selection of employer. Businesses that want to attract the best candidates, must pay attention to these activities. This article describes the analysis of corporate social responsibility in the context of activities within the social pillar. In the form of qualitative research was compared fifty enterprises, the Czech branches of foreign companies. This sample was selected with the aim to compare the CSR activities. Research indicates that most kinds of activities within the social pillar support the companies with German ownership, followed by the firms from the United States. Among the most supported activities include support of local communities and social entrepreneurship. Seven of the eight countries examined the owner actively encourages diversity. In other areas, such as corporate volunteerism, blood donation or support work-life balance is the involvement of companies involved in the research lower.

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Contact

Marie Dohnalova

Charles University in Prague

U Krize 8, 158 00 Praha 5

marie.dohnalova@fhs.cuni.cz

Katerina Legnerova

University of Economics in Prague

Winston Churchill Sq. 4, 130 67 Prague 3

katerina.legnerova@vse.cz