

CORPORATE SOCIAL RESPONSIBILITY FROM THE PERSPECTIVE OF COMPANIES PRODUCING PASSENGER CARS IN THE CZECH REPUBLIC

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Abstract

Corporate social responsibility (CSR) is currently a highly discussed topic. The use of CSR strategy may represent a crucial component of competitiveness of a business. CSR application in business means that the company also takes into consideration environmental and social aspects and impacts of its activities, products and services. Today's customers look for not only high-quality products and services, but they also observe the behaviour and the strategy of companies from the point of view of their environmental and social impacts. This concept is important not only for customers, but also for other stakeholders (investors, employees, suppliers, the public, media, the state and other similar stakeholders). CSR issues are increasingly important for the automotive industry. The aim of this paper is to present and to compare approaches to CSR communicated by selected companies producing passenger cars in the Czech Republic on their websites. The attention is primarily focused on those economic, environmental and social aspects of CSR that are considered important by these companies with regard to their business sector; selected companies communicate these aspects by means of websites to their stakeholders. The acquired data are processed by means of the following methods: the content analysis and the comparative analysis.

Key words: corporate social responsibility, environmental and social aspects, automotive industry

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Introduction

Corporate social responsibility (hereinafter CSR) represents, in recent years, a widely discussed topic. CSR can be understood as a responsible business, corporate conscience or corporate citizenship; this represents a form of corporate self-regulation integrated into a business concept (Wood, 1991). According to McCarthy, Oliver and Song (2017) this concept represents evolving actions that appear to promote some social good, beyond the interests of

the corporate, and that which is required by law. ISO 26000 standard defines CSR as responsibility of companies for impacts of companies' decisions and activities on society and on the environment; this responsibility is closely related to transparent and ethical behaviour of companies (ISO, 2010). This represents also a significant contribution to sustainable development of society as a whole. A business concept thus includes and integrates three key areas of sustainability. Thanks to this concept a balance is created between economic, environmental and social performance and that should contribute to long-term and sustainable prosperity of the company (Rahardjo et al., 2013). This concept is developed based on mutual understanding of the interested parties; permanent dialog with stakeholders is also an important aspect in this concept.

A number of companies strive to integrate, into their strategies and into their daily activities, the CSR concept. CSR priorities are translated not only into functioning of such individual companies, but they are also implemented into supply chains (Ashby, Leat and Hudson-Smith, 2012; Mani et al., 2016). CSR is not viewed as a fashion trend anymore, but it represents a complex approach to doing business (Wu, 2002; Scherer and Palazzo, 2011).

Companies of various sizes pay attention to the CSR concept (small, middle-sized and large companies). These companies also come from a range of industries; they are producers or service providers. It is expected primarily from producers that it should be them who should implement the CSR concept in the broadest sense of this concept – environmental protection, employee management, responsible supply chain management, charitable donations, customer benefits, community development, occupational safety climate, product risk mitigation (Lindgreen, Swaen and Johnston, 2009). This paper focuses on passenger car producers in the Czech Republic. The aim of this paper is to present and to compare approaches to CSR communicated by the selected companies on their websites.

1 Material and methods

Passenger cars are produced by three companies in the Czech Republic. These companies are Hyundai Motor Manufacturing Czech s.r.o. (hereinafter HMMC), ŠKODA AUTO a.s. (hereinafter ŠA) and Toyota Peugeot Citroën Automobile Czech s.r.o. (hereinafter TPCA). Basic information about the companies is summarized in Table 1.

HMMC was established on July 7, 2006. The seat of this company is located in Nošovice in the single production plant of Hyundai within the EU territory. Passenger cars have been produced in this plant since November 2008. Currently more than 3 000 employees

work in this company and they produce more than 358 thousand cars annually. Company HMMC proclaims its adherence to a sustainable development concept.

Tab. 1: Basic information about the companies

| Company | Year 2016 | |
|---------|---------------------|-------------------------|
| | Number of employees | Production volume (pcs) |
| HMMC | 3 278 | 358 400 |
| ŠA | 28 373 (29 457*) | 765 171 |
| TPCA | 2 800 | 220 606 |

* including employees provided by agencies

Source: authors based on Justice.cz (n.d.)

ŠA belongs among the oldest car producing companies in the world. Its origin dates back to year 1895. ŠKODA AUTO a.s. was established on November 20, 1990. The main plant of the company is located in Mladá Boleslav. The company has two more plants in Kvasiny and in Vrchlabí. ŠKODA cars are produced also in Slovakia, Ukraine, Russia, China, India and Kazachstan. Brand ŠKODA is already for more than 27 years a part of concern Volkswagen. Currently ŠA employs nearly 30 thousand employees and they produce, every year, more than 765 thousand cars. ŠA has been for already long time striving for having its business activities in line with sustainable development principles and the company puts stress on sensitivity to nature.

Car producer TPCA was registered in the business register as of March 8, 2002. The seat of this company is in Kolín where the company started its operations in February 2005. TPCA is a joint venture of Japan company Toyota Motor Corporation and French PSA Groupe. Currently about 2 800 employees work in TPCA and they produce annually over 220 thousand cars. TPCA strives to respect, in the framework of its business activities, the interests of all of its important stakeholders. The company, in its company strategy, stresses safety and health, good cultural relations principle, environmental protection and its contribution to economic development.

Regarding the number of employees and the annual volume of production ŠA dominates the market. HMMC has by about 17% more employees than TPCA and it annually produces by about 138 thousand more cars than TPCA does.

The aim of this paper is to present and to compare approaches to CSR communicated by the selected companies on their relevant websites. Our attention is firstly given to the manner how CSR is presented on the websites of the individual companies. Then we research

into those CSR aspects that are considered important by these companies themselves with regard to their business sector. The content analysis method and the comparative analysis method are used as research methods here. Our analyses are based on publicly available information provided by these companies on their websites. CSR aspects categorization is based on recommendations provided by the Global Reporting Initiative (GRI) on sustainability reporting. CSR aspects are divided into three areas. These areas are: the economic area, the environmental area and the social area (GRI, n.d.). GRI produces the world's most trusted and widely used standards for sustainability reporting, which enable organizations to measure and understand their most critical impacts on the environment and on the society (GRI, n.d.).

2 Results and discussion

Based on the websites analysis of the individual companies HMMC, ŠA and TPCA we have found out that each of these three car producers represents its social responsibility on its websites.

CSR has its own bookmark on the HMMC website. Social responsibility and the importance of environmental protection are also stressed in the presentation of the company in the sections President, Philosophy and Environment (see Figure 1).

Fig. 1: Information about CSR on websites of HMMC

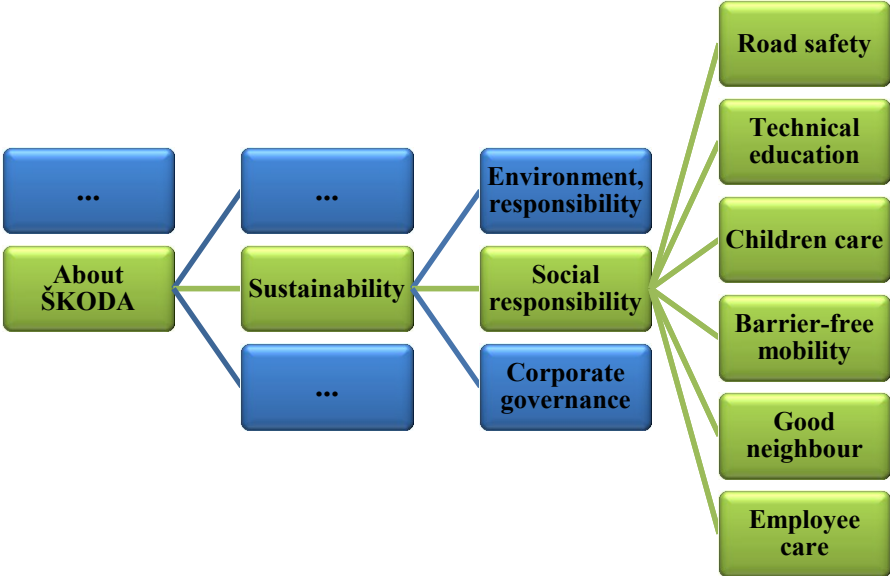


Source: authors based on Hyundai Motor Manufacturing Czech (n.d.)

ŠA represents its social responsibility primarily under bookmark Sustainability where besides social responsibility attention is given also to company's approach to the environment and to corporate governance. Under the framework of CSR there are also represented the key

areas on which this company concentrates: road safety, technical education, children care, barrier-free mobility, good neighbour and employee care (see Figure 2).

Fig. 2: Information about CSR on websites of ŠA



Source: authors based on Škoda Auto (n.d.)

On TPCA’s websites the bookmark Responsibility focuses on CSR. There the company communicates its priorities, its mission, its principles and its values, and it also declares its goal to be a good employer, good neighbour and good citizen and it also declares there its responsibility for the environment (section We are a green factory) – see Figure 3.

Fig. 3: Information about CSR on websites of TPCA



Source: authors based on TPCA (n.d.)

We can identify how these individual companies see their social responsibility from the structure of their websites. Despite the fact that HMMC represents CSR's individual areas (economic, environmental and social) in various sections of company's presentation (President, Philosophy, Environment), under CSR we can find only the basic goal of this company in this area and examples of CSR projects that this company implements. In ŠA case there is visible effort to communicate sustainability as the basic concept of company's operations. Under the headline Sustainability there are presented approaches to the environment (environmental area), corporate governance (responsible, qualified and transparent management of the company) and the social responsibility (in a separate section). In the section Social responsibility yet again there are listed projects that the company implements. Company TPCA has the most complex approach. Under the section Responsibility we can find priorities of the entire company – safety and health, living together, environmental protection and company contribution and help to the economy including a list of important steps and activities towards fulfilling such given priority. There are presented all three CSR areas (economic, environmental and social) here. We can identify main stakeholders towards whom TPCA directs its activities (customers, employees, local community, business partners) from the structure of the section.

The selected companies do not communicate CSR issues only by means of informing on their websites. Company HMMC gives a lot of attention to environmental protection (environmental area). This company holds ISO 14001 certificate and it is registered in EMAS programme. In connection with this the company regularly issues Environmental statement (since 2011) and it makes public the results of monitoring air, water and noise (since year 2008). Both documents are available on the company websites. The Environmental statements are elaborated in accord with requirements defined by Regulation (EC) No. 1221/2009 of the European Parliament and of the Council on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), and they are verified by an independent verifier. The company declares that these statements are directed toward public stakeholders and toward third parties with the objective to provide these parties with information about company's impact on the environment. CSR gets an independent chapter also in company's Annual report. In its Annual report HMMC declares the objective to manufacture high-quality cars and to contribute to improving quality of life in Moravian-Silesian region. At the same time there are summarized important activities and projects realized in accord with this objective by the company. HMMC does not issue sustainability reports.

ŠA issues, every two years, ŠKODA sustainability report. This report was first elaborated for years 2005 and 2006 (it covered the period from January 1, 2005 to December 31, 2006). These reports are elaborated in agreement with the recommendations by GRI. Data included in this report are related to the entire ŠKODA AUTO group. These reports are very extensive (more than 100 pages) and they include information about general company strategy and about activities related to management of sustainable development in the company. Information is grouped into independent chapters: Strategy, Economy, Environment and product and Social affairs. It is clear from the content that they cover all CSR areas. ŠKODA sustainability reports are published on company websites. Social responsibility issues are also covered in Annual reports (chapter Sustainability). Here attention is given to environmental protection, to individual CSR strategy priorities (that is technical education, road safety, barrier-free mobility, children care, employee care and cooperation with regions, support to prestigious cultural and society institutions) and to corporate governance.

Car producer TPCA communicates its social responsibility and CSR activities only on its websites. It does not issue any independent reports focused on the sustainability area or on CSR activities. Social responsibility issues are briefly mentioned also in company Annual reports.

Based on this websites analysis there have been further identified those CSR aspects to which the companies pay attention (see Table 2). These aspects are, based on the GRI recommendation, grouped into three areas: economic aspects, environmental aspects and social aspects of CSR. For each area in the table there are marked out those aspects that are communicated by the companies on their websites (although the level of detail and the level of complexity of the provided information vary).

All three companies give attention to economic aspects of social responsibility. They inform about activities, events and projects implemented in connection with CSR and about their financing. ŠA and TPCA inform also about their approach to selecting business partners (procurement practice).

All companies inform about environmental aspects and impacts of their activities. HMMC presents its environmental policy and its environmental management system (developed according to ISO 14001 and EMAS). The company publishes Environmental statements and results of monitoring of important environmental indicators.

Tab. 2: CSR aspects

| Aspects/Companies | HMMC | ŠA | TPCA |
|---------------------------------|------|----|------|
| Economic area | | | |
| Economic performance | • | • | • |
| Market presence | • | • | • |
| Indirect economic impacts | • | • | • |
| Procurement practice | | • | • |
| Environmental area | | | |
| Materials | | | |
| Energy | • | • | • |
| Water | • | • | • |
| Biodiversity | • | • | • |
| Emissions | • | • | • |
| Effluents and waste | • | • | • |
| Products and services | | • | |
| Compliance | | | |
| Transport | | | |
| Supplier assessment | | | |
| Grievance mechanisms | | | |
| Social area | | | |
| Employment | • | • | • |
| Labour/management relations | | | • |
| Occupational health and safety | • | • | • |
| Training and education | • | • | • |
| Diversity and equal opportunity | • | | |
| Equal remuneration | | | |
| Non-discrimination | | • | • |
| Collective bargaining | • | • | • |
| Human right | | | |
| Local communities | • | • | • |
| Anti-corruption | • | • | |
| Public policy | | | |
| Anti-competitive behaviour | | | |
| Customer health and safety | • | • | • |
| Product and service labelling | | | |
| Marketing communication | | | |
| Customer privacy | | | |
| Compliance | | • | |
| Supplier assessment | | | |
| Grievance mechanisms | | | • |

Source: authors based on Hyundai Motor Manufacturing Czech (n.d.), Škoda Auto (n.d.) and TPCA (n.d.)

ŠA allocates nearly 20 pages of text to environmental protection area in the ŠKODA sustainability report 2015/2016. It presents here environmental management, company's approach to environmental protection in production, energy-efficient cars and also the

application of environmentally friendly approach in its worldwide distributor sales network. Also TPCA communicates in detail its approach to environmental protection and it publishes a report on the development of selected indicators characterizing environmental performance of the company. The company stresses that it holds certificates ISO 14001 and ISO 50001.

Regarding social aspects the attention of all selected companies is concentrated to customers, to employees and to local communities. The companies stress their efforts in the areas of road safety, in environmental parameters of their cars and in cutting CO₂ emissions. All companies declare that employees represent an important stakeholder in the CSR area. This is the reason why they inform about their approach to employees and they represent activities and projects focused on occupational health and safety, and on trainings and education. All companies stress that they want to be a good neighbour and they present their activities and projects implemented in connection with these intentions.

Conclusion

Companies producing passenger cars in the Czech Republic apply the CSR concept. They include social responsibility into their business strategies and they communicate social responsibility on their websites. They pay attention to the economic, but as well to the environmental and to the social aspects of their activities. CSR activities and projects are focused primarily on customers, towards employees and towards the local community. With respect to the importance of the automotive industry for the Czech Republic's national economy and with regard to the environmental and to the social aspects and impacts of activities and products produced by these companies it can be expected that CSR shall receive even more attention. This fact issues also from the Czech Republic's climate protection policy and from the objectives that the Czech Republic has in the area of greenhouse gases emissions reduction.

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