

SCIENTIFIC PAPERS
OF THE UNIVERSITY OF PARDUBICE
Series A
Faculty of Chemical Technology
13 (2007)

**CORPORATE SOCIAL RESPONSIBILITY
AND ITS SOCIAL ASPECTS**

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Received September 27, 2007

Corporate Social Responsibility (CSR) is a trend that respects the sustainable development concept and emphasizes the social aspects of sustainable development. This paper is concerned with social aspects of CSR (i.e. sustainable development) and their introduction into corporate practice. Emphasis is first placed on perception of the concept of sustainable development and its social aspects in corporate practice. The social aspects of sustainable development at the corporate level constitute a very broad topic. Consciousness of the importance of active work with human resources, leading to full utilization of their potential for the company plays an important role. Social performance composes a significant part of the corporate image and the corporate image has a significant influence on the corporate economic performance.

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Introduction

The need for sustainable development is not the result only of economic and environmental limits, but also of social limits. This fact follows from the Strategy of Sustainable Development in CR, whose strategic and individual targets are formulated so as to maximally reduce the disequilibrium in mutual relations between the economic, environmental and social pillars of sustainability. For a corporation, this corresponds to functioning in relation to the triple bottom-line, where the company concentrates on all three pillars of sustainable development – i.e., not only on the economic and environmental, but also on the social pillar. Corporate Social Responsibility (CSR) is a trend that emphasizes the social aspects of sustainable development. Socially responsible corporations act so as to take into account the requirements of their external and internal environment, to contribute to sustainable development, to be transparent and generally to assist in overall improving the state of society in the framework and beyond the framework of their commercial sphere [14].

CSR means the orientation towards the future and stakeholder participation. Orientation towards the future has always been a core business management issue. With environmental management, consideration of the future impacts of emissions and other environmental impacts has been added to the set of management responsibilities. However, recognition of a broader set of stakeholders than only those with a financial interest in the company, and explicit consideration of future generations and non-economic stakeholders, has been addressed in the business literature only more recently [4,9]. To adapt Brundtland's widely accepted definition of sustainable development, corporate sustainable development can be seen as meeting the needs of a corporate direct and indirect stakeholders without compromising its ability to meet the needs of future stakeholders as well [4]. Corporate sustainability thus includes the vision of participation in processes for analysing sustainability problems, for finding solutions to these problems, and in decision and implementation processes [8].

As a consequence of the broad approach and its various contextual aspects, corporate sustainability is not limited only to the corporate organisation itself but directs attention towards the social embeddedness of the corporation and the influence that it has on its social environment. In the more recent marketing and entrepreneur literature, corporate sustainability is therefore seen as an approach that is not limited only to niche markets and market-related business activities [11]. Instead, corporate sustainability requires the adoption of sustainability as a high priority business goal as well as recognition of its considerable potential impact on mass markets and society [7]. Sustainability managers can thus be seen as actors who of necessity have to involve themselves in the development of market frameworks for internalising the external effects of business and who, through lobbying and other means, increase public awareness of the need for

sustainability [3]. The societal role of managers is thus an important aspect of sustainability management. Corporate sustainability management, through the adoption of a more encompassing view, is seen as a business approach which is designed to shape the environmental, social and economic effects of a company in a way that, firstly, results in the sustainable development of the company and, secondly, provides an important contribution towards the sustainable development of the economy and society [9].

This paper is concerned with social aspects of CSR (i.e. sustainable development) and their introduction into corporate practice. Emphasis is first placed on perception of the concept of sustainable development and its social aspects in corporate practice. The social aspects of sustainable development at the corporate level constitute a very broad topic. Consciousness of the importance of active work with human resources, leading to full utilization of their potential for the company plays an important role. Social performance composes a significant part of the corporate image and the corporate image has a significant influence on the corporate economic performance.

Is Corporate Practice Aware of the Social Aspects of Sustainable Development?

The answer to this question follows from a study performed in the middle of 2005 by the Czech Environmental Management Centre and the Czech Environmental Information Agency². Part of this study determined how corporate practice perceives the concept of sustainable development. A written survey was employed to determine primary information. 1265 organizations were addressed. At the time of the survey, these companies had introduced an environmental management system (EMS). 222 companies (i.e. 17.5 %) returned a completed questionnaire. It followed from the survey that (see Fig. 1):

- In corporate practice, the best-known definition of sustainable development was development that satisfied the needs of the present generation without endangering the ability of future generations to satisfy their needs (definition A) – 62 % of respondents. 129 respondents (i.e. 58 %) considered that this definition best characterized sustainable development.
- 40 % of respondents are aware of the definition of sustainable development based on equilibrium amongst the three pillars (definition B). 33 % of respondents stated that this definition best characterized sustainable

² The research was realized within project No. VaV-1C/4/13/04 Application of Environmental Accounting on Micro- and Macro-economic Level. The project was supported by the Ministry of the Environment of the Czech Republic. The author of this paper (J. Hyršlová) was a member of the project team.

development. As the size of the corporation increased, the percentage of respondents that favoured the concept of sustainable development based on equilibrium amongst the three pillars increased.

- Only 13 % of respondents were aware of the concept of sustainable development as the ability of human beings to provide for development of knowledge and ethical potential so that global challenges or dangers could be overcome (definition C). 4 % of respondents considered that this definition best characterized sustainable development.
- Only 9 % of respondents agreed with the statement that sustainable development at the corporate level was achieved through corporate success – i.e. achieving a profit (definition D). This opinion was held primarily by the representatives of small companies. Only the representative of 1 company (the representative of a large corporation in the processing industry) considered that this definition best characterized sustainable development.

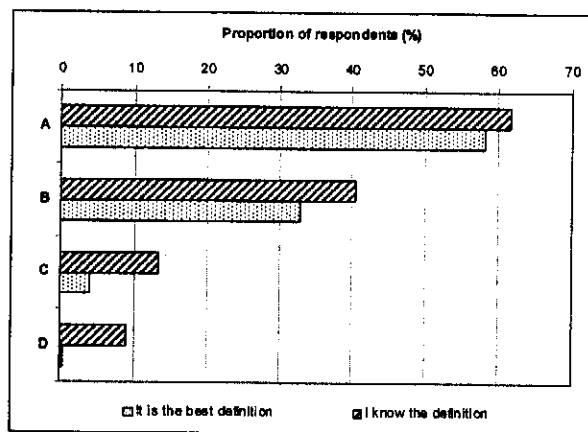


Fig. 1 Perception of sustainable development; $n = 222$

More than half the respondents (58 %) considered the best definition of sustainable development to be development that satisfied the needs of the present generation without endangering the ability of future generations to satisfy their needs. This definition placed great emphasis primarily on a sound approach to the environment. In the context of this perception of sustainable development, 65 % of respondents were of the opinion that existing corporations met the conditions of sustainability – the economic development of the company was achieved in relation to a sound approach to the environment.

A third of the respondents (33 %) stated that sustainable development was best characterized by a definition based on the three pillars; thus, these respondents are also aware of the social aspects of sustainable development. 78 % of them stated that, in their opinion, current business operations fulfil not only

economic and environmental targets, but also social targets.

4 % of respondents perceive sustainable development as the ability of mankind to provide for development of knowledge and ethical potential that enables meeting global challenges (dangers). 89 % of them were of the opinion that current business operations were a product and source of knowledge potential.

On the basis of the survey, it can thus be stated that corporate practice perceives sustainable development primarily in the context of a sound approach to the environment; a small part of the corporate environment connects sustainable development with the need for equilibrium between the three basic pillars: economic, environmental and social.

The Social Aspects of CSR

The inner potential of the company, which is subsequently reflected in its competitiveness, plays an important role in sustainable development; this consists in the ability to survive in a competitive environment in the market and simultaneously to affect the environmental and social impacts on the surroundings [14]. It is apparent that, if a corporation wishes to achieve high competitiveness, it must know and define its corporate values, primarily the human dimension of management [13]. The human aspect of management, similar to development of human capital, is one of the manifestations of CSR in the social sphere. Further manifestations of CSR in the social sphere include [14]:

- corporate philanthropy,
- dialogue with stakeholders,
- employee health and safety,
- compliance with working standards, prohibition of child labour,
- balance between the working and personal lives of employees (work-life balance),
- equal opportunities (for women and men and for other disadvantaged groups in general),
- diversity at the workplace (ethnic minorities, handicapped and elderly people),
- provision for re-qualification of dismissed employees for their further employment,
- certainty of employment,
- human rights.

The Global Reporting Initiative (GRI) specifies the areas characterising the corporate social performance. The areas are as follows:

- the company and labour practices and decent work (e.g. employment, labour/management relations, occupational health and safety, training and

- education, diversity and equal opportunities);
- the company and human rights (corporate investment and procurement practices, potential discrimination, freedom of association and collective bargaining, child labour and forced and compulsory labour);
- the company and society (corporate impacts in the community, corruption, corporate and public policy, respect to laws and regulations);
- product responsibility (customers' health and safety, labelling of products and services, marketing communications, respect to law and regulations).

To define the social performance, we may also use the definition by K. Spirig who views the social performance as the outcome of corporate social actions and behaviour on the stakeholders [12].

It also is necessary that each employee becomes an "ambassador" for his company. The key postulates for achieving this state of affairs are [13]:

- people at work must be capable of exercising their free will in seeking new opportunities;
- employees must attempt to support development of their company through cooperation with others,
- unilateral force from above must not be exerted on employees,
- it is necessary to develop a dialogue on what to do and how, to provide people with the opportunity to express their opinions,
- a certain ethical level must be required in performing jobs.

In order to understand the social aspects of sustainable development, it is necessary that the corporation be aware of the importance of human resources for its present and future success. Companies operate in an environment that is very dynamic, demanding and confusing. Most corporations must exert maximum efforts to be successful, not only in the near future, but also so that they are capable of ensuring success in the long term. The people in the company and their potential form the basis for this success.

The Importance of Active Work with Human Resources for the Corporation

Awareness of the importance and irreplaceability of human resources is an essential precondition for corporate success. Human motivation, enthusiasm, skill, ability, experience and knowledge constitute the greatest wealth of the corporation. Management and the development of human potential determine the success or lack of success of a company in the corporate environment [1]. It is mainly human beings and the results of their efforts to date that predetermine the present and particularly the future growth or failure of a company.

Human resources can be perceived as the sole and unique, live and

enlivening, dynamic and dynamizing force of a corporation. Human potential constitutes an enormous range of knowledge, abilities, predictable and unexpected reactions and means of perception and behaviour, etc. Human resources and their positive and negative abilities, that are manifested in the corporate environment, are an irreplaceable constructive (but potentially also destructive) source of new values and new knowledge.

The aspect of management and development of human resources is one of the chief spheres of management of a successful corporation. This supplements and synthesizes the other areas of corporate management and provides the necessary accent of dynamic and increasing effectiveness. It allows senior officers and employees to consistently create newer and better products that are demanded by customers. More responsible and creative work of individuals and groups in the corporation leads to achieving a strong position in the market and gaining strategic competitive advantage. This consists in a qualitative increase in motivation and the related increase in the level of knowledge, skills, experience and competence of people in the company [2].

The approach, form of communication, management style, time and efforts of senior employees and personnel professionals are reflected in the motivation and complex performance of employees [6]. In order for this to be positive, the system of management and development of human resources in the company must function as well as possible. In accordance with the corporate vision, mission, objectives, philosophy and culture, it is necessary to create an environment with high responsibility of every individual and all groups. It is necessary to plan an environment for creation and implementation of the necessary changes in corporate activities and, simultaneously, it is necessary to provide sufficient scope for a sense of self-realization, satisfaction and a certain independence of the qualified professionals in the company.

The basic precondition for care for human resources in the company consists in increasing the motivation of all the employees of the company. Only a highly motivated worker can identify with the objectives of the company and will be willing to modify his personal goals in this sense and to exert the maximum efforts [5]. Rewards are generally considered to provide very strong stimulation. However, this incentive instigates employees rather towards passively increasing performance, but the consequences for improving working or social behaviour are mostly not manifested. Modern employees also need to feel the interest of the corporation in their development, awareness and future. Thus stimulation is best provided by choice and implementation of suitable management styles, effective and transparent communication and general awareness of employees, evaluation of the comprehensive performance of employees, education, level of working relations and, last but not least, also care for health and safety at work and care for a suitable working environment.

Conclusion

Under the current conditions, the concept of sustainable development is a basic model of development of the society. Sustainable development is unconceivable without balancing the three fundamental pillars — economic, environmental and social. At the present time, most companies view sustainable development particularly within the context of economic development, while respecting sound approach to the environment; only a minority of businesses acknowledge that the need for sustainable development is not caused only by economic and environmental limits, but also by social limits.

Thus, from the viewpoint of sustainable development, companies must pay attention, not only to economic and environmental aspects of business activities, but also to the social area. Important aspects in the social area include, e.g., development of human resources, health and safety of employees, work-life balance, diversity at the workplace, certainty of employment, etc. In order to understand the importance of social aspects, it is necessary that a company be aware of the significance of human resources for its current and future success. People in a company and their potential constitute an important precondition for its successful economic development.

The corporate image has a significant influence on the corporate economic performance (on the way the customers view it). Both the environmental performance and social performance compose a significant part of the corporate image. Insufficient social performance does not only mean that the company will be fined or sanctioned. A far more significant damage to the company may arise due to temporary decrease of its credibility. Insufficient social performance may damage corporate goodwill and affect the corporate image.

For the time being, there is no sufficient theoretical and empiric knowledge dealing with the relations between social and economic performance (see [10], for example). Most managers then do not recently have ample cogent economic reasons to include the social dimension into the overall corporate strategy [12]. Though the economic view cannot be considered the only reason to strengthen the social dimension of sustainable development, it is obvious that the economic reasons are recently dominant in the corporate practice. It goes for most companies that improvements in the area of social performance are acceptable only if they pay off. To assure that equivalent attention is paid to the social performance issue and its management, it is at first necessary to identify the relations between economic and social performance. If it is proved that this relation is strong enough, social performance will be viewed as a significant competitiveness factor. The key question remains whether the social performance may entail a competitive advantage. The answer depends on the present and future competitive conditions of the company. The significance of social performance for competitiveness, however, gradually grows. In most cases, social performance does not have any

direct relation to a product or service provided by the company. Nevertheless, it represents a pre-condition for a successful business. Social performance becomes more and more an item of stakeholders' interest. Moral values then become more and more significant for the corporate competitiveness. Companies begin to realize the need of investments into the social sphere contributing not only to improving the social performance but, at the same time, are essential for improving the corporate competitiveness.

Acknowledgements

This work was supported by the Grant Agency of the Czech Republic under project No. 402/06/1100.

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