

# ASSESSMENT OF COMMUNICATION OF SOCIALLY RESPONSIBLE ACTIVITIES IN SELECTED COMPANIES

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***Abstract:** Significance of socially responsible business activities has been growing constantly in recent years, mainly in the context of increasing competitiveness and gaining of goodwill. The companies pay bigger and bigger attention to the area of social responsibility and spend more and more financial funds on it. However, the specialists in theory and practice agree that companies do not know how to communicate these activities efficiently. And communication of CSR activities towards stakeholders is one of the key steps of successful introduction and efficient development of corporate social responsibility. Therefore the main aim of this paper is to analyse and assess how socially responsible companies fulfil and communicate their CSR activities towards their stakeholders. In this respect, responsible companies are considered to be the entities which were acknowledged as regards application of social responsibility. A basic precondition is the fact that these companies are active in the area of social responsibility, they communicate their responsibility towards their stakeholders in a certain way and they try to publish their CSR activities.*

***Keywords:** Corporate Social Responsibility, Responsible behaviour, Communication, Reporting, Triple bottom line, Stakeholder.*

***JEL Classification:** M14, M19.*

## **Introduction**

Nowadays, when there is hyper-competition, the mere production of quality products and services cannot ensure and maintain the necessary competitive advantage for companies any more. This trend is caused mainly by the enormous number of companies operating in the market producing highly similar products. Therefore more and more companies believe that a certain competitive advantage and goodwill can be brought to them by behaviour which is in compliance with the concept of corporate social responsibility (hereafter CSR).

It is proved that responsible behaviour in accordance with CSR concept brings many advantages to the company, mainly in non-financial form [4, 8]. First of all, it includes increased public awareness of the company, gaining goodwill or a competitive advantage. Through a dialogue with the stakeholders, the company creates long-term sustainable partner relationships, builds relations with its environment and by means of partnership with its employees it prevents undesirable fluctuation, which consequently may also bring savings of financial costs. Responsible behaviour of companies is beneficial not only for the companies themselves but also for all the stakeholders.

The main preconditions of the efficient use of the CSR methodology is regular communicating of responsible activities to the stakeholders, integration of the CSR strategy in the overall strategy of the company and mainly definition of reasons for implementation of CSR activities and benefits brought by implementation of responsible behaviour [10]. Responsible activities should be also fulfilled evenly within three pillars according to the triple bottom line theory – an economic, social and environmental one. For communication, a responsible company should use various CSR tools. The below presented research survey is focused on an analysis of the above specified aspects and assessment of how the companies which are considered to be socially responsible fulfil and communicate their CSR activities towards their stakeholders.

## **1 Corporate Social Responsibility Communication and Reporting**

### **1.1 Communication of CSR activities – advantages and tools**

Introducing of CSR elements into everyday activities of the company is a long-term process which requires regular and correct communication with the individual groups of stakeholders. The aim of CSR communication is mainly to inform its environment about the activities which the company performs by means of this method, explain them and allow their stakeholders to comment on the particular situation. The company is focused both on the internal and external environment. As regards its internal environment, i.e. employees, the company should explain the reasons for introduction of the CSR method, its application and activities fulfilled in this area. It is important to try to persuade the employees about correctness of the CSR concept, gain their agreement with this method and integrate them in everyday activities connected with this issue [7].

The main advantage is the fact that a company reporting about its socially responsible activities provides information about position of the company, its values and also products supplied to the market. Trnková states that there are cogent arguments that although large companies can communicate their responsible business activities better, smaller companies have a bigger impact as they are always closer to the communities they serve and are often more engaged in the activities of responsible business activities [9]. CSR communication can also be a good example for the other companies and it can be used as a motive for introduction of this concept also in other companies. Regular communication also brings other advantages, such as increasing of transparency of the company or stronger cooperation with the other companies and stakeholders in its environment.

There are a huge number of tools which can be used in CSR communication. The publication “Koncept CSR v praxi” (CSR Concept in Practice) specifies the tools from which we can choose the ones that are used most frequently: CSR report (according to many opinions, this tool is the most important one for CSR communication), company website, internal videos, posters, intranet, code of ethics, presentations, press releases, standards according to which the company behaves, communication with media or acknowledgement gained [7].

## 1.2 Contents of communication of CSR activities

CSR communication is carried out in four main areas: market (customers, suppliers, business partners and investors), company environment (local organisations, public administration organisations and associations), workplaces (employees, trade unions and public bodies) and the environment (business partners, consumers and non-profit organisations) [1].

The communication aimed at the market area should present everyday responsible behaviour of the organisation. The communication aimed at the workplace is focused on the internal environment of the company and it should lead to improving of the working environment and conditions. The communication concerning the company environment should be aimed at volunteer activities of the owners and employees, charity donations or sponsorship [1]. In the area of the environment, CSR communication is used mainly for presentation of the steps introduced in the company for the environment protection.

Every year there are many surveys implemented which try to map the trends in the area of CSR communication and reporting. For example, in 2008 company KPMG examined the driving forces of the CRS reporting, public availability of CSR strategies or ways of involvement of the stakeholders in the biggest world companies in selected 22 countries. A positive finding is the fact that the strongest motives for CSR reporting are seen by the companies to be not only the economic aspects but also the ethical ones, reputation or brand and area of innovations and education. The research found out that the countries with the biggest number of companies which publish their CSR strategies are Japan and France. The Czech Republic was on the 21<sup>st</sup> place. The tools used most frequently for the dialogue with the stakeholders are round-table meetings which are used for mutual dialogue and solving of the current CSR issues. Other popular forms are also questionnaires, forums or individual meetings [6].

## 2 Methods

The research was carried out in the companies operating in the Czech Republic which present themselves as responsible companies. A group of 47 companies was assembled on the basis of position gained in the competition “Top Responsible Company” (years 2010 and 2011) or “Top Philanthropist” (year 2009) organised by Byznys pro společnost (Business for Society)<sup>13</sup>. This platform joins responsible companies operating in the Czech Republic which are sensitive to their environment and which try to fulfil the CSR principles. The surveyed sample also includes foreign companies operating in the Czech Republic but the aim of the research is to assess using and reporting of the CSR concept only towards the Czech stakeholders. Therefore the CSR activities are assessed at the level of the subsidiary companies operating in the territory of the Czech Republic as the activities implemented in the area of social responsibility must be applied at the local level.

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<sup>13</sup> The surveyed companies were selected from all the years (2009-2011), and from the years 2010 and 2011, the companies which were in the final of the category “Top Responsible Large Company” were included in the research. The remaining companies represented in the research were added from the year 2009 which was held in more categories. The other companies, which were not represented already in the years 2010 and 2011, were selected from all the categories.

The survey was performed by studying and analysing of the available documents. The documents include mainly public documents (mass media) in the virtual form. It is an analysis of the websites and CSR reports, annual reports or other reports concerning social responsibility. All these documents are available in an electronic form. On the basis of the analysis performed in this way, it is investigated how the companies perform their CSR activities, which areas they focus on and how they report the results corresponding to this concept.

The method of studying electronic documents was chosen as a relevant one as it enables a deep comprehensive analysis of an extensive set of input data and materials, it is not financially demanding and it eliminates subjectivity (as it was the case for the questionnaire survey where there is subjective influence of the respondents on their possible answers). Another advantage is also an easy access to the relevant input data. On the contrary, one of the main disadvantages is mainly the discrepancy between the way how the companies report their activities in the area of CSR and how these activities are fulfilled in reality. As the examination was performed by means of analysis of the available CSR communication tools (reports, annual reports, websites), it is not possible to eliminate the problem of discrepancy between the reality and reporting. However, as the aim of this survey was to analyse how the companies communicate their social responsibility towards their stakeholders, this method seems to be suitable for the research.

As we have already suggested, the main research method is an analysis “based on the division of the unit into its components and examination of function of these components as relatively separate elements and relations between them” [5]. In the assessment, we also used the method of comparison. This type of examination can be called a mixed research (it means a combination of the qualitative and quantitative research) as part of the qualitative research is looking for and analysing of information and making deductive and inductive conclusions. The quantitative research is based on using of statistical methods, measuring and quantification.

### **3 Analysis of Communication and Reporting of CSR Activities**

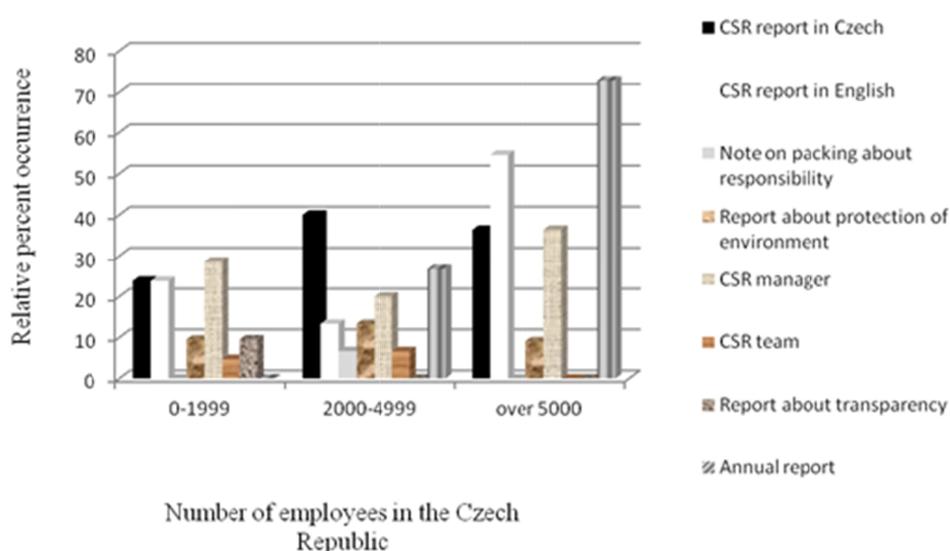
For better understanding of the research results, it is important to describe briefly the sample of the selected companies. As we have already mentioned, the selected sample comprises 47 companies engaged in various fields of activities. Almost 13 % of companies are engaged in the area of financial services, also the area of power engineering is represented significantly (11 %). The other fields in which the companies operate are wholesale/retail, insurance industry, information and communication technologies, advisory and consultancy services, building industry, water management services, processing industry, real estate agencies, transport services, food industry and mining industry. It is interesting that most selected companies come from the Czech Republic (17 %) and therefore we can say that also Czech owned companies try to behave responsibly and respect the conditions of their environment and their stakeholders. Other most frequently represented countries from which the companies come are Great Britain and France (both 15 %). In order to verify some assumptions, the sample of the selected companies was analysed also in categories according to the number of employees in the Czech Republic. The most

frequently represented groups were companies with 0 – 1,999 companies (45 %) followed by companies with 2,000 to 4,999 companies (32 %). The smallest category includes companies with more than 5,000 companies (23 %).

The performed analysis can be divided into two main parts. At first, attention is paid to the aspects supporting the CSR concept and then an analysis of distribution of the CSR activities is carried out according to the triple bottom line. A partial goal is therefore analysis of fulfilment and reporting of responsible activities divided into the individual pillars of social responsibility (the economic, environmental and social one).

A precondition of efficient communication of CSR activities is sufficient amount of quality communication tools, such as CSR reports, annual reports or other reports (about transparency, environment protection etc.). The research survey shows that the examined companies communicate their responsibility using a wide range of communication tools. The most frequently used tool, apart from websites, is a CSR report in Czech language by means of which social activities are communicated by 32 % of surveyed companies. Another important communication tool is also an annual report which is used as a CSR communication tool by 25 % of the companies. The other communication tools are only used by a fraction of the selected companies. CSR report only in English language is available in 28 % of the selected companies of which the largest part includes companies from the category of more than 5,000 employees. A responsibility report on product packaging is used only by 1 company from the selected sample while a report about environmental protection is used in 11 % of the companies, most frequently from the category 2,000-4,999 employees. Only 30 % of the companies use a position of the CSR manager for coordination of their responsible activities. The following graph shows an outline of all the tools used by the selected companies for communication of their CSR activities.

**Fig. 1: Tools of CSR communication**



Source: authors

The survey also included verification of the assumption that the strategy of the social responsibility should be in compliance with the overall company strategy. Only if the CSR strategy, activities and goals are incorporated in the company activities as a whole we can speak about efficient implementation of the CSR concept. Only 30 % from the selected sample of companies report about interconnection of the CSR strategy with the overall company strategy, which enables better coordination of responsible activities and activities carried out within the scope of fulfilment of the company goals. On the contrary, 70 % of companies do not have a CSR strategy defined clearly in the surveyed documents and therefore it is not possible to assess whether it is integrated in the overall strategy.

Interesting results were brought by an analysis of the reasons which make the companies use the CSR concept. Almost 36 % of the selected companies do not speak about the reasons which lead them to application of the concept of social responsibility although they use CSR communication tools, such as CSR report or CSR manager. It applies mainly to companies with a smaller number of employees. The most frequent reasons leading the companies to responsible behaviour can be the fact that business cannot exist separately from social life (19 %), that CSR is part of responsible business activities (15 %), that CSR helps to create long-term sustainable economy and society (13 %), that success is based on satisfaction of stakeholders (11 %) and that in crisis the importance of responsible behaviour is growing (6 %). On the basis of these findings it is possible to state that most companies are aware of the reasons for using of socially responsible activities and communicate them clearly to their stakeholders. This area is also closely connected with advantages which can be brought to the company in connection with the CSR concept.

Therefore it is a very surprising finding that 77 % of companies do not speak at all about the benefits resulting from the CSR application in the surveyed documents. It raises a question whether these benefits are mapped by the companies in reality or whether they only do not report it. The other companies see the main benefit of the CSR concept fulfilment in gaining goodwill and competitiveness (9 %), in higher loyalty of the employees and customers (6 %), in sustainability of business activities (4%) or a bigger scope of knowledge and efficiency of business activities (4 %). Basically, these benefits correspond to the advantages of application of the responsible business concept specified in the professional literature, even though their range is much wider (see chapter No 1).

Subsequently, the research was focused on the fact whether the surveyed companies fulfil the responsible activities in all the pillars of social responsibility in relation to the triple bottom line. In their communication tools, all three CSR pillars are mentioned only by 66% of companies, the other companies neglect some of the pillars. As regards the number of employees, they are mainly small and medium-sized companies which thus do not fulfil their responsible activities evenly. These issues are discussed in more detail below.

All the CSR activities about which the companies report through their websites, CSR reports or the annual report were included into the individual pillars according to Business Leaders For company – an economic, environmental and social one [2]. The total amount of the responsible activities which are carried out by the individual

companies within CSR is 100 %. After the individual activities were included in one of the three pillars of social responsibility, the percentage figures were established which explain what percentage of the particular responsible activities belong to the individual CSR pillars. From the three established percentage figures we found out the areas to which the individual companies pay most attention and which particular pillar has the biggest percentage of responsible activities.

It is not surprising that 77 % of the companies from the selected sample aim most of the performed responsible activities at the social area. One of the reasons may be the fact that the efforts aimed at the social area (i.e. focus on the local community and employees) are “most visible”. The following graph elaborates these issues in more detail and shows the main areas of interest of the companies in categorisation according to the number of employees in the Czech Republic.

**Fig. 2: Main areas of interest of companies**



*Source: authors*

The average distribution of CSR activities among the individual pillars of social responsibility of each company is as follows: 53 % of responsible activities are aimed at the social area, 27 % of activities can be included in the category of the environmental pillar and the remaining 20 % can be included in the economic area. If we examine the CSR activities within the scope of individual pillars, we will find out that the activity performed most frequently within the scope of the economic pillar is using of the code of ethics which is introduced in 50 % of the selected companies. Other responsible activities reported by the companies in the economic area are showing transparency (47 %), dialogue with stakeholders (30 %) and performance of customer satisfaction research (19 %). A somewhat surprising finding is that despite corruption being an enormous problem in the Czech Republic, from the selected companies only less than 9 % mention activities connected with fight against corruption among their CSR communication tools. The authors consider this result to be alarming as the business sector should be responsible in this area and should fight against this problem.

As in the social area the range of the activities carried out is very wide, it would be better to divide them into two groups for easier orientation – an area of employees and

the local community. In the social area, in particular as regards the focus on the employees, the companies perform many various activities, the most important of which is mainly education of employees which is reported by 68 % of the selected companies. It is followed by company volunteer activities which are used by almost 49 % of companies and providing benefits to the employees, which is mentioned by 47 % of the companies participating in the research. On the other hand, the activities concerning the customer satisfaction research, health and safety at work or outplacement are marginal.

The activities fulfilled in the area of support for the local community, i.e. the activities fulfilled by companies towards their surroundings, the region in which they operate or the non-profit sector, belong among the most frequent activities of the selected companies. As the most important activities fulfilled in this area, the companies mention education of the community (60 % of companies). The company also consider cooperation with non-profit organisations and cooperation with universities to be crucial. These activities are fulfilled identically by 49 % of the companies. Frequently mentioned activities also include operation of foundations supporting the local community or humanitarian aid.

As regards the environmental area, the companies most often mention activities in the field of water and energy savings (40 %) or sorting waste and recycling (32 %) in their CSR documents. Only 11 % of the companies mention support for alternative transport to work in the surveyed sources.

#### **4 Discussion**

The research showed that companies try to communicate their responsibility towards the public but only part of the selected companies performs it really efficiently. Although the amount of the responsible activities performed is surely wide, the companies do not place a sufficient emphasis on clear reporting of these activities to their stakeholders. On the basis of the analysis performed we can state that only a small number of companies have a CSR report at such a level that would be well arranged, objective and which would clearly define the responsible activities for their stakeholders. A normal customer of a particular company does not want to spend a lot of time looking for responsible activities on the websites or reading annual reports but his aim is to find the information about responsible behaviour of the company clearly arranged and at one place, ideally in the form of a CSR report.

The research showed that CSR activities are not measured and mapped sufficiently in any of the selected companies as none of them specifies information connected with measuring in its communication tools. The research found out that 30 % of the selected companies use the methodology “Standard of responsible company for measuring of the company philanthropy” but this methodology only relates to the area of projects beneficial for the public where it measures the costs spent on these projects and the effect of the support. The other tools of measuring of social responsibility are not mentioned by any of the selected companies. The companies therefore do not get a feedback in such a degree which would enable them to make their responsible activities more efficient. It would be suitable to focus more on defining of CSR goals and regular assessment of their fulfilment. Employee and customer satisfaction

surveys are also effective tools for getting a feedback. In the environmental area, it is important to measure consumption of water, energy or paper and to assess the results gained and financial savings in this area continuously. The companies should monitor and measure whether the implemented CSR policy contributes in the long-term respect to increasing of the financial performance, growth of the turnover and profit and decreasing of costs. These recommendations are in accordance with the theoretical basis of the CSR methodology which describes importance of defining of the responsibility goals and regular measuring and reporting of the CSR activities [3]. Most companies see CSR correctly as an investment which is supposed to “bring something positive” to the owners from the long-term point of view, both as regards the financial means or e.g. a good feeling from a well implemented deed. Nevertheless, the company owners also ask and want to know the answer to the question: “In what way to assess the CSR activities or even how to measure them?” [1].

It was found out that 77 % of companies do not map or report the benefits arising from integration of the CSR concept in their business activities. And defining of what arises from responsible activities is crucial for the effective fulfilment of social responsibility. This finding proves the criticism of Czech companies which can be found in theories. According to Bělčík and Pavlík, a problem of companies is their non-systematic approach to the CSR concept, mainly the diversity and lack of interconnection of responsible activities, and the fact that companies do not have defined their strategic goals and benchmarks [1].

The survey also shows that the selected companies focus their attention mainly on the social area and there they also aim most of the implemented activities. It is mainly due to the fact that the area of the local community is most visible to the public and therefore it contributes intensively to gaining of the goodwill of the company. It is necessary to consider more even implementation of the activities in all three pillars of CSR. Also this conclusion is in compliance with the theoretical basis, because as it is stated for example by Zdražilová, it is important for the company to be in a balanced state for a long time from the point of view of various types of social responsibility. From the point of view of social responsibility of companies, the ideal situation is a combination of all three types of responsibilities as only this situation represents a balanced state [10]. A key aspect can be seen in regular dialogues with the stakeholders as these entities and groups are the main driving force of the company activities and without them the company would not achieve the results and long-term sustainable business activities.

The issue of social responsibility is reciprocally advantageous for both the company and its stakeholders. To the company it brings responsible behaviour, loyalty of employees and customers, good reputation and possibly gaining of a certain competitive advantage. The stakeholders benefit mainly from the responsible activities performed by the company, aimed at the employees, local community or customers. However, responsible behaviour is only efficient and sustainable if it is connected with the business strategy, vision and mission of the company and if the management and the employees are convinced about importance of the ethical behaviour. According to

the analysis, here we can also see some space for further improvements in the area of communication of the CRS concept application.

## Conclusion

The results of the survey show some interesting findings. Companies (although award-winning in the area of CSR) are not able to communicate effectively the activities carried out within the scope of the social responsibility to their stakeholders so far. Only 30 % companies from the surveyed sample have their own CSR report and the same percentage use a CSR manger for coordination of their responsible activities. A problem is definition of the reasons leading to responsible behaviour and benefits these activities bring. Similarly, only 30 % of the selected companies have a CSR strategy interconnected with the overall company strategy.

More than 75 % of the companies aim most of their responsible activities at the social area, which is caused mainly by the fact that the social area is most visible for the public and therefore it improves the good reputation of the company and loyalty of the customers and employees most quickly. In the context of the gained results it is desirable that in future the companies will pay a higher attention to improving of the efficiency of communication of the CSR activities to the stakeholders, defining of the CSR goals and regular assessment and measuring of their fulfilment and mainly a more even implementation of the responsible activities in all three pillars of CSR.

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