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ECONOMIC PERFORMANCE OF CZECH BUSINESS ENTITIES IN THE CONTEXT OF CSRS' IMPLEMENTATION

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Abstract

BASOVNÍKOVÁ MARCELA, ABRAMUSZKINOVÁ PAVLÍKOVÁ EVA, VAVŘINA JAN: *Economic performance of Czech business entities in the context of CSRs' implementation.* Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis, 2013, LXI, No. 7, pp. 1985–1994

The term *responsible entrepreneurship* refers to economic success of a business by the inclusion of social and environmental considerations into a company's operational processes. It satisfies customers' demands, whilst also managing the expectations of employees, suppliers and the surrounding community. In general, the term Social Corporate Responsibility means a positive contribution to society including management of enterprise's environmental impacts. The major determinants of the CSR values can be explored such as economic, cultural and leadership factors. Corporate Social Responsibility has been receiving increased attention also from bodies which give certification to companies with CSR in practice. There are different certificates which companies can apply for, if being „responsible", such as SA 8000, GRI, AA1000, IiP or ISO26000. The aim of this paper is to introduce various certificates, namely SA 8000 and look in details on economic data of 9 companies, chosen from 25 in the Czech Republic, which received this label.
Both traditional and modern indicators for assessment of business entities' economic performance within the entity sample are employed as the inclusion of the economic factors on the CSR. Indices of credibility in order to evaluate the financial status of sample entities are utilised as well. The mentioned economic analysis is managed both in the period before the implementation of the certified CSR system and in the ex-post period. The results of economic analysis in the period before receiving the SA8000 certificate are evaluated using the mathematic-statistical methods to reveal development trend regarding their economic performance and to conduct comparison to respective industrial means.

Corporate Social Responsibility, SA 8000, economic performance, financial crisis

European Council in its Introduction to Corporate Social Responsibility for Small and Medium-Sized Enterprises uses this definition which summarizes the main mission of CSR: *The term 'responsible entrepreneurship' refers to ensuring the economic success of a business by the inclusion of social and environmental considerations into a company's operations. In other words, it means satisfying your customers' demands, whilst also managing the expectations of other people, such as employees, suppliers and the community around you. It means contributing positively to society and managing your enterprise's environmental impacts. And it can bring direct benefits to your business and secure its long-term competitiveness* (EUROPEAN COUNCIL, 2011).

There are countries which are much more developed in terms of CSR implementation than the Czech Republic. Several authors claim that the CSR concept may become very important in next years and therefore there should be a clear strategy for transparent and wide implementation of key CSR goals to commercial sector (BLF, 2008; HUSTED, B., ALLEN, D., 2006; KULDOVÁ, L., 2010, 2012; PAVLÍK, M., BĚLČÍK, M. *et al*., 2010).

There are different certificates which companies can apply for, if being „responsible", such as SA 8000, GRI, AA1000, IiP or ISO26000 (CQS, 2013 a, b).

The aim of this paper is to introduce certificate SA 8000 and look in details on economic data of 9 companies, chosen from 25 in the Czech Republic, which received this label.

The standard SA 8000 (Social Accountability 8000) is one of the most internationally recognised benchmarks. It reflects ethical management of human resources in a company. SA8000 certification is available through IQNet's (IQNet Certification Network) with Head Office in Bern, Switzerland, accredited by Social Accountability Accreditation Services (SAAS). This network of partners covers over 50 countries where SA8000 is most popular. The SA8000 standard is based on the principles of international workplace norms which are declared by the ILO (International Labour Organisation) conventions, UN's Universal Declaration of Human Rights and the Convention on the Rights of the Child.

The fundamental focus of SA8000 is to improve working conditions around the world. This intent has pioneered the way forward for organisations to improve and demonstrate their corporate social responsibility (CSR) in regards basic human rights in the workplace (IQNet, 2013).

There are nine categories which are used for SA8000 certification. The first one is *Child Labour* with the goal to ensure that child and under aged labour is not utilised. The second is *Forced and Compulsory Labour* to avoid the use of forced labour including prison or debt bondage labour. The third area is *Health and Safety* to provide a safe and healthy work environment. The next one is *Freedom of association and rights to collective bargaining* which respects the right to form and join trade unions and bargaining collectively. The fifth category is *Discrimination* which prohibits discrimination in the workplace. Next category is *Disciplinary Practices* which aim to avoid the use of physical punishment, mental or verbal abuse. The category *Working hours* reflect the applicable laws and industry standards. The next category *Remuneration* deals with wages that meet legal and industry standards which are sufficient to meet the basic need of workers and their families. The last issue, *Management Systems,* reflect the implementation of an effective management system to ensure that company policies comply with SA8000 requirements and other applicable laws and international standards.

What are the benefits for organisations aiming at SA8000 certification? In this way, they can demonstrate their commitment to socially responsible business ethics, protect their brands, enhance reputation as responsible corporate citizens, increase consumer confidence and positive investor perception and show the differentiation among their global competitors. As benefits for their workers these can be considered as interesting: improved worker morale or fair, safe and equitable work environment together with improved working conditions. For Business Risk Management it could prevent negative incidents and potential media exposure.

The IQNet SA8000 certification provides independent assurance and confidence that an organisations' social accountability management system has been effectively implemented. This process has several steps which are done by qualified auditing resources, proficient in regional labour laws and local languages. The first step is signing the application which can be followed by pre-visit to facilitate the subsequent certification process. The process itself has stage A reflecting the readiness of the system which can identify omissions or opportunities for improvement prior to the stage B, which verifies conformance of the management system to the requirements of SA8000. After successful completion of stage B assessment, a Certificate of Registration is issued for a three-year licence period. Later, the Surveillance Audits can be done. This periodic surveillance audits can be conducted to ensure that effective implementation of the management system is being maintained. The certificate is valid for a maximum period of three years and is renewable upon re-certification.

METHODS AND RESOURCES

This paper is based on the empirical research of economic performance measurement within the sample of Czech enterprises, which signed in for the SA8000 certificate in year 2010 or 2011. The list of companies which we used is publically available at SAAS – Social Accountability Accreditation Services. This list of SA8000 Certified Facilities was as of June 30, 2012 with total number of facilities currently at 3083. It contained 65 countries and 65 industries with total number of workers employed 1 840 846. The sample represents 9 corporations and it can be classified according to the CZ-NACE into the two main industry sectors, i.e. services (4 companies) in the form of consultancy business activities, namely CZ-NACE G to N without K, CZ-NACE L and CZ-NACE 62. The rest of companies' sample are representatives of the building industry sector, namely CZ-NACE 41, CZ-NACE 42 and CZ-NACE 43.

The sample of companies, which have adopted the SA8000 in year 2010 is consisting of following business entities (information includes CZ NACE industry peer group classification and text description of business activities):

- AFI Europe Czech Republic, s. r. o., CZ NACE G to N without K, Business and other management consultancy activities,
- Aquasys, s. r. o., CZ NACE 41, Construction of residential and non-residential buildings,
- Allowance, s. r. o., CZ NACE G to N without K, Business and other management consultancy activities,
- Centra, a. s., CZ NACE L, Management of real estate on a fee or contract basis,
- Kancelárské stroje, s. r. o., CZ NACE 62, Computer consultancy activities,

- Kočí, a. s., CZ NACE 41, Construction of residential and non-residential buildings,
- Metrostav, a. s., CZ NACE 42, Civil engineering,
- Teplotechna Ostrava, a. s., CZ NACE 43, Other specialised construction activities n.e.c.,
- Thermia-BAU, a. s., CZ NACE 41, Construction of residential and non-residential.

The set up research question of this article explores differences among economic performance of companies' sample in the period before signing in the SA8000 certificate in comparison with the respective industry peer group.

For the purposes of this paper, the review of current scientific papers was conducted and economic analyses of corporations' sample employing traditional approaches for assessing their economic performance were managed, e.g. ratio indicators, Toffler's' model as a bankruptcy classification approach or IN99 as the solvency indicator. Another methodical approach, which is employed in order to assess the economic performance of corporations, is so called diagnostic system INFA, which originates in 1990s and its authors are Inka and Ivan Neumaiers. The employed INFA Spread indicator is enumerated as an index consisting of the difference between value of the indicator *ROE* (return on equity) and *re* – cost of capital. The value of the Spread should be positive; negative value indicates that capital costs are higher than the given company's return on equity. So, the analysed company in this case destroys its economic value.

The quantitative data of observed entities were analysed by parametric T-Test against the data of industrial means regarding the INFA Spread indicator within selected CZ-NACE areas for period before receiving the certificate SA8000. The data of the Ministry of Industry and Trade of the Czech Republic were utilised as industry means. T-Tests were accompanied by empirical verification of primary assumptions which were tested for homogeneity of variances (F-Test) and normality of distribution (Shapiro-Wilk test). Non-parametric Kruskall-Wallis analysis of variance was employed when the assumptions of homogeneity of variances and normality of distribution were not met. The period after signing the certificate SA8000 is analysed only by means of financial analysis because of the lack of time series data (one or two years only).

The statistical analyses were conducted using the Matlab computation software and table processor Microsoft Excel.

RESULTS AND DISCUSSION

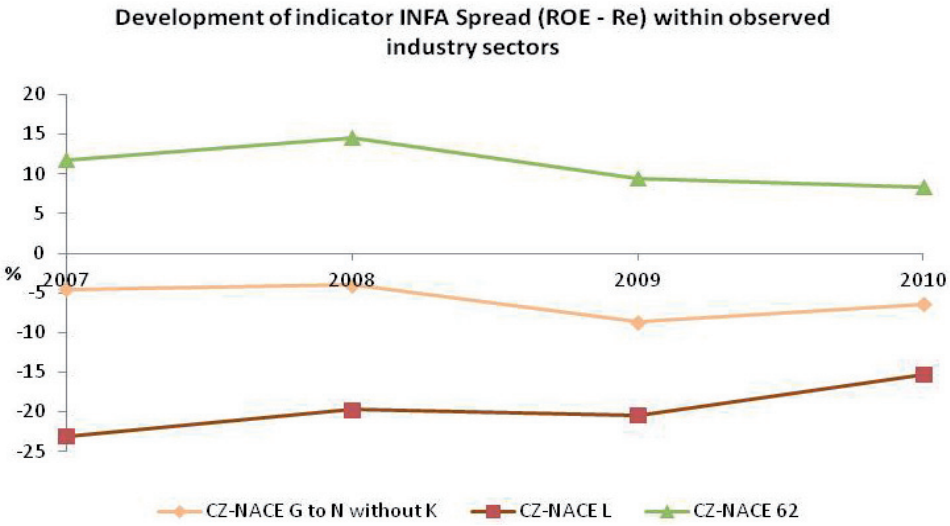
This analysis of economic performance of observed business under study should help to reveal the economic background within the decision making processes for implementing the CSR into the corporations' business processes. It was mentioned that CSR is a voluntary implementation of processes from social and ecological area into day by day business' processes. The focus is on the business entities, which received the certificate SA8000 in year 2010. Certificate SA8000 is especially orientated for working conditions and corporations' managerial information system (Dytrt, 2006).

The initial sample of business entities with implemented certificate originally consisted of 25 corporations, which had obtained the SA8000 CSR certificate in year 2010 or 2011. Nevertheless, there are analysed only 9 corporations in this contribution, because of the lack of data from financial statements related to the other companies. This economic analysis of corporations' sample employs wider range of approaches for assessing their economic performance. These are Toffler's bankruptcy model, solvency indicator IN99 or diagnostic system INFA approach, which originates in 1990s. This before mentioned diagnostic system is utilized by the Ministry of the Industry and Trade of the Czech Republic and it can be classified as the so called pyramidal decomposition approach. Economic results of observed corporations were analyzed in the area of creation of Spread, creation and distribution of EBIT, indicators of economical stability and other influence on cost of shareholder funds.

The observed sample of business can be classified according to the CZ-NACE into the two main industry sectors, i.e. services (4 companies) in the form of consultancy business activities and building industry sector. All observed companies are facing the financial crisis, which can be described using the evidence of the Czech Statistical Office – the total sales within the services industry started to decrease in the fourth quarter and it had continued until the year 2009, measured by year-on-year evidence. The second group of business entities can be classified as the building industry sector. The world financial crisis hit heavily this industry sector as well. The impact of the world financial crisis on the whole building industry sectors can be evidenced from many analyses which had been managed by both private and public experts (e.g. analysis *Vývoj stavebnictví do roku 2012*). So, there is an evidence that year 2010 is the second year within the world financial crisis when the contracts and outputs from building industry are decreasing. The decrease of sales was identified throughout the whole building industry sectors, but at most within the building constructions industry and engineering constructions. It can be assumed that the observed sample of enterprises can apply for the SA8000 certificate due to strengthening their competitiveness, based on the strengths of the mentioned CSR approach, namely within the contractual base declaring their corporations' social responsibility, attempting to possibly diminish the economical impacts within years 2008–2009.

Period before receiving the certificate SA8000

The indicator "Sales" of observed business entities being active in the industry of services has



1: *Development of INFA Spread indicator within the observed industry of services in time period 2007–2010*
Source: own work based on the benchmarking information system INFA of Ministry of Industry and Trade of the Czech Republic

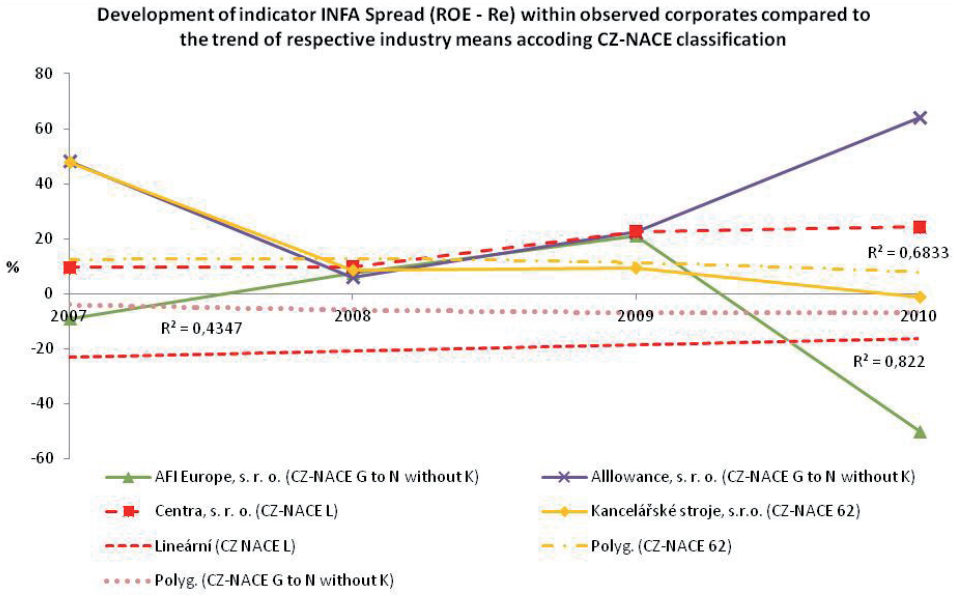
diminished within the crisis period. This state of art is definitely interconnected with the diminishing indicator "Earnings After Taxation". The total indebtedness in the industry of services is varying from 70–80% and it is caused mainly by the short term liabilities. The indicator "Return on Equity" has got a decreasing tendency for the period of years 2007–2009. Fig. 1 reveals the negative development of INFA's Spread indicator after year 2008 within the observed service sector in sub-industries, which is deductively affected by consequences of world financial crisis. The trend of indicator INFA Spread indicator within observed industries is evaluated by regression analysis. The overall results are summarized in Tab. II.

There is one financial indicator in the analysis, which can be treated as the ultimate one. It is the indicator of liquidity, which represents the ability of a business entity to pay off its short term liability. There can be explored two main indicators of liquidity, namely Current and Quick Asset ratios. These indicators differ in the enumeration form, while the Current Ratio involves the amount of inventories, as well. Taking into account the fact that business entities being active in the industry of services do not have significant amount of inventories, it is not crucial to observe both indicators because of their similar values. So, only the indicator Quick Asset ratio will be observed for the given industry and sample of enterprises. Kislingerová (2010) defines the required value of the indicator Quick Asset ratio as interval 1–1.5 which should not be lower than 1. It was found out that the sample of observed enterprises has the Quick Asset ratio beneath the desirable frontier, nevertheless the managed analysis of the development within this indicator reveal the positive trend in increasing its value among the year period 2007–2009. On the other hand the above mentioned development of the Quick Asset ratio is driven by the increasing amount of receivables. This described development together with higher value of indicator Receivables Turnover than the indicator Payables Turnover can cause the financial distress for the observed companies because of lack of cash and cash equivalents. To analyse the possibility of financial distress more thoroughly, there was employed the Taffler's Model approach, which is based on the set of 4 financial ratios (Růčková, 2010). Results of the Tafflers' Model, however revealed that the possibility of bankrupt for observed corporations is very low. There was employed another approach to assess the ability of the observed business entities to create the so called Economic Profit. It is the index IN99, which represents the assessment of enterprises' solvency. The analyses of enterprises' sample employing the index IN99 revealed that all enterprises from the sample of business entities being active in the service industry are classified as the entities with the indefinite financial situation (so called gray zone). Synek (2011) is adding to such a result of index IN99 that enterprise is not able to create the sufficient Economic Profit for the owners. Fig. 2 shows development of indicator INFA Spread within the group of companies being active in the service industry and it is compared with the industry mean trend of the INFA Spread indicator. It reveals both positive and negative development within the period before signing in the SA8000 CSR certificate. It could be additionally stated there is a beginning of world financial crisis' in aforementioned period. Results of regression analysis within the industry means of the indicator INFA Spread within sectors CZ-NACE G to N without K, L and 62 helps reveal, despite the fact that the estimated coefficient did not fulfil the statistical significance because of the small numbers of observation, that in time period of years

I: *Regression statistics of observed industry sectors in time period 2007–2010*

Regression coefficients in descending power and reg. statistics	CZ-NACE G to N without K	CZ-NACE L	CZ-NACE 62	CZ-NACE 41	CZ-NACE 42	CZ-NACE 43
Linear regression:						
– beta 1	–1.000	2.251	–1.504	–2.953	0.509	–6.035
– beta 0	2002.565	–4540.771	3031.809	5926.631	–1012.739	12115.765
– t-Stat. df = 2	–1.107/ 1.103	3.039/ –3.052	–1.451/ 1.456	–1.064/ 1.064	0.424/ –0.420	–4.366/ 4.364
– P-value	0.384	0.093	0.283	0.398	0.712/0.715	0.048
– R^2	0.380	0.822	0.513	0.362	0.083	0.905
Polynomial regression of 2nd degree:						
– beta 2	0.425	0.4225	–0.970	–1.929	–1.868	-
– beta 1	–1708.225	–1694.932	3894.986	7746.844	7502.257	-
– beta 0	2E+06	2E+06	4E+06	–8E+06	–8E+06	-
– t-Stat, df = 2	0.312/ –0.312/ 0.312	0.387/ –0.386/ 0.386	–0.734/ 0.7358	–0.489/ 0.489/ –0.489	–5.701/ 5.701/ –5.701	-
– P-value	0.785	0.736	0.539	0.673	0.029	-
– R^2	0.435	0.845	0.683	0.485	0.973	-

Source: own work based on the data from information system INFA of Ministry of Industry and Trade of the Czech Republic



2: *Development of INFA Spread indicator within the observed business entities before receiving the SA8000 CSR certificate compared to the trend of respective industries' mean (time period 2007–2010)*
Source: own work based on the benchmarking information system INFA of Ministry of Industry and Trade of the Czech Republic

2007–2010 there is rather stagnation than negative development.

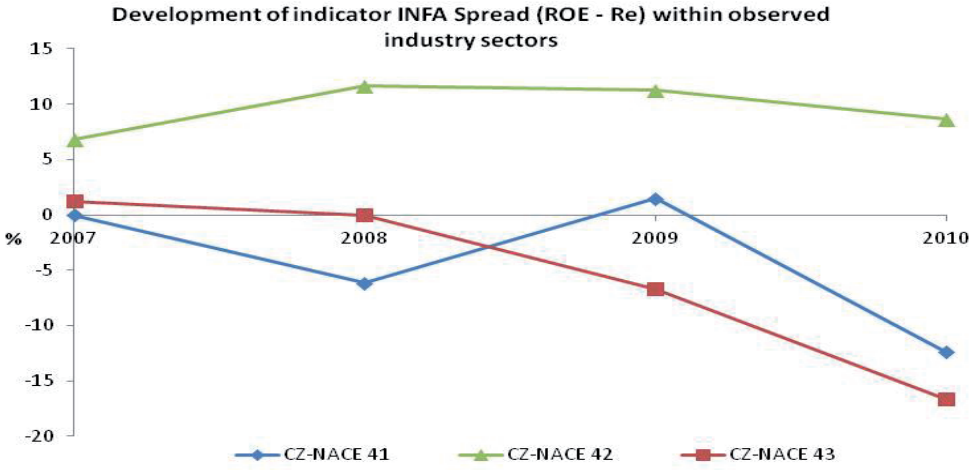
It was mentioned that valuation of the regression fit had not proved statistical significance of estimated coefficients within the observed service industry representatives. Consequently, the calculated R-square statistics of respective regressions reveal that estimated fits clears from 43.5% to 84.5% of dependent variables' variance, despite the lack of observations.

Tab. II provides evidence of managed statistical tests of economic indicator INFA Spread of sample of companies being active in the service industry sectors. The tests revealed that mean values of indicator INFA Spread do statistically differ for three companies from total of four companies' sample compared to the industry mean of the aforementioned indicator. These companies are namely AFI Europe, s. r. o. and Allowance, s. r. o. as the CZ-NACE G to N without K industry

II: *Results of testing mean value of INFA Spread within the sample of service industry*

Entity/ Industry	Two-sample F-test for equal variances		Shapiro-Wilk Normality Test		T-Test Two Tailed / Right Tailed/ Left Tailed		Non-parametric Kruskal-Wallis ANOVA	
	P-value	F statistic	P-value	SW statistic	P-value	T statistic	P-value	Chi-sq statistic
AFI Europe, s. r. o	0.0011	216.3813	0.7688	0.9336	-/-/-	-/-/-	< 0.01	1
CZ-NACE G to N without K			0.8129	0.9299				
Allowance, s. r. o.	0.0018	154.0079	0.3547	0.967	-/-/-	-/-/-	0.0209	5.3333
CZ-NACE G to N without K			0.8129	0.9299				
Centra, s. r. o.	0.1687	6.185	0.1466	0.7817	1.51E-04/ 7.54E-05/-	8.4418/ 8.4418/-	-	-
CZ-NACE L			0.5038	0.9551				
Kancelářské stroje, s. r. o.	0.0065	63.5046	0.2497	0.8117	-/-/-	-/-/-	0.5637	0.3333
CZ-NACE 62			0,519	0,9539				

Source: own work based on the data from information system INFA of Ministry of Industry and Trade of the Czech Republic

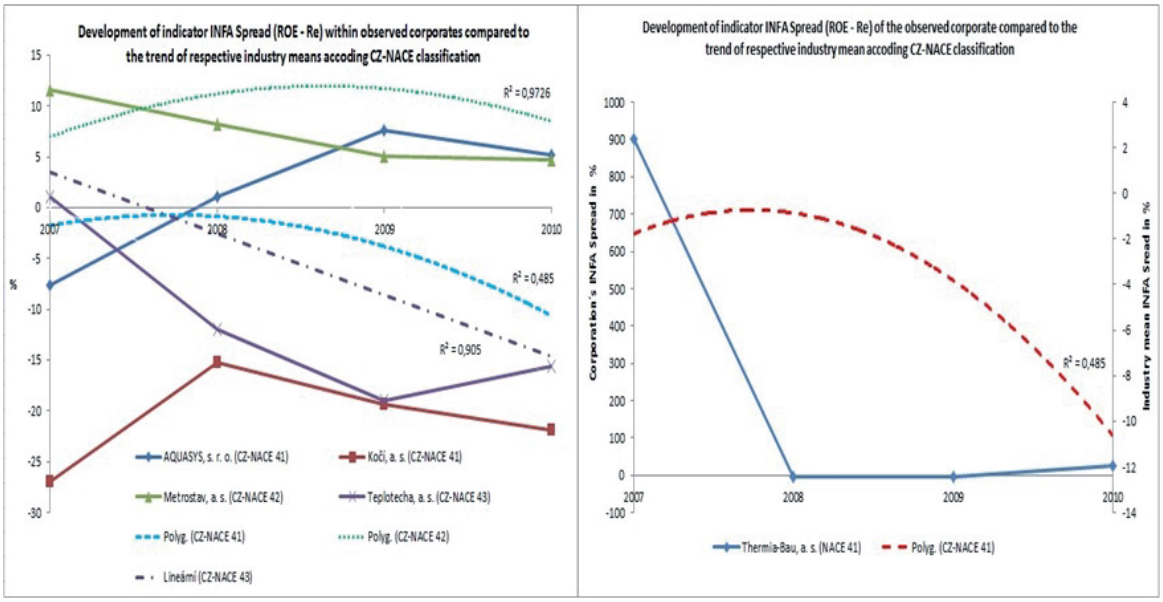


3: *Development of INFA Spread indicator within the observed building industry sectors in time period 2007–2010*
Source: own work based on the benchmarking information system INFA of Ministry of Industry and Trade of the Czech Republic

representatives, where there is obvious different development of the economic performance (both more positive and more negative) in the year 2010 compared to respective industry mean value. Another company, which statically differs from the industry mean within the observed period, is Centra, s. r. o. as the CZ-NACE L industry representative, which is over performing industry mean for the whole observed time period.

Similarly to the managed analysis of services' industry there was conducted technical financial analyses for the building industry sector within the period before receiving the certificate SA8000, i.e. years 2007–2009. Almost every observed enterprise from the sample, except for one, have declared increasing indicator Earnings After Taxation. Despite the world financial crisis, the observed business entities have declared increasing indicator Earnings After Taxation both in years 2008 and 2009. Total indebtedness of observed enterprises being active in the building industry sector was among 60–65%. The indebtedness is mostly driven by short-term liabilities. Both enterprises being active in the service industry and the business entities from the building industry use also long term debts. It was revealed that the whole sample of enterprises shows negative trend of the indicator Return on Equity. The mentioned result is caused by increasing level of Equity capital despite the growth of the indicator Earnings after Taxes. Fig. 3 reveals again the negative development of INFA's Spread indicator after year 2008 and 2009, respectively, within the observed building sectors sub-industries, which is affected by consequences of the world financial crisis.

Results of regression analysis (see Tab. I) of observed indicators' development within selected industries are visualised in Fig. 4. It shows the development of indicator INFA Spread within the



4: *Development of INFA Spread indicator within the observed business entities before receiving the SA8000 CSR certificate compared to the trend of respective industries' mean (time period 2007–2010)*
Source: own work based on the benchmarking information system INFA of Ministry of Industry and Trade of the Czech Republic

III: *Results of testing mean value of INFA Spread within the sample of building industry*

Entity/ Industry	Two-sample F-test for equal variances		Shapiro-Wilk Normality Test		T-Test Two Tailed / Right Tailed/ Left Tailed		Non-parametric Kruskal-Wallis ANOVA	
	P-value	F statistic	P-value	SW statistic	P-value	T statistic	P-value	Chi-sq statistic
AQUASYS, s. r. o.	0.0274	23.6219	0.7688	0.9336	-/-/-	-/-/-	0.7728	0.0833
CZ-NACE 41			0.8978	0.9225				
Kočí, a. s.	0.6787	0.5934	0.024	0.9965	-/-/-	-/-/-	0.0209	5.3333
CZ-NACE 41			0.8978	0.9225				
Metrostrav, a. s.	0.5945	1.9599	0.8195	0.8957	0.3085/ -/-	–1.1125/ -/-	-	-
CZ-NACE 42			0.8747	0.9013				
Teplotechna, a. s.	0.9062	1.1593	0.8249	0.8962	0.3696/ -/-	0.9697/ -/-	-	-
CZ-NACE 43			0.7962	0.8932				
Thermia-Bau,a. s.	9.63E-06	4.99E+03	0.0059	0.6542	-/-/-	-/-/-	0.2482	1.3333
CZ-NACE 41			0.8978	0.9225				

Source: own work based on the data from information system INFA of Ministry of Industry and Trade of the Czech Republic

group of companies being active in the building industry sectors. It reveals development affected by world financial crisis, as well. Statistical significance of estimated regression coefficients has been proved for industries CZ-NACE 42 and CZ-NACE 43. There is a negative development of all selected building industries sectors within the observed indicator INFA Spread. R-square statistics of respective regressions reveals that estimated fits explains from 90.5% to 97.3% of dependent variables' variance within the industries CZ-NACE 42 and CZ-NACE 43. The variance of dependent variable within the industry CZ-NACE 41, which is revealing the negative development trend after year 2008, is explained at 48.5%, nevertheless the regression coefficients were not proved as statistically significant.

The indicators of liquidity have to be analysed both in the form of Current and Quick Assets ratio, because of the higher level of inventories comparing to business entities being active in the service industry. The managed analyses of liquidity revealed that both indicators have got similar values, which are oscillating around the frontier value 1. So, the bankruptcy assessing Tafflers'model was employed, which revealed low probability of financial distress. Results of the solvency model IN99 classifies all companies within the sample of enterprises being

active in the building industry sector classified as the gray zone position with the negative decreasing value of the index.

Tab. III provides evidence of managed statistic tests of economic indicator INFA Spread of sample of companies being active in the building industry sectors. The tests revealed that mean values of indicator INFA Spread do differs from the peer group for only one from five observed enterprises, namely company Kočí, a. s., performing economically worse than CZ-NACE 41 industry mean for the whole observed period. So, observed companies, which are implementing the certified system of CSR were not over performing respective industry mean measured by difference between return on equity and cost of capital especially within time of strongest impact of world economic crisis.

Period after receiving the certificate SA8000

The current evidence provides financial data of observed business entities for only one year. It is obvious that such a data do not provide enough evidence to reveal causality between receiving the certificate and the development of corporate' s performance comparing the period before implementing the CSR. It can be stated, regarding to the indicator Earnings after Taxation that it has diminished significantly in several observed companies. The level of indebtedness decreased related to the observed enterprise which is interconnected with the diminishing difference between turnover of receivables and payables. On the one hand the Return on Equity indicator decreases within the time period of years 2010–2011, while on the other hand the values of Taffler's model results increases, so it reveals the diminishing possibility of the bankruptcy. Indicators of liquidity declare positive development in years 2010–2011 comparing the period of years 2007–2009, which is interconnected with better management of payables and receivables in the observed companies. The solvency indicator IN99 still declares in the time period 2010–2011 that the sample of business entities has got indefinite financial situation, nevertheless, similarly to bankruptcy Tafflers'model it declares improving financial situation of corporations' sample. Regarding to the initial assumption of the period after receiving the certificate SA8000 it can be only generally stated that there is not enough evidence to reveal the positive influence between implementing the corporate social responsibility approach to the business entities being active within the service industry sector and its economic performance.

The sample of corporations being active in the building industry declared positive values of Earnings after Taxation in year 2010, however the situation in the year 2011 was slightly different. Analyses revealed that the indicator Earnings after Taxation significantly diminished in that year. The same situation is described for the whole building industry sector (e.g. study *Vývoj stavebnictví do roku 2012*). There is not equal situation in the development of indicator indebtedness among observed companies, because there is both positive and negative development of this indicator. It was revealed, that business entities with the decreasing trend of indebtedness have both the increasing turnover of receivables and the increasing trend of payables' turnover. On the other hand enterprises with the increasing trend of indebtedness after year 2010 declare increasing turnover of receivables compared to unchanged turnover of payables. This above mentioned development directly affects the financial situation of observed enterprises. The employed Tafflers' bankruptcy model and solvency IN99 index equally reveals negative development within the whole building industry sectors after year 2010. Taking into account the assumption for the sample of corporations being active within the service industry sector it can be simultaneously stated that the period after receiving the certificate SA8000 has not revealed positive effect to the economic performance of sample of business entities being active within the building industry sector as well.

CONCLUSION

The Corporate Social Responsibility is a voluntary implementation of processes from social and ecological area into day by day business' operations. The benefits for organisations aiming at SA8000 certification can be demonstrated by their commitment to socially responsible business ethics, to protect their brands, to enhance reputation as responsible corporate citizens, to increase consumer confidence and positive investor perception and to show the differentiation among their global competitors.

In this paper, the business entities which received the CSR certificate SA8000 in year 2010 were quantitatively analysed to identify key economic performance of the observed entities and compare it with the respective industry peer group within the period before and after receiving the certificate via employing bankruptcy and solvency models.

It can be stated that more business entities being active in the service's industry differed from the observed performance variable's mean value of indicator INFA Spread, which measures return on equity against cost of equity, than the building industries' ones regarding the set up research question concerning the existence of significantly different economic performance of companies in period before receiving the SA8000 certificate comparing to the industry peer group. The sample of companies from the building industry, which implemented the aforementioned CSR certificate, was not economically over performing the industry mean, especially during the world economic crisis. On the other hand, there were identified business entities from the sample of service industry corporates representatives that were able to

economically over perform the industry mean even despite the consequences of crisis.

The period after receiving the certificate SA8000 was analysed only by means of financial analysis because of the lack of time series data. The employed bankruptcy and solvency models for assessing the companies after receiving the SA8000 certificate revealed that companies being active within the service industry can be classified as business entities with indifferent financial situation, nevertheless diminishing possibility of the bankruptcy. On the other hand observed business entities being active in the building industry are classified by the employment of bankruptcy and solvency models as having negative development of their economic performance in period after receiving the CSR certificate. Nevertheless, the situation in the whole building industry sector declares negative development of key economic performance indicators as well.

The article presents authors' attempt to reveal causalities between corporate social responsibility implementation and economic performance of business entities based on primary study of this problem area. The given results will be continuously verified and the following studies will be broadened to identify and analyse particular factors, which could influence decision making problem in favour of implementing certified system of corporate social responsibility and to reveal respective causalities within CSR and conditions of business environment.

SUMMARY

European Council in its Introduction to Corporate Social Responsibility for Small and Medium-Sized Enterprises uses this definition which summarizes the main mission of CSR: „The term 'responsible entrepreneurship' refers to ensuring the economic success of a business by the inclusion of social and environmental considerations into a company's operations. There are countries which are much more developed in terms of CSR implementation than the Czech Republic. In this paper the business entities which received the CSR certificate SA8000 in year 2010 were quantitatively analysed to identify key economic performance of the observed entities and compare it with the respective industry peer group within both periods before and after receiving the abovementioned certificate. The main research question of this contribution was, if there is a significantly different economic performance of companies receiving the SA8000 certificate comparing to the industry peer group. Regarding to the set up research question to reveal significances in different economic performance of companies receiving the SA8000 certificate comparing to the industry peer group of the period after receiving that certificate, it can be stated that business entities being active in the service's industry differed more from the observed performance variable's mean value than the building industries' ones. This contribution could be broadened in the following studies in order to thoroughly identify and analyse particular factors, which could influence decision making problems in favour of implementing certified system of corporate social responsibility in business environment.

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