

HOW CAN WE SEE THE CORPORATE SOCIAL RESPONSIBILITY WITHIN ITS APPLICATION IN BUSINESS PRACTICE?

Iveta Ubrežiová¹, Regína Kurčová¹, Jarmila Horváthová²

¹Department of Management, Faculty of Economics and Management, Slovak University of Agriculture in Nitra, Tr. A. Hlinku 2, 949 76 Nitra, Slovak Republic

²Department of Languages, Faculty of Economics and Management, Slovak University of Agriculture in Nitra, Tr. A. Hlinku 2, 949 76 Nitra, Slovak Republic

Abstract

UBREŽIOVÁ IVETA, KURČOVÁ REGÍNA, HORVÁTHOVÁ JARMILA. 2017. How Can We See the Corporate Social Responsibility within Its Application in Business Practice? *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*, 65(1): 0339–0346.

In the 21st century, CSR along with other social issues (such as corporate philanthropy and social enterprise) has become one of the key business trends all over the world. Companies have begun to realize certain commitment to society and its values, and have understood the importance of their contribution into social, environmental and economic issues. Globally, CSR is considered as narrower part of international business ethics and with regard to accession of multinational companies as well as small and medium sized enterprises, and its importance is increasing. Many of those companies perceive CSR as the factor increasing their competitiveness in the business environment. From this point of view, we stated the main goal of submitted article like the evaluation how can we see the corporate social responsibility within its application in business practice. For the evaluation, we used the material, which consists from primary data and secondary data. All data were elaborated by the statistical methods. The main part of this article includes the description of the questionnaire evaluation including tables, graphs and statistical evaluation of our three set research hypotheses. In conclusion, we evaluate the overall results of our practical research and propose recommendations for the future. The research results show how the interviewed people in the company have been evaluated according to the characteristics, benefits, reasons and consideration of CSR.

Keywords: Corporate Social Responsibility, small and medium sized enterprises, multinational companies, business practice

INTRODUCTION

In today's world the quality of life is increasingly associated with non-material values such as clean environment, health, human rights, cooperation with the local community or prevention of corruption. That is the reason why people increasingly expect respect and fulfillment of these values also from private companies. Therefore, nowadays in order to be successful in business it is not enough to offer high quality products and services and to have competitive prices. If the companies want to establish and maintain a good reputation, they have to pay attention to the impact of activities, on both local and global scales. The response to these societal demands is

the philosophy of organizations called Corporate Social Responsibility.

Social responsibility is not just the corporate philanthropy or a marketing tool. It is built on three interrelated pillars – economic, environmental and social. If the company wants to be successful, it should devote equally to all three areas – to adhere the codes of conduct, to apply the corporate governance, to create and maintain good relations with customers, suppliers and investors, to focus attention on the improvement of the working conditions of the employees, to comply with the rules on equal opportunities, to promote environmentally friendly corporate culture and to care of a friendly relationship with the environment

in which the company operates. The Corporate Social Responsibility does not oblige anything. However, it indicates how we can do things differently and better, so that we can achieve better results and higher long-term profits with respect to the company surrounding. The paper is focusing on the evaluation of Corporate Social Responsibility and how it is taken into account in the business practice.

Literature review

During the previous years the whole world has witnessed a noticeable increase of interest in CSR and as (Sabadoz, 2011) puts it, CSR has gained “*our collective attention*”. Following (Ubrežiová *et al.*, 2013), CSR “*has become a part of daily business activities more than before*”. Globally, the development and evolution of this concept is more and more visible in both spheres – academic theory and managerial practice. Some people may think of it as a relatively new concept thanks to its “*phenomenal rise*” in the 1990s and 2000s (Crane *et al.*, 2008, p. 3). On the one hand, it is partly true, as CSR is a product of the second half of 20th century but, on the other hand, Carroll (2008) states that its roots have pretty long history. The Corporate Social Responsibility does not oblige anything. It indicates how we can do things differently and better, so that we can achieve better results and higher long-term profits with respect to the company surrounding.

Therefore, the objective of the submitted article is to evaluate the corporate social responsibility and its application in business practice. A definition which seeks to give the economic, social and environmental dimensions of the inclusion of CSR in a company has been defined by Carroll (1979).

Especially in Europe, where 99 % of business companies are SMEs, the focus is devoted to more structured implementation of CSR concept into SMEs business strategies (Ubrežiová *et al.*, 2016), (Bylok, 2016), (Zeriti *et al.*, 2014) and (Porter and Cramer, 2011). Corporate Social Responsibility was considered also as an effective tool for the public relations or a tool for a brand differentiation. But in the 20th century a lot of unfair practices of companies were discovered, environmental degradation and changes in the economic environment. This also changed the perception of business. Many entrepreneurs tended to implement CSR because they believed that business should be beneficial to society. This means that these companies “bet” on the concept CSR (Zorkóciová, 2011) and (Gurská and Válová, 2013). Achieving success in business is the result of satisfaction, but we should not forget about employees and suppliers. In particular these groups represent a major competitive advantage for business. Measurability of CSR is not easy because it does not have any financial capital. But on the other side, it creates social capital, which strengthens interpersonal relationships and cooperation (Hintošová, 2010). On the one hand, some authors confirmed that the CSR concept became very

important for the society based on research of Ambramuszkinová – Pavlíková and Basovníková, 2014), on the other hand, (Egerová *et al.*, 2013) and (Nagyová *et al.*, 2016) described that the corporate social responsibility included the economic, legal, ethical, and philanthropic expectations, which had a big influence on the development of companies and their activities. At present, the principles of responsible business are acquired by more and more companies. There is a direct proportion in increasing demand for the evidence of benefits in enterprises (Holienčinová, Nagyová and Sedliaková, 2014).

MATERIALS AND METHODS

The main goal of this article is to evaluate the corporate social responsibility within its application in the business practice. The research questions were later transformed into the hypotheses. To fulfill the basic objective of the article the data were divided into the primary and secondary sources. The primary information and data were obtained by the questionnaire survey in order to assess the level of companies’ engagement with CSR policy and activities they carry out within this policy. The secondary data consist of various publications. With the help of mathematical and statistical methods, the primary information and data were processed.

We establish the following hypotheses:

- **H1:** There is a relationship between the knowledge of CSR concept and education level achieved.
- **H2:** There is a relationship between the employing department and involvement in development of CSR projects.

As mentioned above, the primary data obtained from the questionnaire survey and documents from the companies were processed by the use of mathematical and statistical methods. To display our results graphically we used MS Excel and for other statistical processing SAS. During the evaluation of questionnaire survey the following statistical methods were used:

χ^2 TEST OF SQUARE CONTINGENCY

It is based on the dependence measurement. This is a test that detects whether there is the dependence between qualitative statistical characters. That means that the occurrence of certain character values A can assume probability of occurrence of a certain character values B. The formula for calculation:

$$\chi^2 = \sum_{i=1}^m \sum_{j=1}^r \frac{(E-T)^2}{T} = \frac{\left((a_i b_j) - (a_i b_j)_o \right)^2}{(a_i b_j)_o}$$

The formulation of hypotheses:

H₀: There is not a dependence between the studied characters.

H_1 : There is a dependence between the studied characters.

The evaluation of the hypotheses:

$P > \alpha (0,05) \rightarrow H_0$ is accepted, between the characters examined there was demonstrated independence,

$P < \alpha (0,05) \rightarrow H_0$ is rejected, the characters examined demonstrated dependence.

Fisher exact test

It is a very useful process in the situations where the sample for Chi-square test is insufficient. It is commonly used where there are two levels for each variable, and the data fit to the contingency table 2×2 . However, this test can be used also in the case of larger tables.

The formula for calculation:

$$p = \frac{(a+b)!(c+d)!(a+c)!(b+d)!}{N!a!b!c!d!}$$

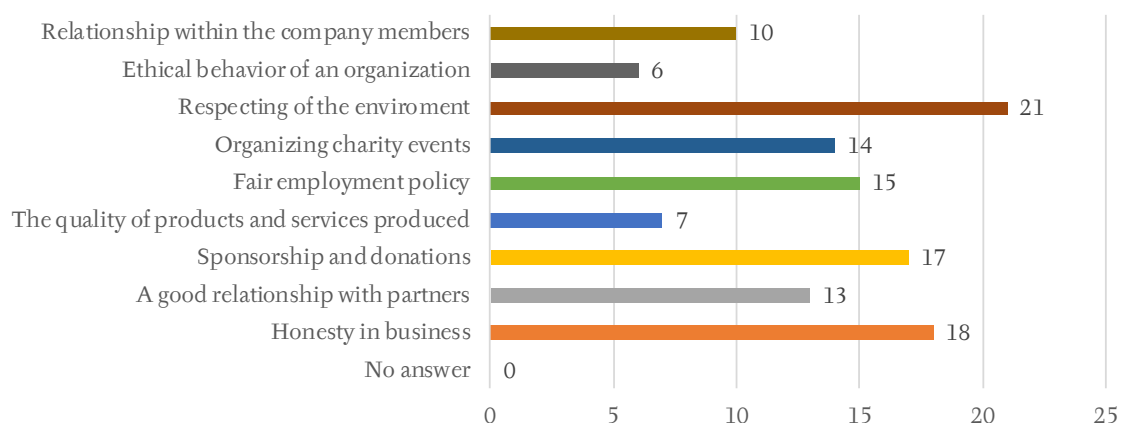
We reject the null hypothesis of independence of two studied characters if the calculated p-value is less than the chosen significance level, in our case $\alpha = 0.05$.

With our questionnaire survey we wanted to determine the attitude of employees of a selected company to the concept of CSR and their perceptions of this concept. For our research we chose respondents of the different age groups. The exact number of respondents was 150 and we received 121 returned completed questionnaires, which created 81 % of success. From the questionnaire survey we obtained the quantitative data, which were processed in Excel and the results were displayed graphically and numerically.

RESULTS AND DISCUSSION

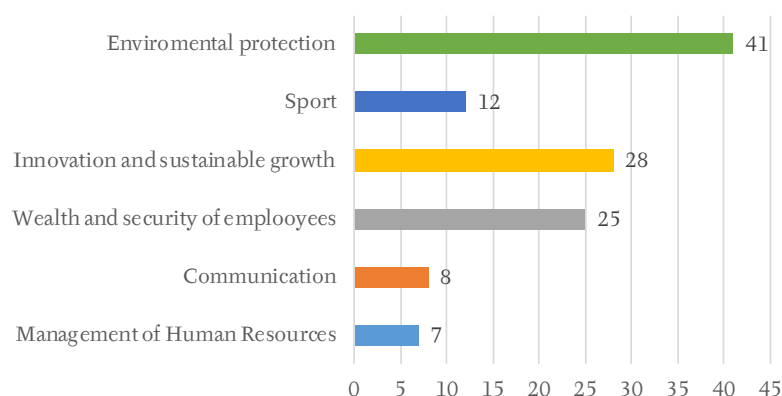
The concept of CSR requires from organizations to be socially responsible not only to employees, but to all stakeholders who work together with

the organization and have an impact and interest in its success, i.e. the customers, business partners, suppliers, local communities, government and non-profit organizations, competitors, environment, etc. Basically, CSR requires from the organization to do a business in accordance with what it reports. The example can be investing in activities that go beyond the legal obligation. Thanks to the Corporate Social Responsibility it is possible to improve a company's profitability. The fact is that if the company behaves responsibly, it also functions better. The company builds a reputation and gains new clients and business partners. In practice it really works that the customer buys chocolate from your company and not from your competition, because you support the school, which the child of the customers attends (Blaškovič, 2011). The main aim was to determine which gender was dominant during our research. The results show that there were 55 % of participating women and 45 % men so the dominant gender was female gender. According to the age our survey proved that the most numerous group of respondents were the people with the 1st degree of university education (32 %). The second most numerous group was created by the people with 2nd degree of university education (31 %). Another group was represented by the people with high school education with graduation (24 %) and the last group with the lowest representation was the people with high school education without graduation created mostly from the people from production line (13 %). Still another purpose was to find out how good is the knowledge about the concept of CSR within the employees of the company. From our research we can claim that the most employees in this company are aware of CSR concept and they consider it to be very interesting. Based on our survey we can expect that their interest will grow in the following years. Among 121 participants, 66 % of them answered that they have already come across this term and 34 % of them have never heard about it yet. Comparing the views of the authors for



1: Characteristics describing CSR

Source: Own processing



2: The CSR focus on company

Source: Own processing

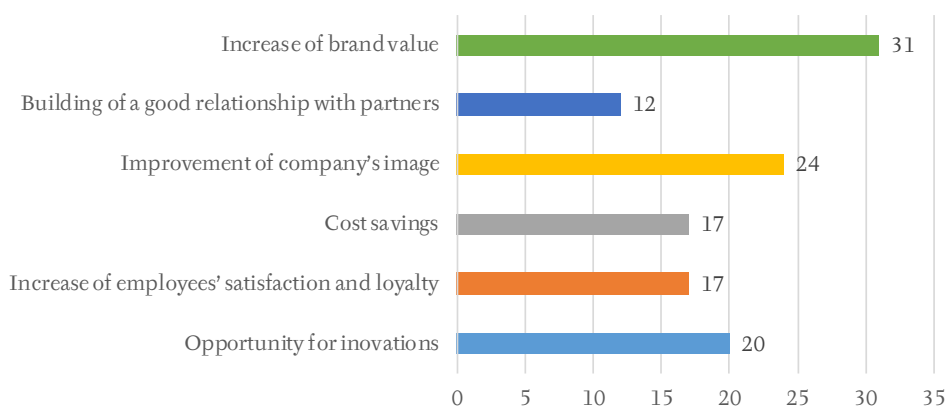
a definition of social responsibility to fully address the entire range of obligations business has towards the society Carroll (1979) embodies the economic, legal, ethical and discretionary categories of the business performance. This three-pillar access to CSR problem is variously used by authors up to now. The authors also based mainly on Carroll's model. Ubrežiová A. and Horská (2011), Mura and Buleca (2014) and others explain that Corporate Social Responsibility includes the economic, legal, ethical, and philanthropic expectations imposed on organizations by the society at a given point in time.

In the following question we were interested in the area on which the company is mostly focused according to its CSR activities. Most of our respondents answered that the company, in their opinion, is mostly focused on the *environmental protection* (41 answers), *innovation and sustainable growth* (28 answers) and *wealth and security of employees* (25 answers). Fewer respondents answered that they can see the company focus on CSR in *sport* (12 answers), *communication* (8 answers) or in *management of human resources* (7 answers) (Fig. 2).

In the following question we asked our respondents what best characterizes for them the concept of CSR from the offered options. Out of 121 answers most of the respondents understand

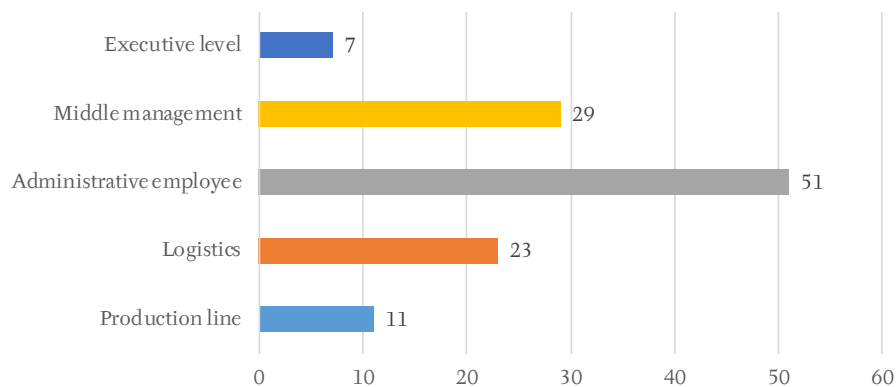
this term like *respecting the environment* (21 answers). Other characteristics, which were mentioned in the answers, most frequent were *honesty in business* (18 answers) and *sponsorship and donations* with 17 answers. Then this term was also understood like a *fair employment policy* with 15 answers, *organizing charity events* with 14 answers and achieving of a *good relationship with partners* with 13 answers. The least mentioned describing characteristics for employees were *creation of relationship with the company members* (10 answers), *the quality of products and services produced* (7 answers) and *ethical behavior of an organization* with only 6 answers. There was no respondent who would not choose any answer as you can see (Fig. 1). Among the answers on benefits after the implementation of CSR's question we found out the strongest benefits that employees recognized after implementation of the CSR concept. The majority of respondents can see the biggest benefit in *increasing of companies brand value*. They also consider it like the improvement of company's image (24 answers), as well as opportunity for innovations (20 answers) as we see on (Fig. 3).

The theory of CSR assumes a range of benefits for the enterprise. One of the main benefits is its favourable impact on the competitiveness of an enterprise (Bylok, 2016). The important



3: Benefits after CSR implementation

Source: Own processing



4: Working departments in company
Source: Own processing

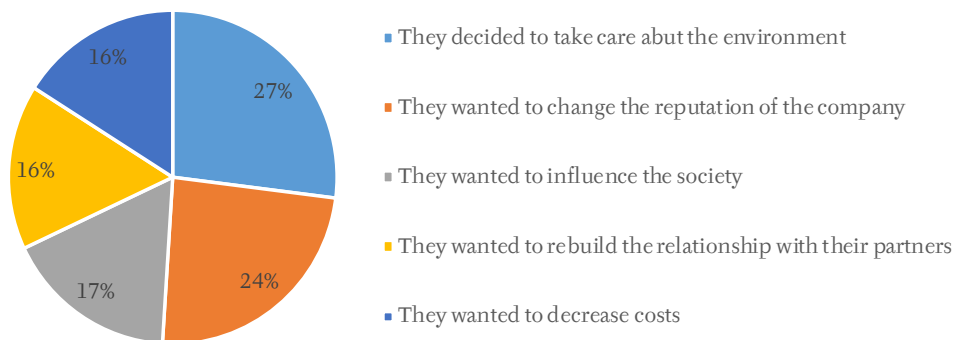
information for us was the working department of our respondents in the company. From 121 filled in questionnaires we discovered that most of them are employed in the administrative field (51 respondents). The reason probably is that we are in the direct contact with the administration of this company. The other groups of respondents are employed in the middle management (29 respondents) and logistics (23 respondents). 11 respondents are employed in production line where we do not have the direct reach, so that it can be the reason of fewer number of asked employees. The least employees who filled in our questionnaire are from the executive level (7 respondents) and the main reason is that in this department there are not employed many people (Fig. 4).

We found out the opinions of employees why the company decided to adopt the Corporate Social Responsibility. According to the answers we can state that responses were evenly distributed. Most of employees think that the main reason was that the company wanted to care more about the environment (27%) or they wanted to change the reputation of the company (24%). 16% respondents think that they wanted to rebuilt the relationships with partners and the same number of employees think that they wanted to decrease costs. 17% participants answered that

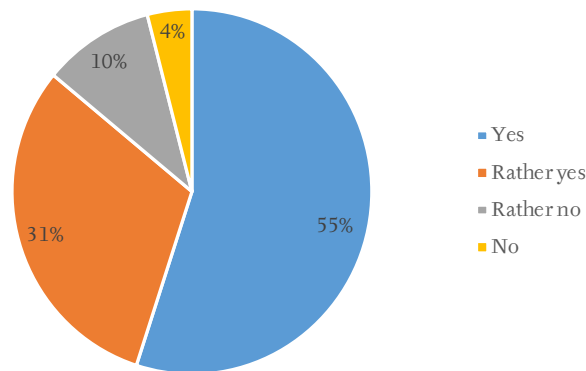
they think that the company wanted to influence the society in which it operates. (Fig. 5)

To the question, if the employees consider their employer in the company as socially responsible, 55% of them agreed and selected the option that they consider their company as the company which applies CSR into their business. Then 31% of the asked respondents answered that they rather agree with this statement and 10% stated that they rather disagree. Only 4% of respondents, who are employed in this company, think that it is not socially responsible and they totally disagreed with this statement (Fig. 6).

The next opened question was targeted on the knowledge of respondents about the number of years during which the company applies the concept of CSR into their business. The responses were very different. The most frequent answer was that the company applies this concept for around 10 years which was quite close to reality (8 years). The surprising fact for us was that also a big number of respondents think that the company had applied this concept forever. This opinion of employees is a very good sign for this company because it shows that the company works well and the employees are satisfied with its functioning. The reactions to the question, how the employees consider and evaluate the adoption of CSR into the company, were mostly positive. From our research we



5: Reasons for adaptation of CSR
Source: Own processing



6: Consideration if the company is socially responsible from employee's view
Source: Own processing

found out that 49 % of respondents employed in the company notice and evaluate CSR positively. 22 % of them ignore it, but even though evaluate it positively. 17 % of respondents do not notice such behavior of the company and 12 % consider this kind of behavior rather negative, because they see it like a marketing gimmick (Fig. 7).

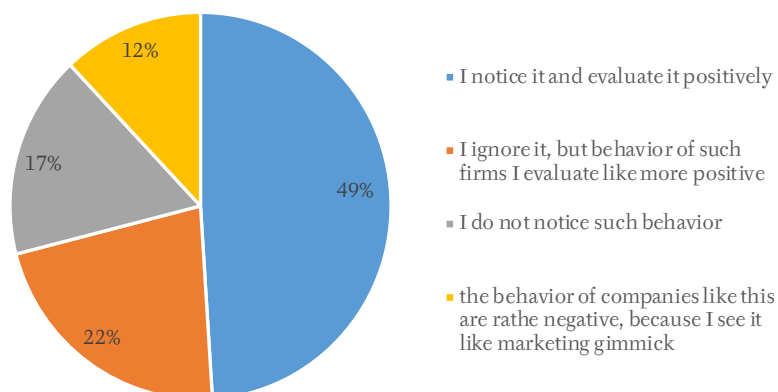
The answers to the previous question are also connected with employees' opinion whether they think that the company increased its reputation after the implementation of CSR into their business. The majority of employees (53 %) think that it increased the reputation and it has a positive impact on the company. 37 % think that it rather has the influence and 7 % think that rather not. Only 3 % think that it has no influence on the company and they consider it like a useless process.

In this part of our article we would like to express the evaluation of 2 set hypotheses. We will accept or reject it and we will show the dependences between the different indicators. We wanted to discover whether there is a relationship between the knowledge about CSR concept and the education level achieved as is shown in Tab. I and II. The hypotheses were formulated as follows: H_0 : There is not a dependence between the knowledge about CSR concept

and the education level achieved. H_1 : There is a dependence between the knowledge about CSR concept and the education level achieved.

Based on the result from χ^2 test of square contingency we reject the hypothesis H_0 , because the P value is less than α (0.05). The accepted hypothesis H_1 shows that the achieved education has an influence on the knowledge about the Corporate Social Responsibility. On the other hand, we wanted to discover whether there is a relationship between the employing department and involvement in the development of CSR projects. The hypotheses were formulated as follows H_0 : There is not a dependence between the employing department and involvement in the development of CSR projects and H_1 : There is a dependence between the employing department and involvement in the development of CSR projects (Tab. III and IV).

Based on the result from χ^2 test of square contingency we reject the hypothesis H_0 , because the P value is less than α (0.05). The accepted hypothesis H_1 shows that the working department of employees depends on the involvement of the employees into the development of CSR projects.



7: Response on the implementation of CSR in company
Source: Own processing

I: Contingency table – hypothesis 1

		Achieved education				
Knowledge of CSR concept		High school without graduation	High school with graduation	University education of 1 st degree	University education of 2 nd degree	Total
Yes	Empirical frequency	0	8	36	36	80
	Test characteristic	10.58	19.17	25.79	24.46	
No	Empirical frequency	16	21	3	1	41
	Test characteristic	5.42	9.83	13.21	12.54	
Total	Empirical frequency	16	29	39	37	121

Source: Output from SAS University Edition, own processing

II: Evaluation of hypothesis 1

Statistic	Value	Probability
Chi-Square	78.5	<0.0001

Source: Output from SAS University Edition, own processing

III: Contingency table – hypothesis 2

		Involvement in development of CSR project				
Working department		Yes	Rather Yes	Rather No	No	Total
Executive level	Empirical frequency	7	1	2	8	18
	Test characteristics	0	3.26	0.17	6.83	
Middle management	Empirical frequency	27	1	2	1	31
	Test characteristics	18.58	6.83	1.48	3.81	
Administrative employee	Empirical frequency	9	24	6	1	40
	Test characteristics	2.75	14.49	0	5.41	
Logistic	Empirical frequency	3	6	7	5	21
	Test characteristics	3.26	0	4.81	0.37	
Production line	Empirical frequency	1	2	1	7	11
	Test characteristics	2.51	0.39	0.25	12.5	
Total	Empirical frequency	47	34	18	22	121

Source: Output from SAS University Edition, own processing

IV: Evaluation of hypothesis 2

Statistic	Value	Probability
Chi-Square	87.6806	<0.0001

Source: Output from SAS University Edition, own processing

CONCLUSION

Nowadays a number of people who depend on, whether the company is socially responsible, is increasing. This affects their decision to buy the products and it also affects the selection of the future employment. Today's market is full of companies offering identical or almost the same products. Just the Corporate Social Responsibility allows businesses to differentiate themselves from others in today's highly competitive environment. Quality elaborated CSR concept helps to motivate employees, to affect the purchasing behavior of customers, to promote relations with suppliers and it often is the investment that will be appreciated also by the general public. A company that listens to stakeholders and takes into account their interests will anticipate better the potential risks and respond effectively to the changes that may occur. To the end of our article, we would like to mention that people like to work for those who share their values. The company can attract all stakeholders

by supporting the principles of the social responsibility. By making the employees interested, they would like to be more successful in their work. With that the company gets more interesting ideas from its employees and it will increase the overall performance and competitiveness of the company at all. We believe that if the leadership of the organization will understand the Corporate Social Responsibility strategy and they will not just use it as a marketing tool, it will allow the company to use the sustainable advantage in the long run and to achieve the best economic results, while they will be increasing their own value.

REFERENCES

- AMBRAMUSZKINOVÁ PAVLÍKOVÁ, E. and BASOVNÍKOVÁ, M. 2014. Certification of Corporate Social Responsibility . Case Study of India. *Acta Univ. Agric. Silvic. Mendelianae Brun.*, 62(4): 605–611.
- BYLOK, F. 2016. Corporate Social Responsibility in Strategies of SMEs. ,*Club of Economics in Miskolc* TMP, 12(1): 19–26.
- BLÁŠKOVIČ, G. 2010. *Breviár etiky podnikania*. Bratislava: EUROSTAV.
- CAROL, A. 2008. *A history of corporate social responsibility: Concepts and practices*. In: CRANE, A., McWILLIAMS, A., MATTEN, D., MOON, J. and SIEGEL, D. (eds.), *The Oxford Handbook of Corporate Social Responsibility*. Oxford: Oxford University Press
- CAROLL, A. 1979. A three dimensional model of corporate social performance. In *Academy of management Review*, 4(4):497–505.
- CRANE, A., McWILLIAMS, A., MATTEN, D., MOON, J. and SIEGEL, D. (eds.) 2008. *The Oxford Handbook of Corporate Social Responsibility*. Oxford: Oxford University Press.
- EGEROVÁ, D., JIŘINCOVÁ, M., LANČARIČ, D. and SAVOV, R. 2013. Applying the Concept of Diversity Management in Organizations in the Czech Republic and the Slovak Republic – A Research Survey. *Technological and Economic Development of Economy*, 19(2): 350–366.
- GURSKÁ, S. and VÁLOVÁ, A. 2013. Corporate Social Responsibility in Mining Industry. *Acta Univ. Agric. Silvic. Mendelianae Brun.*, 61(7): 2163–2170.
- HINTOŠOVÁ, A. 2010. *Základy spoločenského správania manažéra*. Bratislava : Ekonóm
- HOLIENČINOVÁ, M., NAGYOVÁ, L. and SEDLIAKOVÁ, I. 2014. Solution of the question of CSR and marketing challenges. *Zeszyty Naukowe Szkoły Głównej Gospodarstwa Wiejskiego w Warszawie*, 61(12): 43–54.
- MURA, L. and BULECA, J. 2013. Trends in international business of the Slovak small and medium food enterprises. *Procedia-Social and Behavioral Sciences*, 110(2014): 905–912.
- NAGYOVÁ, L., HOLIENČINOVÁ, M., KOŠIČIAROVÁ, I. and HOLOTA, T. 2016. Corporate Social Responsibility in Food Manufacturing Companies – Environmental Dimmensions. *Acta Univ. Agric. Silvic. Mendelianae Brun.*, 64(3): 1037–1043.
- PORTER, M. E. and CRAMER, M. R. 2011. Creating shared value. *Harvard Business Review*, 89: 63–77.
- SABADOZ, C. 2011. Between Profit-Seeking and Prosociality: Corporate Social Responsibility as Derridean Supplement. *Journal of Business Ethics*, 104(1): 77–91.
- ZERITI, A., ROBSON, J., SPYROPOULOU, S. and LEONIDOU, C. N. 2014. Sustainable Export Marketing Strategy Fit and Performance. *Journal of International Marketing*, 22(4): 44–66.
- ZORKÓCIOVÁ, O. 2011. *Alternatívne riešenia vo sfére medzinárodného marketingu*. Bratislava: EKONÓM.
- UBREŽIOVÁ, A. and HORSKÁ, E., 2011. Perception and Approach towards Corporate Social Responsibility in SMEs: Case Study of Slovak and Czech Republic. In: *PEFnet 2011 „European Scientific Conference of Ph.D. Students*, Brno, 2011. 1–7.
- UBREŽIOVÁ, I., STANKOVIČ, L., MIHALČOVÁ, B. and UBREŽIOVÁ, A. 2013. Perception of corporate social responsibility in companies of Eastern Slovakia region in 2009 and 2010. *Acta Univ. Agric. Silvic. Mendelianae Brun.*, 61(7): 2903–2910.
- UBREŽIOVÁ, I., KOZÁKOVÁ, J. and MALEJČÍKOVÁ, A. 2015. Corporate Social Responsibility and Perception of Environmental Pillar in the Selected Set of the Slovak Enterprises. *Procedia economics and finance*, 34: 542–549.

Contact information

Iveta Ubrežiová: iubreziowa@gmail.com
Regína Kurčová: regina.kurcova@uniag.sk