

Corporate Social Responsibility in Slovak Small and Medium Sized Enterprises

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Abstract

We present within this paper current views on corporate social responsibility with a focus on small and medium-sized enterprises. Corporate social responsibility is based on universal ethical principles, which are impartiality, commitment, active cooperation with stakeholders and transparency. They emphasize voluntary, corporate social responsibility should be based on a voluntary commitment of companies and their managements in a manner that in a good way they go beyond legislative provisions and obligations arising from compliance with trade agreements. We evaluate the approach of businesses to corporate social responsibility on the basis of knowledge concentrated within papers from domestic and foreign authors. Surveys have confirmed to us that the activities of SMEs in socially responsible business are fragmental, irregular and informal. Few SMEs see it as part of the business strategy, and are, or feel the need for formal procedures. Environmental responsibility and the need to participate in solving social and community problems are aware of particular companies which are members of associations, business networks and interest groups. These companies are more willing to see the link social engagement with their business success.

Keywords: Corporate Social Responsibility, SMEs, Social Engagement, Stakeholders

JEL Classification: D21, Q58, R12

1. Introduction

Principles of corporate responsibility often associated with evidence of its benefits for customers, employees, communities and shareholders. Proponents of corporate social responsibility do not allege that the company should abandon its primary and legitimate objective of making a profit and instead devote in example to charity. They often refer in particular to the fact that as businesses in order to generate profits also added interest in the overall functioning of society and the environment will benefit not only themselves, but also society. Advocates of CSR argue that "being good is good not only in financial terms. And enhancement of the environment brings businesses through increased employee productivity, reputation and also financial gain. Definitions of CSR are based on general ethical principles, which are impartiality, commitment, active cooperation with stakeholders and transparency. They are universal and apply to all types of business. Corporate social responsibility should be based on a voluntary commitment to their businesses and business management in a manner that in a good way goes beyond the provisions of generally binding regulations and obligations arising from compliance with trade agreements. In this effort, firms must compete for active cooperation with stakeholders. Stakeholders are all persons, institutions and organizations, which may affect the performance of the organization, or vice versa, are influenced by the organization. Quality of life reflects the overall well-being of individuals in the community. Economic growth has long been recognized as the most important indicator of economic progress. Probably the most commonly used indicator of economic growth, GDP, which is contained in the financial value of all goods and services produced in the territory of the country. In addition to goods with positive added value in it included the cost of protection against the negative effects of growth, such as cleaning toxic dumps and environmental accidents. GDP in

this way shows the negative consequences of economic growth that benefits the overall progress of society. Development on the other hand, is related to the sustainability of assets creation. Notes the ecological consequences of the activities of entities doing business, the conditions under which products are produced, as are channelled, which has production impact on different groups and regions. Enterprise does not work in isolation but is part of the environment. According to this perspective, the enterprise carries out its activities with respect to the triple bottom line and it does not focus only on economic growth, but also the social and environmental impact of its activities.

2. The development of social entrepreneurship and its concepts

In the early 20th century scientist utopian Robert Owen of Great Britain made first in research in the field of socially responsible business. Practical works in the field of social business had been conducted by entrepreneurs Andrew Carnegie in the USA, Thomas and Jan Bat'a of pre-war Czechoslovakia. They were charismatic and usually philanthropic personalities. From their leadership positions they put their effort of their business mission of thriving social status of people and locations in which undertook. Modern history of corporate social responsibility (CSR) started in the fifties of the last century. Ideas CSR were incorporated in literature for managers. The first definition of corporate social responsibility based on the management model. They praised committed attitude to it. Bowen (1953, 2013) wrote: "Social responsibility is a commitment entrepreneurs seek to have strategies to make such decisions or carry out such activities that are desirable in terms of objectives and values of our society." Bowen is seen as the first theorist of socially responsible business. He said that corporate social responsibility is not a panacea for all the pain of this world, but contains an important truth that must guide the activities of entrepreneurs in the future. Davis & Blomstrom (1966) defined social responsibility as "individual liability" for the impact of their decisions and actions of the entire social system. Entrepreneurs apply social responsibility when considering the needs and interests of other people whose business activities may intervene. As do so: "They can see and the things that are beyond narrowly defined economic and technical interests of their business". At the end of the sixties and seventies were the definitions of socially responsible business under the influence of turbulent social change. Nevertheless, the definitions of this period emphasized personality manager in the corporation, focusing on the interaction between the business and socio-economic system. By Elibert & Parket (1973) the social responsibility has been viewed as a "good neighbourhood". The concept contained two stages. At the beginning it means not doing things that might harm the neighbourhood. The second stage is a voluntary acquisition commitment to help solve problems in the neighbourhood. In the eighties was transferred from the general interest in theorizing about social responsibility on empirical research of corporate responsibility. As a result of efforts of operation of the concept has undergone fragmentation. It began to emerge various alternative concepts. These include (i.e. social business performance, stakeholder theory, business ethics, and public policy). At the turn of the millennium the definitions of corporate social responsibility underlined contribution of voluntary associations doing business responsibly companies, NGOs and the European Union. EU considers social responsibility in business as one of the tools needed to fulfil the Lisbon Strategy. Here are 3 of the most famous definitions of this term. British organization "Business in the Community", bringing together hundreds companies, defines corporate responsibility as managing "the positive impact that the company has on society and the environment, and which reaches its activities, products or services, and through interaction with key stakeholders (i.e. employees, consumers, investors, communities and suppliers). World Business Council for Sustainable Development (1992) defines CSR as a continuous commitment of businesses to behave ethically, contributing to sustainable economic development and improving the quality of life for employees and their families, as well as the local community and society as a whole".

The Green Paper of the European Union (2001) explained how CSR whereby companies integrate social and environmental concerns into everyday business activities and interactions with corporate stakeholders. Corporate social responsibility is the integration of business practices and values so that they are included therein interests of all stakeholders, including consumers, employees, investors and the environment.

Varied though of CSR definitions show it is clear that the concept of corporate social responsibility is not yet clearly defined. According to the Sun (2010) CSR provides room for different interpretations of a wide range of practical use. Current definitions of corporate social responsibility are mainly based on universal ethical principles, which are impartiality, commitment, active cooperation with stakeholders and transparency. Generally characterized by the following common characteristics:

1. They are versatile (valid for all types of business, not just for some).
2. They stress voluntary. Corporate social responsibility should be based on a voluntary commitment of companies and their management business in a manner that in a good way goes beyond the provisions of the general laws and obligations arising from compliance with trade agreements.
3. They focus on active collaboration with stakeholders.
4. They express its commitment to contribute to the development of quality of life. Quality of life reflects the overall well-being of individuals in the community. It represents the welfare of individuals, their ability to control resources, as well as subjective evaluation of their lives.
5. They stress development, not just growth. Economic growth has long been considered the most important indicator of economic progress. It is usually measured by simple and hence robust rates of productivity of the economy, which can distort reality.
6. They are naming three areas in which corporate responsibility concrete terms. Responsible entrepreneurship requires a shift in perspective from the level of “profit only” (orientation solely on profit) to view, which allows you to see the company's business in the wider system of social and ecological relationships. The company does not operate in isolation, but it is direct part of the outside world. In the social area, corporate responsibility manifests monitoring and minimizing the negative effects of the activities of companies on the social system in which they operate. In the area of environmental corporate responsibility manifests monitoring and reducing the negative impacts of the organization on the environment.

2.1 To be or not to be a socially responsible company

More and more businesses are gradually adopting the principles of corporate responsibility. Proportionally between both the company CSR and the growing demands the proof of the benefits of corporate social responsibility. This question is asked by customers, employees, government, and community and, of course, shareholders. Shareholders are most interested in the financial effect of such an approach to business. None of the defenders of corporate social responsibility does not claim that the company should abandon its primary and legitimate objective of making a profit, and instead given to charity. Merely shows that when firms attempt to generate profits also added interest of the overall functioning of society and the environment will benefit not only themselves, but also society. Critics of CSR argue that the only purpose of companies is to produce profits and does not have other objects that may distract them from the main mission. Market economy works when companies are trying to gain the maximum profit for its shareholders. Ultimately, is simply due to the invisible hand of the market, which distributes the profits of profit firm's benefit everyone: shareholders, employees, consumers and government. In general, for the benefits of corporate social responsibility are the following:

1. The possibility of managing risk that helps formulate responsible approach reflected in human resource management, the control of product quality and environmental standards can protect your company from costly lawsuits and the resulting damage to the name of the brand. It can also relieve the government's efforts to regulate the market segment or business.
2. Help raise profits, because consumer behaviour is changing. People often encourage businesses which believe that acting responsibly. Products for businesses in the deployed legal and other disputes are willing to pay more.
3. Help reduce costs. The pressure on the effective use of resources increases, thus promoting energy saving and materials.
4. Promoting innovation that can stimulate innovative thinking and management practices, thereby contributing to increased competitiveness.
5. Help maintain the legitimacy of the company. Corporate Social Responsibility perceived as a member of society, which is composed of numerous groups of stakeholders. Undertaking by all groups should have an open dialogue.
6. Help build trust and brand. Shop more dependent on reputation, trust and brand. Corporate social responsibility helps to increase trust and build goodwill, which in the long term contributes to increased brand value, market share and customer loyalty.
7. To allow better management of human resources, which is one of the most important areas where applicable corporate responsibility. It influences such as access to rewarding work-time, career development, training and education, anti-discrimination policy.
8. Increasing attractiveness to investors who can often choose investment opportunities by a combination of financial, social, environmental and ethical factors as criteria for socially responsible business means to them a guarantee of security and long-term sustainability of the enterprise.

The most frequently mentioned barriers to corporate social responsibility are:

1. Adoption of CSR in corporate strategy is costly initial investments. Requires staff time, and the introduction of new working and management practices are applied may initially have a negative impact on productivity.
2. CSR is characterized by a specific language, and extends to all areas of the company: from product design, through management of all components of the company to external communication. It is difficult to become familiar with the issue. Enterprises trouble finding the right information, resources and skills to be able to CSR principles put into practice.
3. The CSR is based on mutual cooperation of all three sectors of society. Some companies may worry about whether they find credible and appropriate partners with whom they could work together.
4. Unclear rules and mesh codes relating to the various fields of activity may in meeting the objectives of corporate responsibility strategies result in a conflict of priorities.
5. Poor or disorganized support from the public administration institutions, the low level of non-governmental sector and limited opportunities due to lack of cooperation partners are other barriers to the successful introduction of the principles of corporate social responsibility into practice.

1.2 Global context of corporate social responsibility

Corporate social responsibility is not just the amount of axioms, definitions and theorizing. It becomes a vast movement which is actively supported by businesses, governments, but also non-governmental organizations. Globalization is one of the main causes of the increase in the importance of social responsibility in business. World economic integration has reformulated

the importance of borders between states. Increase the intensity of trade relations led to the creation of zones (free trade zones) within and substantially changing the distinction between domestic and foreign transactions. Businesses can expand their activities throughout the world and looking at the comparative advantages of the best conditions that enable them to maximize profits. The headquarters of transnational corporations, whose official residence is indeed important, it may yet be physically in the area where the cost of operating the lowest. New product development is carried out, where it is competent staff. Manufacture is where the lowest cost of raw materials and labour. With the production are also linked the negative consequences of environmental pollution. The decline in the importance of borders between countries and facilitating transport and communications mean that there is a new international market with changed investment conditions. On the demand side are companies looking for low labour costs and the tax burden and the best possible infrastructure. States shall endeavour to expectations of foreign firms (investors) meet and surpass the deals in order to get income-producing investment and lowering unemployment. This market along with other features, such as an aging population also affects the social policies of individual countries and puts pressure on the limited tools strong welfare state. States are gradually abandoning responsibility of care for certain groups. Enterprises are seeking at least some way to meet their needs. CSR is both a response to pleas for protection against the constant changes in economic forces. Another consequence of globalization and the development of low-cost information technology is simplified access to a wealth of information to be made available to consumers in real time. People know more and learn it faster. The widespread availability of information also implies that consumers are more sophisticated, and from the purchased product expect more than its functional properties. The consumers expect that the products of their favourite brands deliver them excellence and uniqueness. Since when buying people take into account, among other factors, ethical criteria, it is difficult to cope with the fact that because of petrol tank into your favourite car, dying people and their daily use of cosmetics is safe only due to torture animals. General Declaration of Human Rights (UDHR) is a universal norm, which regulates relationships between individuals, organizations and institutions. On the other hand, corporations that profit from economic globalization in different countries often do not respect human rights. In recent decades, in post-industrial countries, national production has shifted from mining and manufacturing to service provision and to mediate and manage the flow of information. In developed economies more than 70% of GDP accounted for by the services sector. Human resources are now a much higher value than when prevailed exploration and production of products. There is a difference between the duty cycle of fixed assets (such as cranes, excavators etc.) They employ a large group of employees. In the post-industrial economies tangible assets of companies are no so important. For example, in the case of Coca-Cola they represent only 5% of total assets. The rest is brand equity and human capital. Company revenues often depend on the exploitation of tangible property, but on the skills and motivation of employees. Due to this the importance of human resource management, human capital formation and organization of businesses are increasing. Corporate Social Responsibility is response from people interested in the quality of life and overall impact of business on society.

2. Data and Methods. World and Slovak movements of socially responsible companies

In general, there is growing concern about the practical implementation of CSR into everyday reality of business strategies and practices. And it benefits managers of companies, trade associations, international organizations, scientists, NGOs and journalists. At the global level, the movement now covers the United Nations in 2000 under the direct authority of the Secretary-General Kofi Annan launched the Global Compact. It is an international network bringing together UN agencies, NGOs, representatives of companies and other international

organizations (International Labor Organization, the World Business Council for Sustainable Development).

An important organization promoting the formulation of the basic principles and promoting CSR, is OECD (Organization for Economic Co-operation and Development). In 2000 it published a revised version of the OECD Guidelines for Multinational Enterprises (OECD Guidelines for Multinational Enterprises). These rules contain a series of recommendations formulated by governments relating to corporate social responsibility. OECD Principles are trying to edit a wide range of topics - from the principles of management companies (i.e. transparency and openness, employee relations and the environment, and the competitive fight and the fight against corruption).

In January 1999 the European Parliament adopted a resolution on EU standards for European enterprises operating in developing countries: The European Code of Conduct (Resolution on EU standards for European enterprises operating in developing countries: towards a European Code of Conduct), which calls for an international corporation based in Europe to adopt a code of conduct that takes into account the minimum standards of human and labour rights, on environmental standards and prevent corruption.

In the summer of 2001 the European Commission published a Green Paper entitled “Promoting a European framework for corporate social responsibility”. This document contains the first official definition of corporate social responsibility. The aim of the Green Paper was to initiate a debate on CSR and to identify ways to promote European and global level. Refine be paid to the possibility of using the actual experience of companies, supporting the development of innovative approaches to corporate social responsibility and the manner of a single measurement, evaluation and verification of CSR companies.

In 2002, Multi-stakeholder Forum was announced, which under the auspices of the European Commission brings together representatives of employers, trade unions and NGOs. The aim of the “Forum” is to promote innovation and transparency of corporate social responsibility and orchestrate existing initiatives in this area.

In early March 2005 in Brussels brought together representatives of 300 major European companies. Their common objective was to present the highest representatives of the European Union and other interested parties to its vision of how the corporate sector can contribute to the sustainability and competitiveness of a united Europe. At the meeting, signed a document A European Roadmap for Businesses, which is the result of initiatives by CSR Europe and its 18 partner organizations. Companies subscribing to this document must be owned by the ten goals of corporate responsibility, and integrate them into their corporate culture.

International Business Leaders Forum (IBLF) is an international non-profit educational organization, founded in 1990. The aim of the IBLF is at the international level to promote socially responsible business, and help achieve sustainable development in its social, environmental and economic dimension, especially in new and emerging market economies.

Business in the Community (BITC) is a British organization umbrella movement of more than 700 companies. Like other organizations, and the BITC is most important to raise awareness of corporate social responsibility.

Other organizations that contribute significantly to the formulation, promoting and putting into practice the principles of corporate social responsibility are:

- Business for Social Responsibility with web based: www.bsr.org
- Global Reporting Initiative's web based: www.globalreporting.org
- ILO - International Labour Organization with web based: www.ilo.org
- ISO - International Organization for Standardization with web based: www.iso.org
- The NGO Accountability with web based: www.accountability.co.uk
- NGO Sustainability with web based: www.sustainability.com
- SME Key for small and medium businesses with web based: www.smekey.org

- Socially responsible investment in web based: www.sricompass.org
- The World Bank's web based: www.worldbank.org
- The Copenhagen Centre with web based: www.copenhghcentre.org

2.1 Corporate Social Responsibility for SMEs in Slovakia

The ideas of corporate social responsibility penetrate into the Czech Republic and Slovakia, along with the arrival of multinational corporations in the nineties of the 20th century. In 1992 he founded the Business Leaders Forum. Since 1993 he has been involved only in the Czech Republic. It brings together representatives of Czech and international industry, commerce and major institutions. Their aims is to be a role model and sponsor socially responsible management and help create partnerships between businesses, governments, schools and local communities in order to achieve improvements in social, economic and environmental. Slovakia is building awareness of corporate social responsibility to pay several NGOs. The most important are: Centre for Philanthropy, PANET civic association, Integra Foundation, Pontis Foundation and the Institute for Economic and Social Reforms (INEKO). Parts of their activities are those focused on selected aspects falling into the issue of corporate social responsibility. It is also a number of other organizations, such as:

- Business Leaders Forum with web based: www.blf.sk
- Centre for Philanthropy with web based: www.cpf.sk
- Institute for Economic and Social Reforms (INEKO) with web based: www.ineko.sk
- Foundation Integra with web based: www.integra.sk
- Foundation Pontis with web based: www.nadaciapontis.sk
- PANET civic association with web based: www.panet.sk, www.partnersta.sk
- Slovak Cleaner Production Centre of web based: www.spcp.sk
- Slovak Society for Quality of web based: www.quality-slovakia.sk
- Slovakia's Foreign Policy with web based: www.sfpa.sk, www.businessethics.sk
- Central European Association of Corporate Governance with web based: www.cecga.org.

In 2004, the Foundation Pontis initiated the formal resumption of the Business Leaders Forum, which brings together businesses subscribing to the principles of corporate social responsibility in Slovakia. Its aim is to motivate and inspire companies operating in Slovakia to social responsibility by raising awareness and providing the necessary know-how. Breakpoints in the research of perception of CSR were years 2003 and 2004. In the Czech Republic came first publications dealing with corporate social responsibility in all its complexity. The first was 40 pages booklet titled Corporate Social Responsibility. In it the author defines social responsibility in business, the basic concepts are associated with it and the results of the first representative survey of perception CSR inhabitant. The second publication was issued in the year 2004. It is the study of Jana Trnková (2004), which is the first comprehensive analysis of CSR issues in the country.

In the past well-functioning communities that have always been local entrepreneurs, farmers and craftsmen who based the various voluntary organizations, the organizers of cultural events and charity collections. Corporate Social Responsibility is for many SMEs as a new term for something that has already doing. Small businesses often just need help in the process of strategic planning and arrangement of CSR into a more comprehensive whole. SME activities in CSR are fragmented, irregular and informal. Few SMEs sees it as part of business strategy. Environmental responsibility and the need to participate in solving social and community problems are aware particularly those businesses that are members of associations, business networks and interest groups. These companies are more willing to see the link social engagement with their business success.

3. Results and discussion

Unlike large firms, which are motivated by external influences, in the case of small businesses are the internal aspect of personal motivation and the owner of the most important moments involvement in CSR. Basic inner conviction of the owner of the company and its worldview fundamentally affect how formulate values and vision of the company, what strategies will be applied in the management of the company, as the organizing company processes and the like. Personal interest, inner satisfaction, a sense of moral responsibility, the desire to implement modern business practices and trying to give something back to the local community are the main motives that owners of small firms mentioned as reasons for involvement in CSR. Many of the practices of small business in CSR focused on key business processes, respectively. the practical activities easier. Many small businesses dedicated staff (i.e. to increase their skills, responsibility for their health and well-being, respect for balance between work and private life, morale, team building and motivation within the organization).

The main obstacles for SMEs to greater involvement in the CAP were evaluated:

- fear of increased costs,
- lack of time and human resources,
- lack of intrinsic motivation,
- Fear of bureaucracy,
- Lack of knowledge about CSR and ignorance as they are involved.

Another obstacle is the lack of awareness about the CAP. SMEs often underestimate that it is not their "good will", but also an indispensable part of the business. This is a misunderstanding of the fact that CSR can have a positive impact on business. Important catalyst for wider application in SMEs CSR strategies are examples of large businesses that their suppliers are starting to require commitment and evidence of its safety, the safety of employees, the environment, the principle of equality of opportunity and the like. Many SMEs consider this pressure, which entails costs and concerns about the survival of SMEs. Large companies, such as contractors, should proceed with caution. Social and environmental requirements in their tenders may seem simple solution. On the other hand, the SMEs can see them as other bureaucratic restrictions.

Benefits and motivation to implement the CSR

The most important internal benefits of promoting socially responsible activities of companies to support long-term survival in the marketplace (31%), increasing productivity, quality and sales (17%). The most significant external benefits of promoting socially responsible actions to improve the image of the company (37%), and promoting sustainable development of the country (22%), environmental protection (21%).

The development of socially responsible activities, according to business leaders strongly supported tax incentives (79%), derogations which would grant local governments (28%), recognition by the wider society (23%), subsidized interest rates (21%).

4. Conclusion

The functioning of the enterprise in terms of sustainable development requires the incorporation of the principles of corporate social responsibility into its strategy. The priority is awareness of their responsibilities towards all stakeholders (e.g. Shareholders, investors, employees, customers, suppliers, communities, the environment and interest organizations). Despite the varied view of the ZP, recognize that corporate social responsibility is a continuous effort to contribute to the enterprise sustainability by implementing practices that take into account the economic, social and environmental impact on stakeholders while voluntary incorporation of these principles into everyday business.

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