

A CSR Analysis of a Czech Company

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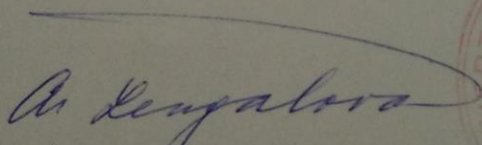
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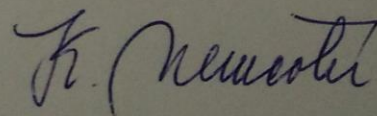
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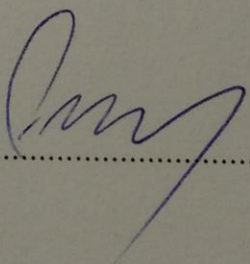
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ABSTRAKT

Bakalářská práce se zabývá společenskou odpovědností firem. Tento koncept je založen na dobrovolnosti firem se chovat ke svým stakeholderům odpovědně ve finanční, environmentální a sociální oblasti. Práce se skládá z teoretické a praktické části. Teoretická část rozebírá a definuje celkový koncept CSR. Je zaměřena na historický vývoj CSR. Také se soustředí na historické pozadí CSR v České Republice. Dále je rozebírána podpora CSR státem a různými mezinárodními, nevládními organizacemi. Pojmy jako tři pilíře CSR, implementace CSR a komunikace v rámci CSR jsou v práci také popsány. Hlavním cílem analytické části je porovnat aplikaci CSR v analyzované firmě s teoretickými principy. V poslední části práce jsou uvedena doporučení, která by měla vést k efektivnější aplikaci CSR ve firmě.

Klíčová slova: společenská odpovědnost, stakeholderi, tři pilíře CSR, reporting, filantropie, podnikatelská etika

ABSTRACT

The bachelor's thesis deals with corporate social responsibility. The concept is based on the voluntariness of the businesses to be responsible to their stakeholders in the financial, environmental, and social area. The thesis consists of the theoretical and analytical part. The theoretical part discusses and defines the whole concept of CSR. It is focused on the historical development of CSR. It summarizes the historical background of CSR in the Czech Republic as well. The state support and support of various non-governmental organizations are also characterized. The triple bottom line, implementation of CSR, and CSR communication are described as well. The main aim of the analytical part of the thesis is to analyze the current state of CSR in the analyzed company. The goal is to compare the application of CSR in the company with theoretical principles. The final part of the thesis imply recommendations that shall lead to more effective application of CSR.

Keywords: Corporate Social Responsibility, Stakeholders, Triple Bottom Line, Reporting, Philanthropy, Business Ethics

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INTRODUCTION

Despite the fact that corporate social responsibility (abbreviated to CSR) was firstly defined in the second half of the 20th century, but there were already tendencies how to do a business in a way that other people would have benefit from the actions of the business before that. For instance Robert Owen, Andrew Carnegie or a Czech representative of the socially responsible businessman Tomáš Baťa and others (Bussard et al. 2001, 5). CSR is a concept based on a voluntariness. It is a set of actions that are not required by law. Being a socially responsible organization means a voluntary commitment of such an organization to be responsible for environment and society/community the organization operates in. There is no general rule for CSR and there is a vast range of possible interpretations of CSR. Therefore, being socially responsible might mean different things to different subjects.

The theoretical part of the thesis define the term CSR. It covers the historical development and development of CSR in the Czech Republic. The theoretical part includes information on how CSR is supported by the state in the Czech Republic and information about the support by various international non-governmental organizations. Further in the thesis, there are economic, social and environmental points of view on CSR described followed by descriptions of CSR implementation, communication and reporting.

The analytical part of the thesis analyzes the state of corporate social responsibility in a company. However, the analyzed company agreed to provide the data for the purposes of the thesis, the company did not want to be mention in the thesis. Therefore, the term company XYZ will be used instead of the real name of the analyzed company throughout the whole thesis. The information that might reveal the identity of the company such as: names of towns, a name of the parent company, names of some business partners, and suppliers are fictional on purpose or might not be stated at all. The information sources such as website of the company, annual report, and emails were used as the main source of the data for the analytical part. The paragraphs in the analytical part that include such data and are not cited on purpose in order not to reveal the identity of the company by specifying their name in the citation. The Personal meetings between the author of the thesis and PR/marketing manager and HR manager were use as source of information for the analysis. These are not cited on purpose either. The same reason is for not mentioning actual names of the managers that were reviewed by the author. Instead of the actual names author uses general terms a PR/marketing manager and HR manager. The aim of the analytical part is to analyze the state of the CSR concept in the company and compare it

with the theoretical principles. The final part of the analytical part lists suggestions of the author for more effective use of CSR in the company.

I. THEORY

1 CSR

1.1 Historical background

A long time before the first definitions of CSR had been formulated was CSR concept applied in a way. From the complete beginning of doing business companies faced the issue whether they should take into account interests of the others and the whole society in doing business (Kuldová 2010, 13-14). Companies have understood that “giving something back” and being responsible for its environment makes good relationships between them and employees or other groups involved in business (Griffin 2008, 138).

The first who interpreted the concept of CSR was Howard R. Bowen, who published his book about the social responsibilities of businessman in the middle of the 20th century. In his book, Bowen underlines a responsible approach of a businessman to a business. Even though, his theories primarily focus on an approach of businessman and not the responsibility of a business itself, his definition became crucial for the further development of CSR theories.

In the 1960s, there were further efforts to define CSR. Keith Davis came up with his “Iron Law of Social Responsibility.” The definition suggests that the bigger the business is the larger amount of responsibility is for a business. It was based on the idea that a bigger businesses have a larger sphere of impact (Carr et al. 2004, 10).

The 1970s brought the first widely used definition of CSR. In 1979 Archie Carroll defined concept of four responsibilities of a business which are: economic, legal, ethical and philanthropic. This theory is later known as Carroll’s pyramid (Ibid).

In the 1980s R. Edward Freeman came up with “Stakeholder theory.” Freeman stated that a business is responsible for other groups than to its stockholders. He defined the group as stakeholders which are people who have impact on the business. Employees, customers, partners, local communities and suppliers belong among them.

From 1990s to present CSR has become at least to some extent an important part of the business world (Ibid). The growing potential of the CSR in the last decades is not the issue only of the business sector, but also non-profit organizations, academic institutions, and government. The global importance of CSR is demonstrated by the fact that international organizations such as European Union, United Nations or EOCED. EOCED for instance, published a directive of the recommendations of the responsible behavior for

multinational organizations. As for European Union, in the year 2001 there was a “Green Paper” published which supports a voluntary involvement of organizations in CSR. (Ibid).

1.1.1 Development in the Czech Republic

The beginnings of socially responsible behavior in the Czech business environment are mostly associated with Tomáš Baťa. He was a famous founder of the shoemaking company Baťa. The social responsibility is characteristic for his attitude of running a business that was based on moral principles. Between the years 1948 and 1989 there was nothing much happening in terms of development of CSR. The issues of social security and social protection of the population were in the hands of government. Social activities were supported by the state while non-profit organizations did not exist (Kašpárová and Kunz 2013, 26-27).

After the Velvet Revolution in 1989 the development of CSR practically started where it stopped before 1948. Czech business sector slowly became to understand that CSR is not just about philanthropy and giving donations, but it should include all aspects of the triple bottom line. Thus, it should be based on economic, environmental and social aspects. In the 90s of the 20th century subsidiaries of big multinational companies that operated in the area of the Czech Republic were the biggest contributors to the development of CSR (Kašpárová and Kunz 2013, 28). Companies like Vodafone, Telefonica, DHL and others who brought the concept of CSR with themselves from abroad (CSR PORTAL 2012). Another significant contribution that was crucial for the further development of CSR was entry of the Czech Republic into the European Union and into OECD whose one of the main activities is supporting of CSR (Habisch at al. 2005, 157).

Throughout the years, after 2000, CSR has become more and more popular and applied in the Czech Republic. Nowadays, even small and medium enterprises are at large extent participating in CSR activities, even though some of them do not have enough information about the issue. Awareness of CSR has expanded among population as well. As the evidence might serve the research done by GFK Czech which found out that more than 4/5 of the respondents would prefer such a company that is socially responsible (Kašpárová and Kunz 2013, 30).

1.2 Definitions of CSR

The term Corporate Social Responsibility appeared for the first time in the middle of the 20th century in the book *Social Responsibilities of Businessman* written by H. R. Bowen. Since then, there is no general definition of the notion, Kašpárová and Kunz (2013) states that CSR is mainly based on voluntariness and has no clear cut borders. As a result CSR as a complex concept has several possible ways of interpretations of the definition (Ibid, 12-13). Some of the definitions are wider and some of them are narrower in their contents. Despite this fact, the most of the definitions contain certain similarities. Generally, the most of the definition lay stress on aspects such as environmental, social and economic (Ibid).

Despite few differences the following examples of definitions illustrate what CSR means. Business Leaders Forum defines CSR as a voluntary commitment of business to behave responsibly to society and the environment they do business in. The priorities of the socially responsible businesses are in compliance with legislative requirements and voluntary application of responsible behavior (Steinerová, Václavíková, and Mervart 2008, 1-2).

According to European Union CSR is voluntary integration of social and ecological aspects into entrepreneurial activities of businesses in a cooperation with corporate stakeholders (Ibid).

Business for Social Responsibility states that CSR is like management of business activity in the way that either fulfils or overlaps ethical, legal, social and commercial expectancy of a business (Kotler a Lee, 2005, 3).

Definition by A. B. Caroll formulates CSR as a commitment of a business to accept such decisions and realize such processes that are desirable in terms of values and goals of our society.

Mura argues that CSR means different thing to different subjects. Therefore, in relation to the relatively high number of definitions of the corporate social responsibility it is important to mention how the concept is perceived by representatives of the business sector (Kašpárová and Kunz 2013, 13). Based on research by Kunz and Srpová that examined almost 250 businesses from the Czech Republic is possible to allocate the main manifestation of CSR are the following points:

- To be transparent and ethical
- To be carrying employer

- To support development of the local community and region
- To offer products and services of a good quality
- To pay taxes on time and properly (Kašpárová and Kunz 2013, 15)

1.3 The Main Characteristics of CSR

Although CSR is a complex concept that has countless number of definitions there are six core characteristics that most of the definitions include.

- **Voluntariness** – means to be involved in voluntary activities that go further than what the law prescribes. A company does so because it is based on the moral beliefs of the company (Crane, Matten, and Spence 2013, 3-20).
- **Managing externalities** – two types of externalities can be distinguished. Either with positive or negative side effects of economic behavior. Externalities are caused by the others and are not taken into consideration in a company's decision making and are not included in the market price for goods and services. CSR represents a voluntary approach to managing externalities. Examples of such CSR activities are: dealing with human rights violations in the work force, calculating economic or social impact of relocation or downsizing (Ibid).
- **Multiple stakeholder orientation** – Besides that companies have responsibilities to its shareholders they have obligations that involve stakeholders. Stakeholders could be, for example, consumers, employees, suppliers or local communities. The cooperation between a company and its stakeholders is mutually beneficial. The debates on CSR differ to which other stakeholders should be taken into consideration. It is an essential characteristic of CSR to expand to these other groups (Ibid).
- **Alignment of social and economic responsibilities** – It is balanced between different stakeholder interests and profitability of a company. There might be disagreement and some definitions say that it should not affect profitability. On the other hand, many definitions of CSR from business put stress on not only making a profit but being aware of social problematics. The example definition could be: "business case for CSR" – namely, how firms can benefit economically from being socially responsible (Ibid).

- **Practices and values** – A socially responsible firm pursues such a set of business practices and strategies that deal with social issues. It is also about philosophy and set of values that buttresses up the practices (Ibid).
- **Beyond philanthropy** – CSR is mainly, but not only a question of philanthropy. It is not only about being generous toward the less fortunate. CSR should be about how the firm impacts society by core business functions. The current effort is to involve CSR into the normal business practice so it would become a natural part of business not only discretionary activity (Ibid).

1.4 CSR vs CSV

Porter and Kramer developed theory of CSV in their publication *The Big Idea – Creating Shared Value*. It comprises ideas how to create shared value.

Creating shared value could be defined as the unification of social responsibility and competitive advantage. As Porter and Kramer argue (2011) current application of CSR is separated from business strategy of companies and simultaneously it is not beneficial for the general public. CSV is a concept that produces activities that generate social value for both company and community/society. Such a company becomes specific and competitive. CSV takes into account problems and needs of a business and the whole society. It creates value for both sides. Porter and Kramer argue that a company maximizes profit by meeting the social needs. This is in contrast to the Friedman's theory that states that the only social responsibility of a business is to make a profit (Porter and Kramer 2011, 6-7).

The main difference is that CSV is based on the fact that socially responsible activities are already included in a business strategy of a company and take business plan into account. In contrast to CSR, CSV is a way easier to make a profit and also the identification of various influences on competitiveness and the performance of a business is much easier. (Porter and Kramer 2011, 16-17).

The following chart illustrates the main differences between CSR and CSV.

CORPORATE SOCIAL RESPONSIBILITY		⇒ CREATING SHARED VALUE	
Values: doing good		⇒ Value: economic and societal benefits relative to cost	
Citizenship, philanthropy, sustainability		⇒ Joint company and community value creation	
Discretionary or in response to external pressure		⇒ Integral to competing	
Separate from profit maximization		⇒ Integral to profit maximization	
Agenda is determined by external reporting and personal preferences		⇒ Agenda is company specific and internally generated	
Impact limited by corporate footprint and CSR budget		⇒ Realigns the entire company budget	
Example: Fair trade purchasing		⇒ Example: Transforming procurement to increase quality and yield	

Figure 1 *The difference between CSR and CSV.*

Source: The Big Idea: Creating Shared Value 2011

2 STATE SUPPORT OF CSR

In the Czech Republic there is no significant regulation of CSR. It is based on the voluntariness which is above the legal requirements. The state is working on creating as good conditions as possible by supporting socially responsible activities and supporting the propagation of the CSR itself (Národní portál – CSR v ČR 2015).

The guarantor of CSR in the Czech Republic is Ministry of Industry and Trade of the Czech Republic which was in 2013 authorized to work out so called the National Action Plan for CSR of the Czech Republic. This strategic document was adopted by government on 25th January 2016. Since 2006 the Quality Council of the Czech Republic has been working on CSR strategy. It is the main entity in the Czech Republic for the propagation and the coordination of CSR activities. Furthermore, the Quality Council of the Czech Republic instructed the Ministry of Industry and Trade of the Czech Republic with managing and keeping an eye on the running of the Quality Council of the Czech Republic (Ibid).

The Sections of the Quality Council of the Czech Republic are professional sections that were created to support the efficient coordination of CSR activities. The vision of the section is to become a distinguished unit in the field of the support and spreading the knowledge of corporate social responsibility and sustainable development. The government institutions are not the only ones involved in the issue. Non-governmental organizations has its importance in the development and the support of CSR. Non-governmental organizations will be discussed further in the next chapter (Ibid).

2.1 The National Action Plan of CSR of the Czech Republic

As it was said above it is the strategic document adopted by government in January 2016. The main goal of the document is the support of the CSR and spreading its ideas in the Czech Republic in the interest of all possible interested parties. Above the main tasks belongs: support of the development of CSR in organizations, support of the understanding and the credibility of the concept in our society, and sharing of the CSR knowledge as well as know-how on the international level (Národní portál – Národní akční plan 2015).

The current version is effective from 2016 to 2018. It includes the implementation of the Directive 2014/95/EU of the European Parliament and of the Council, which is a legislative act that obliges large enterprises to report information about their non-financial

activities. This measure is expected to help to improve the transparency of the social and environmental information published by enterprises. The trust of investors and consumers of enterprises ought to be improved by the regular reporting. In addition, the reporting is believed to help to predict the risks and maintain their enterprise sustainability. According to estimations the reporting will involve around 30 enterprises in the Czech Republic. This applies to public companies that have above 500 employees, with total assets above 20 million Euro and the net profit above 40 million Euro. The first year the companies will have to report about their non-profit activities is in 2017 (Ibid).

3 NON-GOVERNMENTAL ORGANIZATIONS INVOLVED IN CSR

3.1 Account Ability

It is a leading global organization that promotes accountability for sustainable development. Since the year 1995 they have helped to apply ethical, environmental, social and governance accountability into organizations. It is multi-stakeholder organization cooperating with business, public sector, and civil society organizations from all around the world. Through its AA 1000 series provides accountability and assurance management (Accountability 2015).

3.2 Academy of Business Society

It is an alliance based on cooperation of companies, business schools and academic institutions. The aim is to integrate business-in-society issues into business practice in Europe. They want to highlight a discussion about business in society and improve its quality (Abis-global 2015).

3.3 Business Leaders Forum

The platform that promotes socially responsible business is based in the Czech Republic. They put stress on the advantages and opportunities of CSR. BLF keeps up with the modern international trends of CSR. The best internationally recognized approaches are converted to the Czech business environment. BLF tries to inspire students and organizes meetings of managers of various companies to show the advantages of CSR and to inspire them. On their website: *www.csr-online.cz* there are examples of the Czech companies that are representatives of good CSR practices (CSR-online 2015).

4 BENEFITS OF CSR

Being a socially responsible firm has its perks. Involvement in CSR appears to be advantageous for the following groups: employees of such an organization, current customers, board member and stockholders of the organization, suppliers of such an organization. It could be beneficiary, even for the organization itself.

- **Increased Sales and Market Share** – The Cone Corporate Citizenship conducted in 2002 found out that 84% of Americans would be willing to switch between the products to a product of the company that is associated with a good cause under the condition that the price and quality remain the same (Kotler and Lee 2005, 11-13).
- **Brand value and reputation enhancement** – CSR activities differentiate a company from its competitors. Corporate responsibility is based on standards and values that are regarded as attractive for consumers and customers or investors. In addition, customers tend to be influenced by the CSR reputation of companies in their purchasing decisions (Exte and Cunha 2011, 5).
- **Ability to Attract, Motivate, and Retain Employee** – A company's participation in CSR has a positive influence on employees. Employees of such companies are more likely to be more proud of their company values than vice versa (Kotler and Lee 2005, 16). Employees that are satisfied with the work-environment have significant influence on the image of a company. What is more, a satisfied employee is less likely to change a job which means savings in recruitment. Motivation has a significant role for the production of employees. Research led by Cherson Group supports this by finding that 78% of respondents would rather refuse to work in a company that is involved in negative corporate practices. They would rather work for a socially responsible company and accept a lower salary (Pavlík and Bělčík, et al. 2010, 13).
- **Decreased Operating Costs** – Another result of responsible behavior is decline of operating costs. Since environmental initiatives help to reduce waste, save energy, reuse of materials, save water and recycle. Operating costs might be reduced in the area of advertising. If a company gets more and more distinguished by its potential customers owing to its CSR activities than the company might save on advertising expenditures (Kotler and Lee 2005, 17).

- **Increased Appeal to Investor and Financial Analyst** – Involvement in CSR can increase a value of the company on the stock market. The reason is that companies that behave less risky in social, ethical and environmental areas tend to be highly valued by the market. Investors are aware of the factors and might be attracted by this. An investigation of the University of Southern Louisiana of effects of unethical conduct on Stock Prices demonstrates that unethical behavior of a company lowers its stock price (Kotler and Lee 2005, 18).
- **Risk reduction and risk management** – The application of CSR initiatives into day to day operations results into an enhanced ability to determine and reduce exposure to risk. Risk management is prepared for managing risks more efficiently. Risk management is often connected with reputation management. A good reputation of an organization may decrease risks of boycotts and eliminate negative press (Exte and Cunha 2011, 10).
- **Financial impact of CSR** – Financial performance of a company benefits from being responsible. Responsible business practice has an influence on improving access to capital, improving shareholder value, cost savings, better relations with investors, less penalty payments. From this point of view, it can be seen as cumulative financial impact. Nonetheless, due to the complexity and singularity of being responsible it is contentious whether responsible behavior has a direct or indirect impact on profit improvement. On the other side, cost savings and cost reduction are viewed as the relevant CSR benefit (Exte and Cunha 2011, 12).
- **Organizational growth** – Another benefit that stems from being responsible is organizational growth through new markets, new product developments, lateral expansions, new customers, partnerships or alliances. Organizational growth may be caused by improvements in stakeholder management, improving relationships with partners, creating new partners or allies, sharing rare knowledge with partners or allies (Exte and Cunha 2011, 14).
- **Business opportunity** – New business opportunities are created for all stakeholders of a responsible company. These are mostly mutually advantageous situations for all parties involved. It is based on a cooperation of a business and its stakeholders on creating so called win-win situations. Business may benefit, for instance, through entry to a new market or a new product while demands of

stakeholders are satisfied. From this point of view stakeholder demands are perceived as opportunities and not the opposite (Exte and Cunha 2011, 15).

4.1 Critical views on CSR

The opponents of the concept argue that it is difficult to find the relationship between the CSR and profitability. The reason for this is the difficulty of adequately measuring the impact of CSR. It might be due to limited methodological procedures or ideological bias. Some of the critics argue that there is no correlation between being socially responsible and differences in financial performances (Auperle, Carroll, and Hatfield, 1985).

Milton Friedman the biggest opponent of the concept argued that: “business of business is business.” He claimed that the only responsibility of business is to increase the profit and the money should be given to the owners of the company. His point of view on CSR is that being socially responsible equals to obeying the laws of jurisdictions. (Friedman, 1970).

5 STAKEHOLDER THEORY

A “father of stakeholder theory is R. Edward Freeman. The stakeholder theory identifies who the stakeholders of a company are. Firstly, the stakeholders could be defined as groups or individuals who can affect or can be affected by the actions of a company (Freeman 2010, 25). The theory implies that the company has responsibilities towards the others than its shareholders. Naturally, shareholders have their rights as well as the representatives of the groups. The theory deals with how to create value for each stakeholder because the interests of shareholders should be joint rather than opposed. That is not an easy way. Value is created by how shareholders get affected by other shareholders and management. In other words, how customers, suppliers, employees, shareholders, communities, managers and others interact and create value. The interests of different stakeholders are not the same. They are often in contradiction. Therefore, it is about creating value as much as possible for all stakeholders (Freeman et al. 2010, 23).

The categorization of stakeholders varies. One of the most used distinction is between the primary and the secondary stakeholders. The primary one is the group that has significant influence on the running of a company. These are people such as owners, investors, employees, suppliers, customers, local community, etc. The secondary ones are special interest groups such as government, civic associations, trade associations, media, competitors etc. Another abundantly used categorization is on the internal and the external stakeholders. The internal stakeholders are inside a company and they are mostly: employees and management. The external include: customers, competitors, suppliers, etc. Some of them might belong to both groups for example, trade unions (Taylor and Simpson 2013, 193). Another division is according to Werther and Chandler (2011) into three groups: organizational stakeholders, economic, and societal stakeholders. The first one is internal to the company unlike the other two which are external to the company. Using the organizational model by Werther and Chandler (2011) societal stakeholders are: government communities, regulators, communities, non-profit organizations, non-governmental organizations, and environment. Economic stakeholders are: customers, suppliers, distributors, creditors, competitors. And finally, organizational stakeholders are: managers, shareholders, employees, unions (Werther and Chandler 2011, 35-36).

In order to be a sustainable and a successful business in the long run the aim should be to identify and analyze the key stakeholders of a business. The business has to know its stakeholders, their importance, what the stakeholders expect from the business, what is

their influence on the business, who of the stakeholders are the important ones, in other words, key stakeholders (Kunz 2012, 29).

The list of key stakeholders varies from business to business. One of the most important stakeholders are clients or customers. Identifying and understanding stakeholders is the process that shows a business deliver value. Creating more value means improving the relationships with stakeholders. The process of strengthening relationships with stakeholders brings loads of new possibilities. The success of the business stems from the quality of the relationships, therefore, it is essential to have good relationships with all stakeholders (Kourdi 2015, chapter 6).

6 TRIPLE BOTTOM LINE

The triple bottom line is a basic element of the CSR concept. It consists of the three different elements in other words Ps. There is profit, people and planet. Each one of the Ps is a different and quite separate area that is used for measuring a performance of an organization from the economic, social and environmental point of view. The application of the three Ps is more complex than measuring profit of a company. It takes into account all costs of doing business. Measuring social and environmental impact makes responsible organizations (The Economist 2009). Due to the fact that each of the 3 Ps comprises the numbers of different activities companies can adopt the amount of them according to their orientation or theirs stakeholders (Steinerová, Václavíková, and Mervart 2008, 3).

6.1 Profit

The main target of a business is to make profit. From the perspective of CSR it is desirable to have enough financial resources to be involved in socially responsible activities. In this area business is expected to build positive relationships with its investors, suppliers, customers and its business partners. Important is the economic impact of a business on the local, national or global economy. Transparency of doing business, development of employment or denial of jobbery are also important (Ibid, 3-4).

Activities in this area include:

- Transparency of business – companies are trustworthy and share all the information with all their stakeholders even the negative one.
- Building good relationships – On the long term basis companies build relationships with either suppliers or customers. Possible suppliers have equal opportunities to be selected. In order to have good relationships with current suppliers it is suitable to pay invoices on time. Good quality and safe products are offered to customers at reasonable prices. It leads to lowering of the number of complaints and reclamations.
- Establishing the Code of Ethics – the document summarizes ethical codes that helps to the employees of a company differentiate between right or wrong and be ethical. For instance, not to accept a bribe.

- Good attitude to owners and investors – a company carry so called “shareholders dialogue” to inform its shareholders and other investors. Harmony between the shareholders’ interests and business activities.
- The other activities are: innovation and sustainability, intellectual property protection, honest competition, marketing and advertising ethics, after sales service (Steinerová, Václavíková, and Mervart 2008, 1-2, Kunz 2012, 21).

6.2 People

It is the area of social measures where responsible companies focus mainly on the employees and local community. A company has an influence on standard of living, health and well-being, security, education of both employees and the local community (Steinerová, Václavíková, and Mervart 2008, 1-2).

Activities in the social responsibility include:

- Health and safety of employees
- Education and career development of employees
- Balance between work and life of employees – so called work life balance gives possibilities like flexible working hours, possibility to work from home, company kindergartens, company lawyers, and others that are helpful for employees.
- Diversity and Equal opportunities – the opportunities are the same for everyone regardless of gender, age, race, sexual orientation, nationality, religion etc.
- Support of dismissed workers – it means support in a form of retraining, outplacement of laid-off employees helps them to find them a new job.
- Material and financial sponsorship
- Volunteering
- Education of community
- Development of employment in the area (Steinerová, Václavíková, and Mervart 2008, 1-2, Kunz 2012, 22).

6.3 Planet

Responsible companies are aware of its impacts on the environment. Companies have an influence on the environment. A company’s activity in any area can change the landscape character, pollution of the area, the noise level in the area, local traffic load or usage of

resources. The focus in this environmental area is to minimize negative environmental impact of the company (Steinerová, Václavíková, and Mervart 2008, 1-2).

Activities that belong to the area:

- Elimination of the negative impact on the environment
- Protection of natural resources
- Implementation of waste management and recycle programs
- Reduction of usage of dangerous chemicals
- Usage of alternative energy sources
- Energy and water savings
- Investment in environmental technologies – It might be an expensive option, but it could improve the competitiveness of the company (Steinerová, Václavíková, and Mervart 2008, 1-2, Kunz 2012, 23-25).

6.4 The Evaluation Standards of CSR

International initiatives have a significant role in the development of CSR reporting and assurance. There are some examples of them below:

Global Reporting Initiative – Guidelines are one of the most used standards of CSR reporting. The GRI Sustainability Reporting Guidelines provide a universal framework to companies and stakeholders that helps to understand enclosed information in reporting. It helps to understand to all the three areas of CSR. In addition, the guidelines are differentiated on parts for beginners and advanced users (Hohnen 2007, 68). The purpose is to show the organizations how to be as objective as possible in CSR reporting (Kuldová 2010, 84).

OECD Guidelines for Multinational Enterprises – The guidelines are recommendations for multinational enterprises providing principles for responsible business conduct in the international environment. The recommendations are non-committal. These are based on voluntariness, transparency and credibility. The aim is a worldwide progress in economic, social and environmental areas (OECD 2011, 3-4).

Account Ability AA 1000 series – These are standards, providing the basis for improving the sustainability performance. Due to its wide applicability it is possible to use the standards in any sector. The AA 1000 series were designed to improve credibility and quality of sustainability reports and processes connected with it. The aim is to make the companies more accountable (Hohnen 2007, 98).

United Nations Global Compact – It is another key international CSR instrument that comprises 10 principles in the areas of human rights, the environment, labor, and anti-corruption. It is derived from documents such as the Universal Declaration of Human Rights, the United Nation Convention against Corruption and others. The involved companies should set core values and use the use their sphere of influence in areas UN Global Impact deals with (UN Global Compact, 2015).

7 IMPLEMENTATION OF CSR

There is no versatile approach to CSR. Businesses are unique and have different characteristics, therefore, each of them will have a different approach to CSR thus a different method of implementing CSR strategies. CSR implementation should be in harmony with a company's mission and should apply to business culture, environment, and operating conditions. CSR strategy must be integrated into the firm's decision making, strategy, management processes and activities on the long-term basis (Hohnen 2007, 18).

The first step should be conducting a CSR assessment. The CSR assessment helps to gather all the necessary information needed to find out what the company position is regarded to CSR. The CSR assessment gives the information about company's products, services, decision making processes, and activities. It is necessary to identify company's strengths and weaknesses in regard to international goals and practices. How flexible is a company in the area of emerging issues and opportunities. The assessment is useful in finding CSR gaps and opportunities and therefore it helps to improve company's decision making. Also, one of purpose is to review already existing legal requirements. Another advantage of doing the assessment is that top management will have a picture of the firm's current state in the area of CSR and will be able to make informed decisions about moving ahead (Hohnen 2007, 22-23).

As it was said in the previous paragraph, the CSR assessment generates necessary information for developing CSR strategy. As the second step the firm should develop a CSR strategy. The CSR strategy enables using the company's resources in its unique environment to satisfy shareholders and market needs. (Hohnen 2007, 32-34).

A good CSR strategy should include:

- It should set the direction the organization wants to take its CSR work
- Interests and perspectives of shareholders
- Prioritize areas
- Specify a timeline for actions
- Responsible staff for actions
- Immediate next steps
- How to review assure outcomes (Ibid).

The third step is developing CSR commitments. These commitments are based on CSR assessment and strategy and are developed at the moment of the transition from planning to doing. The commitments ensure that the corporate culture of an organization is in correspondence with CSR values. They arrange a company's business strategy, goals and objectives in a straight line as well as they help to integrate them. The commitments supply the employees with instructions they should behave. And finally, they provide the company's CSR approach to their stakeholders (Hohnen 2007, 42-43).

The fourth step is implementing the CSR commitments into day-to-day processes, decisions, and activities. Implementing of the commitments is realizing of CSR strategy. One of the possible ways to implement CSR commitments:

- Developing and integrating CSR decision-making structure
- Implementing CSR business plan
- Setting measurable targets
- Identifying performance measures
- Engaging employees
- Running CSR trainings
- Creating communication plans for internal and external communication
- Publicizing commitments (Hohnen 2007, 57).

The key step in the implementation of CSR strategy has identification of the key stakeholders and their engagement. The discussion with the key stakeholders about the CSR identifies their interests and concerns that can reveal opportunities or possible problems. Identifying the key stakeholders leads to identification of the CSR issues that are most valuable for the company (Hohnen 2007, 26).

8 CSR COMMUNICATION

To inform about CSR activities, performance and commitments is essential to establish internal and external communication plans. Communication has to be done visibly and frequently. It could be done through: newsletters, annual reports, Intranet communication, meetings, trainings, informal mechanism, and CSR reports. Stakeholders should receive relevant information on all levels. The communications will have to be adapted to different audiences because investors are likely to be interested in different things than communities for example (Hohnen 2007, 64).

8.1 CSR Reporting

CSR reporting is about communication with stakeholders about a company's performance in the areas of CSR. It informs how good the company is and what its effect on society is. It reveals motivation of the company in a broader context. Stakeholders should be given sufficient amount of transparent information. The main goal of reporting is to provide credible and trustworthy information to stakeholders and gain their trust. Reports could be done by third parties. Adjustment of the length and depth of reports are essential. The most stakeholders might be satisfied with an online summary of a company performance. Those who are more demanding might require more detailed version.

Verification is also an important tool that measure if changes are taking in place. It is a form of measurement that can be in a form of: internal audits, industry and stakeholder reviews or professional third-party audits. Verification should be adjusted to corporate culture, strategy and commitments. It improves the credibility of the reporting (Hohnen 2007, 64). All the reports should include the company profile – an introduction of the company, corporate context – mission of the company, description of the CSR activities, characteristics of its stakeholders, goals for future (long-term and short-term goals) in the area of CSR and what CSR means will be used to reach the goals (Steinerová and Makowski 2008, 1-33).

8.2 Modern trends in reporting

The most common way of the reporting CSR activities is to publish the CSR reports on a website of a company. Some companies do the separate section dedicated to the problematics of CSR. The reports can be financial or non-financial. The forms of reports vary. Generally, reports should be easily approachable. They can be printed or they can

have the digital form only. The online reporting enables immediate reaction of stakeholders (Steinerová and Makowski 2008, 1-33).

The integrated reporting is a new approach to reporting. The integrated reporting provides concise, integrated and clear information about the performance of a company in the social, financial and environmental context. It is a holistic approach that explains how all the resources creates value (Integrated Reporting 2016).

Another trendy thing in terms of reporting are professional third-party audits. The leading companies in this area are companies of so called Big 4, which are KPMG, Ernst and Young, PwC, and Deloitte.

II. ANALYSIS

9 A CSR ANALYSIS OF THE COMPANY XYZ

9.1 The aim of analysis

The main aim of the second part of the thesis is to examine the current state of the corporate social responsibility concept in the company XYZ. The other goal is to find out if the company follows the theoretical principles and to what extent. The final part of the thesis includes suggestions or recommendations that should lead towards better use of the CSR concept in the company.

9.2 Information Sources

The data used in this part, for the analysis purposes, were gained through the external documents that were publicly available and internal documents that were provided by the PR/marketing manager and HR manager of the company. The external documents include the information from the official website of the company and Annual Report of the company. This kind of information was available online.

The information that was needed for the analysis and were not available from either external or internal documents were gained through the interview with PR/marketing manager and with HR manager of the company XYZ. The interviews were held on 20th April at 9 AM and on 22nd April at 10 AM. The other information that was not covered in the interview is gained through the email communication between both managers and the author of the thesis. As stated in the introduction of the thesis: The information that might reveal the identity of the company such as: names of towns, a name of the parent company, names of some business partners, and suppliers are fictional on purpose or might not be stated at all. The paragraphs in the analytical part are not cited on purpose in order not to reveal the identity of the company by specifying their name in the citation. For the same reason author does not mention actual names of the managers that he spoke to.

10 THE COMPANY XYZ

10.1 Introduction of the company

The company XYZ is one of the key companies in region of Zlín. Among the main activities of the company belongs: heat production and subsequently heat distribution, electricity production and electricity trade. Customers of the company from the industrial sector are supplied heat energy in a form of steam. The heat supply for household heating and production of domestic hot water is delivered in a form of hot water. The production of electrical power is based on the combined production of electricity and heat. The production process of this kind provides the highest possible effectiveness in operations. Lignite, black coal and biomass are used for the production of the energy. The company operates a hot water network that measures more than 50 kilometers. The vast majority of the heat production is supplied to customers in the industrial sector. The biggest supplies are provided to three industrial companies that are located in the area of the company XYZ. The supplies of hot water are provided to households, schools, shopping centers and other institutions in Otrokovice, and several parts of another Zlín. In total, the company supplies heat to almost 9.500 households.

The company was founded in the 30s of the 20th century. Originally it was founded to provide the electricity supply to local factories in the town X as well as households, a hotel, and a shopping center. In those times the company belonged among pioneers of combined production of the electricity and heat. Modernization of the factory happened in order to keep up with the increase of the demands of energy supply and with environmental requirements. The part of modernization was to build heating boilers and in the 70s of the 20th century two steam-boilers and two pressure turbines were built. Since then the factory has belonged among modern heating plants. In 90s of the 20th century the company XYZ became a joint-stock company and further modernizations followed. The hot water network was built to supply heat for customers in Otrokovice and Zlín-Malenovice. In the year 2012 the company bought part of ABCD concern in the town Z and heat distribution expanded to other places. Since the year 2014 company has become a subsidiary of a big national company which do business in various areas including heating industry and production of electricity.

10.1.1 Product and Service Portfolio of the company

10.1.1.1 Heat

As stated above heat energy is produced by combustion of black coal, lignite, and biomass. Biomass is used in order to support the usage of renewable resources. Ratio of heat supplies is: 74% of the energy goes to customers in the industrial sphere 13% goes to households and the rest is provided to other institutions. Heat supplies cover area of Otrokovice, Zlín-Malenovice, and town Z, and provides the energy for almost 9.500 of households. The length of the hot water network is more than 50 km.

10.1.1.2 Electricity

It is produced by the process called cogeneration, which is process that is based on the combined production of heat and electricity. The process is environmentally friendly and economical. The biggest portion of electrical supply goes to the nearby industrial companies.

10.1.1.3 Service

The company XYZ offers the possibility of connecting to new customers and building new connectors and heat exchange stations. Among the other services that are provided by the company belong nonstop service in cases of failures or damages, security inspections and maintenance of the heat exchange station.

11 VISION AND STRATEGY

11.1 Vision

A vision statement is a basic premise for successful development of the company and therefore it is vital to have clear formulations of the long-term goals. The vision of the company could be described as a desired future state, in other words, the picture of what the organization would like to achieve. The vision might inspire stakeholders of a company, including employers and show them how to contribute to achieving the goals. The vision of the company XYZ is to be a reliable and stable supplier of heat and electrical energy for the customers. To be responsible for the environment and to be environmentally friendly by reducing the negative impact of the action of the company. The company also cares about the local region and therefore they would like to continue in the support in the areas of health care, culture, education and charity.

11.2 Strategy

A strategy defines the present state of the organization and describes what the company does for whom and how the company does what it does. The company XYZ produce the electric energy and heat in economical and ecological way by the process called cogeneration. Both products are delivered to the customers at reasonable prices. The aim of the company is to offer such a product that means certitude and comfortability for their customers. The offer of the products and services is constantly being improved. The company puts emphasize and aims to the individual approach to each of their clients.

12 STAKEHOLDERS

The list of stakeholders that are important for the company XYZ was obtained during the personal meeting with PR/marketing manager of the company and includes these groups:

- Customers – individual households, schools, shopping centres in Otrokovice, Zlín-Malenovice, Napajedla,
- Business partners – Tehos s.r.o.
- Local community – citizens of Otrokovice, Zlín, Napajedla, Tlumačov
- Local governments (towns, municipalities) – Otrokovice, Zlín, Napajedla, Tlumačov
- Government – the government of the Czech Republic
- Suppliers
- Investors
- Employees

13 COMMUNICATION

Communication with stakeholders is divided into the internal and external according to that with whom the communication is the lead. Internal communication is directed towards to the internal audience of the company for instance, employees. The company externally communicates to stakeholders outside the company for example, suppliers.

The magazine Zpravodaj (Reporter) is one of the means of the internal communication with the employees. The magazine informs about the important events, plans, projects etc. The company communicates through its website as well. There is special section dedicated to CSR and the news section which informs external and internal stakeholders about recent activities of the company. As other parts of the internal the company uses emails, noticeboard in the company building, regular meetings with the employees. The employees might express their suggestions or feedbacks whenever it is possible in the office of the PR/marketing manager.

External communication is done through the company website as described in the previous paragraph. The formal letters are also used as well as emails. The company annually organizes meetings with their customers. The informative meetings give details about the strategy and services of the company. There is a space to discussion with the customers. This is the way the company receives the important feedback.

14 CSR ACTIVITIES OF THE COMPANY

This chapter provides an insight on CSR activities of the company XYZ that are divided according to the triple bottom line into three groups so-called 3Ps: Profit (economic responsibility), People (social responsibility), and Planet (environmental responsibility).

14.1 Profit (Economic Responsibility)

14.1.1 Transparency

To be a transparent company it is essential to publish financial as well as non-financial information on a regular basis. It can be done by reports. All the stakeholders that are interested in economic development and development in the area of CSR should have easy access to this kind of information. Therefore, the financial statement and annual reports of the company XYZ are publicly available in the Collection of Deeds, which is required by law. Besides that other information important for stakeholders is published on the website of the company.

14.1.2 Relationship with Customers

Having a good relationship with the customers is one of the key elements for a successful business. For this purpose there was a directive for monitoring customer satisfaction and complaint handling made up. The directive regulates procedures for monitoring and evaluating satisfaction of the customers and procedures for handling complaints of customers.

Procedure Requirements on Monitoring Customer Satisfaction:

1. The company places emphasis on the raising awareness of the customer needs.
2. The next step is to continually reveal the causes of customer dissatisfaction.
3. The last requirement is to provide information and data that would lead to eventual improvements of the services offered.

Monitoring and data collection that serves for the evaluation of the customer satisfaction could be achieved by direct communication with a customer during the preparation of the contract or during the realization of a delivery. Apart from these, the company takes into account customer references, customers might be interviewed by phone calls, and might be asked about their opinions through various questionnaires.

Effective return merchandise authorization (abbreviated RMA) is also an important element of a responsible approach to customers. The company XYZ has developed a system of the RMA that enables effective dealing with complaints. According to the rules of the company, the approach of employees in the RMA process should be thorough and objective while following the rules of business ethics. In addition, employees should keep an eye on following the principles of maintaining good business relationships with customers.

14.1.3 Quality of Products and Services

Quality of products or services could be measured through various kinds of certificates. The company expresses the attitude to produce products and provide services of high quality. In addition, certification might be seen as a way to show that company cares about the customers, employees or the environment. The company XYZ is a certificate holder of Quality Management System Standard, Environmental Management System Standard ISO certificates and OHSAS Occupational Health and Safety Management certificate. The certificates like these objectively indicate the commitment of the company XYZ to be socially responsible. It might be a way of strengthening of a relationship with the customers. All of the commitments are published in the document called Integrated Management System that is accessible online on the company website. After Sales Service Services that are offered in the area of customer service which are above standard or above the law differentiates the company from the competition and in many times it is a competitive advantage. Therefore, the company offers and provides services that are described in the following paragraph to show that they appreciate its customers.

1. The customers are offered the possibility of free service that includes scanning of their facilities with a special thermal scanner that leads to prevention of the heat loss. The company provides ten thermographic pictures.
2. Customers are provided nonstop service in case of any disorders or damages. What is more, maintenance of the heat exchange station is offered and inspection services of devices are provided.

14.1.4 Timely Payment of the Invoices

Paying the invoices on time is one of the most monitored aspect in relation to the maintaining good relationships with suppliers (Petříková et al 2008, 54).

The company XYZ is accountable to its suppliers. Since the company wants to play a role of the responsible business they meet the obligations to its suppliers. All the invoices are paid within the due date and there are no overdue claims against the company. Another contribution towards maintaining good relationships is that company keeps their business partners updated through their website in the news section.

14.2 People (Social Responsibility)

The chairman of the board stated that company considers heat supply as a public service because it is basic human need. Therefore, being socially responsible is considered appropriate manner.

14.2.1 Corporate Volunteering

The company XYZ cooperates with charities on the long-term basis. It is up to individual employees, whether they join in volunteering. A good example of corporate volunteering activity of the employees is that they helped to raise funds for the charity called Charita svaté Anežky v Otrokovicích. The employees joined in the collection of the electrical waste, and money obtained from the sale of the waste was donated to the charity mentioned above. By the collection of the waste it was helped to a non-profit organization and simultaneously they supported ecological destruction of electrical equipment.

14.2.2 Taking Care of Employees

The key of success of any company is to have productive and satisfied employees. Therefore, the company do as much it can to have satisfied workers. The company creates good working conditions. As the evidence might be a low rate of employee fluctuation. The company offers a variety of corporate benefits for the employees. The benefits include: contribution for pension insurance, mobile tariffs for a special price, catering allowance which is 55% of the total price of the meal, employees have a possibility to dine in the company canteen, which is part of the company building. Every year the company holds both sports and cultural events for example, paddling on a river, bicycle trips, footballtenis tournaments. The company has its own hockey team that is financially supported. As for cultural events, the employees might choose up to 10 free tickets a year for various plays or musical performances that take place in a local area.

The company thinks of the members of the family of the employees too. They can participate in a “Day for employees” that takes place every year at the company premises. There is catering provided as well as program for adults and kids including contests. The participants have the possibility to see the workplace of their relatives.

The employment policy of the company XYZ is based on a mutual communication with the employees. They are constantly updated about the company activities (development plans, projects, personnel information, and events) through an internal magazine Zpravodaj (Reporter) that is published six times a year. On the other hand, employees can express their suggestions for articles in the magazine. There are regular meetings with management where the employees might express themselves and their feedback is taken into account.

The other benefits that show that employees are highly valued are: a 13-month salary, those who celebrate important anniversaries like celebration of 50 years of life are given a material gift as well as those who have worked in the company for 10 years. Those who retire are provided with a financial reward and a small gift on the last day at work. The salaries in the company are above the standard in the Czech Republic. Safety and health of the employees are provided as the evidence might be the certificate OHSAS 18001.

14.2.3 Education and Human Capital Development

There are many ways how to support the development of the employees. Supporting the personal development of the employees might be one of the elements that motivates them. Apart from mandatory trainings of employees, there was a training course for accountants about the changes concerning the tax laws. The managerial staff took part in the soft skills course. All the employees had a chance to improve their English/German language skills and participate in the English/German language course that was financed from the EU grant. In total, 30 people took language classes twice a week for the period of five months. Language courses were completed by taking an examination and the participants obtained language certificates.

14.2.4 Local Community

The company is involved in a wide range of activities that supports the improvement of quality of life of the citizens in the local region. It tries to maintain good relationships with the local municipalities and it has forged partnerships with some of them. It achieved a framework agreements with local towns. The agreements commit both parties to the

regular informative meetings where they mutually keep informed about planned changes in the region and about past successes and failures of the cooperation. The company has no secrets and it is open to its partners. Some members who are town representatives are members of the board of directors of the company.

The towns the company collaborates with are offered a certain amount of money for the support following areas: leisure time activities of children and youth, health and cultural areas, handicapped people, senior citizens and ill children. The agreement obliges the towns use the financial contributions only in the areas mentioned above. This prevents money ending up in the town budget for other purposes. Within the cooperation with Otrokovice the company made a considerable financial contribution to organizing of the town events: Otrokovické letní slavnosti, Zdravý pohyb do škol, and Farmářské trhy.

Apart from the support of the towns the company XYZ cooperates with other organizations that were donated almost one million CZK altogether the last year. The company participated in the charity activities Pomáháme potřebným that helped to sick children and the festival Jeden den that supports disabled people. The support of the company focuses on the local sports club and organizations that works with children and teenagers.

Through the cooperation with organization Sdružení Šance the company helped to improve the quality of treatment of children with oncological diseases. Through the cooperation with Naděje it was possible to create new jobs for disabled people. Donation of the amount of 40 thousand CZK was made to the hospice Most k domovu Zlín. The donation helped people with incurable diseases. Regional Hospital of T. Baťa profits from the long-term cooperation with the company XYZ. The last year the hospital was able to build new rooms for preterm infants. Besides that the company contributes to the purchase of the monitoring equipment for newborn babies every year.

More examples of organizations the company supports on the long-term basis: Charita svaté Anežky Otrokovice, DDM Sluníčko Otrokovice, DDM Napajedla, TJ Napajedla, Educo Zlín and many others.

The company has a positive attitude to local schools too. Students of elementary schools and students of high schools from the local area have possibility to peek inside the inside of the company. They are acquainted with the production process. The system of excursions aims to attract the students so they could become future company employees.

14.3 Planet (Environmental Responsibility)

The combined production of electricity and heat energy the company use is effective and from the ecological point of view the production is based on the considerate usage of the primary energy sources.

14.3.1 Ecological Thinking in the Workplace

The company pays attention to the protection of the environment and therefore they decided to support the ecological thinking of their employees. Throughout the building there are containers that are used to sort out the recyclable waste. The project “Green Company” enabled free removal of used and dysfunctional batteries and electrical appliances from the company. The project ensures ecological disposal of the waste. The employees contributed to this ecological option by collecting of used batteries to the container that was placed in the company premises for this purpose.

14.3.2 Reduction of Air Pollution

Fuels used for the production of electricity or heat energy is transported by cargo train sets and then unloaded through the grates to the underground reservoir. Both the way of transport and the way of storage helps to decrease the level of emissions in the air.

14.3.3 Saving Water Resources

Production technology of the electricity and heat energy requires an usage of raw water. As a source of the water the company uses the river Morava. A study Bezodpadové vodní hospodářství (Waste Free Water Management) was elaborated for the purpose of effective use of water resources and the minimization of the production of waste-water. The study has brought two advantages. Firstly, from the ecological point of view, the company does not waste water resources. Secondly, it is beneficial from the economic point of view which means a reduction of total cost of water and clean production.

14.3.4 Waste management

The company goes towards the effective waste management. The tendency is to reuse everything that is possible to reuse. The biggest proportion of waste is represented by energy by-products: ash and slag. Both of the products are certified and both of them are being sold to the building industry. Recyclable waste such as: paper, glass, plastics, waste oil, iron, steel and electrical equipment are preferably forwarded for further use.

14.3.5 Investment in Environmental Protection

Environmental protection is taken seriously in the company. Therefore, the company has employed an ecologist whose job description is to keep an eye on that the company behaves responsibly in the environment and complies the standards set by law. The company is certified by ISO 14001 – Environmental Management System Standard. The company makes the effort to protection of the air pollution, water resources, and production of waste. The latest investments were made into the electrostatic precipitators of solid substances, fabric filters and desulphurization devices that reduce air pollution.

15 COMMUNICATION

Communication with stakeholders is divided on internal and external according to that with whom is the communication lead. Internal communication is directed towards to the internal audience of the company for instance, employees. The company externally communicates to stakeholders outside the company for example, suppliers.

The magazine Zpravodaj (Reporter) is one of the means of the internal communication with the employees. The magazine informs about the important events, plans, projects etc. The company communicates through its website as well. There is special section dedicated to CSR and the news section which informs external and internal stakeholders about recent activities of the company. As other parts of the internal the company uses emails, noticeboard in the company building, regular meeting with the employees. The employees might express their suggestions or feedbacks whenever it is possible in the office of the PR/marketing manager.

External communication is done through the company website as described in the previous paragraph. The formal letters are also used as well as emails. The company annually organizes meetings with their customers. The informative meetings give details about the strategy and services of the company. There is a space to discussion with the customers. This is the way the company receives the important feedback.

16 RECOMMENDATIONS

Previous chapters analyze the current state of the concept CSR in the company XYZ. The analysis shows the involvement of the company in three individual areas (Ps) of CSR.

According to the analyzed data the company is involved in the Ps of CSR to the certain degree. It can be said that the company tries to act as a responsible business and tries to keep an eye on the concerns of all of their stakeholders.

- **Profit (Financial Responsibility)**

As a problematic part of this area is a corporate transparency. The most suitable way to eliminate the deficit is to proceed with reporting. The author suggests the company should involve in CSR reporting on a regular basis. The CSR report is a useful communication channel that gives sufficient, factual, and organized information. The stakeholders such as: customers, suppliers, business partners, and investors would have access to information about the financial performance of the company and also about social and environmental concerns of the company. The monitoring of the activities will work on a monthly basis and the final evaluation will be done at the end of each year. The evaluation process will be condensed by assembling and publishing the CSR report. The author suggests to publish integrated reporting, which represents a holistic approach to reporting and provides clear, integrated and concise information about the company in all three areas of the CSR. This kind of reporting also might attract new investors or business partners. The problem is that CSR reports done by the company itself might contain incomplete or biased information. To become more transparent it would be essential to have it done by a third party. The report done by the third party lowers the risk of publishing biased or incomplete information. It increases the credibility of the report and of the whole company. In addition, it might identify the space for improvement. The annual report of the company contains information on CSR about the length of one paragraph only, which includes basic information. The author recommends to enclose the information in more detail by implementing the integrated report or its parts into the annual report of the company.

The missing the Code of Ethics in the company is another shortage in the financial area of the CSR. The company cannot rely on that the employees will behave the same manner in the same situation. Not every employee has a good level of ethical values ingrained. Developing the Code of Ethics would influence the employees in the first place. The code of Ethics will include the basic rules of ethical behavior. Having Code of Ethics

in a written form would represent a uniform rule for the employees of behavior in the different situations. The Code of Ethics will adjust the rules of behavior towards other groups of stakeholders: business partners, investors, and the whole society. It should highlight the importance of the ant-corruption behavior and choosing business partners that do so as well. The author recommends to involve the employees in the process of creating the Code of Ethics (Zadražilová 2010, 126). This would speed up the process of familiarization of the issue and reduce the costs of ethical training. The creation of the process will become a part of the regular meetings that already take place. The meetings are held weekly or monthly according to the department. The final form of the Code of Ethics will be done by the HR manager of the company who will be in charge of the whole process. For the extra work the monthly salary of the HR manager will be increased by 15% which is approximately 3.500 CZK. The HR manager will be in charge of updating the Code of Ethic during the years. Through the Code of Ethics the company will show the vital values to stakeholders that are important in respect to doing business. It will improve the company's reputation and position on the labor market.

- **People (Social Responsibility)**

The company is involved in philanthropic activities that financially supports towns or various organizations. The company website states that the total amount of donations is one million CZK. It is a relatively huge amount. Therefore, the author suggests to review all the donations and contributions. This would prevent the company from the random and unpremeditated spending on donations. For the purpose of the reviewing, the author recommends widely used international standard the London Benchmarking Group system. It is a tool that helps to set the straight forwarded rules and budgeting for the philanthropic activities. This would be an asset for the future planning of making investments in these activities. The standard defines the amount that is invested into philanthropy and measures the effect of the impact of the activities. The London Benchmarking Group model gives a relevant information about the efficiency of the philanthropic activities (Petříková et al. 2008, 98). The process might find inefficient philanthropic spending and identify money that could be used in further philanthropic activities and improve the reputation of the company in the eyes of the stakeholders (towns, non-profit organizations, other organizations) that would receive a donation from this source. The alternative way of using this kind of money could be an improvement of the wages of the employees.

- **The Other Recommendation**

One of the reasons that the company does not do CSR reporting is the absence of the CSR manager in the company. The less expensive option for the company than hiring a new employee the author suggests to put in charge of CSR one of the managers of the company. The most convenient option appears to have the PR/marketing manager in charge of CSR that would closely cooperate with the marketing department. The reason for that is this person is already engaged in the running of CSR activities in the company and already has experience. Among the duties of the manager would be to create a comprehensive CSR plan and design the CSR activities of the company. The communication with internal and external stakeholders would be the duty of CSR manager too. Furthermore, the CSR manager will have to ensure that the communication with stakeholders is done effectively through the various communication channels. In case that company will not choose a third party for designing the CSR report, this would become the duty of the CSR manager as well.

16.1 Risks of Realization of the Proposed Recommendations

The proposed recommendations bear the risks that might occur during their realization. All of the proposed recommendations might not be approved by the senior management of the company. The lack of the funds might complicate the process of realization or completely interrupt it. The last, but no least risk is that the CSR manager will not have enough qualification. Another risk is that the invested funds will not return. As for creating the Code of Ethics, the biggest thread is the unwillingness of the employees on the process of creating it.

CONCLUSION

The main aim of the thesis was to analyze the current state of the concept CSR in the company XYZ. The main sources for the analysis were gained through the personal meetings and the email communication with PR/marketing manager of the company and the HR manager company. Due to the fact that the analyzed company did not allow to publish their name in the thesis the author was forced to use a made up name – the company XYZ. Since the author was not permitted to make a link between the sources cited in the work and the analyzed company the paragraphs in the practical part are not cited at all.

The theoretical part of the thesis sums up the theoretical view on CSR and defines the whole concept. There is also the historical background of CSR and historical development of CSR in the Czech Republic described. The support of CSR from the state and various national and international organizations are included as well. The triple bottom line followed by implementation, communication and reporting are discussed in the second part of the theoretical part.

The second, analytical part of the thesis introduces the analyzed company characterizes the business the company operates in. Further, in the text there is historical background of the company described, as well as the products and services that are offered. The main parts of the analytical part are the actual description of the current CSR activities that are applied by the company followed by the suggestions of the author that should result in more effective application of the CSR concept in the company.

To sum up, the company XYZ has voluntarily engaged in the CSR activities. The company sets a path of being socially responsible by proposing their vision and designing the strategy. The company XYZ is active in all the three areas of CSR and tries to be a good example of socially responsible company in the region. As a major shortage the author sees the incoherence of the application of the whole concept that might give the impression that it is done randomly. Hence, the author recommends to establish a position of the CSR manager that would have the responsibility for running CSR. That would ensure the unity of the application of the concept. Other suggestions that are proposed in the analytical part are to ensure the credibility of the company by CSR reporting. The report would improve the level of the communication with the stakeholders. Other suggestions are to design a Code of Ethics and to review the philanthropic activities to

ensure the efficiency of the donations. All the proposed suggestions should lead to the more efficient use of CSR in the company.

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LIST OF ABBREVIATIONS

BLF	Business Leaders Forum
CSR	Corporate Social Responsibility
CSV	Creating Shared Value
CZK	Czech Koruna
EU	European Union
GRI	Global Reporting Initiative
HR	Human Resources
ISO	International Organization of Standardization
OECD	Organization for Economic Co-operation and Development
PR	Public Relations
UN	United Nations

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Figure 1 *The difference between CSR and CSV*..... 18