THE EVALUATION OF THREE PILLARS OF CORPORATE SOCIAL RESPONSIBILITY IN PRACTISE

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Abstract

The submitted article deals with the evaluation of three pillars of Corporate Social responsibility (CSR) in practise. We used primary and secondary resources for this evaluation. At the beginning, we try to briefly introduce the issue of the renewed EU strategy for corporate social responsibility, the concept of stakeholders, instruments and certifications of CSR, the triple bottom line as well as dimensions and areas of intervention of the CSR. The main attention is devoted to the results and discussion, where the evaluation of three pillars (social, economic and environmental) activities of the business entity and with evaluation of the current state of perception of social responsibility by employees based on the questionnaire survey. At the end, we can state that company is responsible for all its employees, respects human rights, is strongly against child labour, antisocial and unethical business practices and combats discrimination. The corporate staffs are motivated by the flexible working time, possibility of home office, safe workplace, supporting social programs, special trainings opportunities, programs for professional enhancement, language courses, and courses for personal development.

Keywords: corporate social responsibility (CSR), company, employees, questionnaire survey, triple bottom line (TBL)

JEL classification: L21, L29, M14, M51
1 Introduction

In the modern world, it is very important to pay special and significant importance to the process of corporate and social responsibility (CSR). Socially responsible activity brings a new look at the social direction of the business and it brings benefits to organizations, both directly and indirectly, which provides a long-term competitive advantage. The origin of the corporate social responsibility dates back to the 19th century. The social aspects of CSR have existed before, there was always found some employer who has acted in this field beyond the laws of that time, but this behaviour has not been named as the CSR. For instance, business owners have built accommodations for their employees and thereby have manifested not only the interest in increasing productivity of workers, but they also believed that it could strengthen relations between the management and workers (Putnová and Seknička, 2007). The definition of corporate social responsibility concept has evolved, as well as the content, essence and understanding of CSR in the middle of the 20th century. The first definition of corporate social responsibility is based on the managerial template. Howard R. Bowen is considered the first theorist of socially responsible business, who in 1953 wrote the book ‘Social Responsibility of the Businessman’. In this book, it is stated that corporate social responsibility represents the obligation of businessmen to pursue a particular strategy to make particular decisions or carry out particular activities that are desirable from the point of view of the objectives and values of our company (Bussard et al, 2005). In 2011, the European Commission defined the CSR as the responsibility of corporations for their own impacts on the society. This interpretation is in line with the general characterization of the term responsibility. To be responsible for something mean that you must be aware of consequences of your actions. Also, we agree with Okhrimenko O. and Ivanova T. (2015) that the necessity of activating the implementation of the principles of Corporate Social Responsibility in the life of society, its legal and economic institutions are providing by the involvement of countries in the processes of globalization, economic integration, the importance of creating a positive image of domestic enterprises in international markets and on this basis obtaining additional competitive advantages. CSR, therefore, is the way in which the company deals with its impact on society. Among the issues typically taken into the consideration by the social responsibility, we find the way in which the activities of the enterprise are interested in the human rights, the rule of law, workers, the community and the environment. (Ormond, Itschert and Bir, 2015). According to Responsabilità Sociale d’Impresa Piemonte (2013), the CSR goes beyond compliance with legal regulations and identifies practices and behaviours that the company adopts on a voluntary basis, convinced of obtaining
results that can provide benefits and advantages to itself and to the context in which it operates. CSR encompasses critical firm actions that generally advance some form of social good, beyond simply what is required by law. Often these actions are aimed at building goodwill within the community (Aguinis and Glavas, 2012). Kašparová (2006) states that in 1979 Carroll A., one of the most active scholars, proposed a definition of the CSR which consisted of four components: economic, legal, ethical and voluntary. In 1991 the voluntary responsibility was renamed on the philanthropic responsibility. Together with Freeman, completed definition with ratios of individual responsibilities and defined four levels of responsibility: economic (making profits), legal (respect the laws), ethical (be ethical), and philanthropic (being a good citizen). Based on Ubrežiová, A., Horská (2011), CSR has become a part of stakeholder agenda in 90’s. In Slovakia entrepreneurs started to deal with the topic of CSR also in context of SMEs in 2000. At that time, the key performers were especially multinational companies. Over the time the concept of CSR has been adapted by number of Slovak SMEs as well. Currently, there exists positive, but rather slow process of CSR implementation in the companies followed by opinion Slovak SMEs should apply more active approach in their everyday activities. Malejčíková, Kozáková (2015). On the other hand, MNCs and SMEs should focus not only on profit (primary bottom line), but on people (second bottom line) and planet (third bottom line) aspects of their business activities as well Bielik, Smutka and Horská (2010). Lačný (2012) explained the concept of TBL as concept that leads to a broad view of business. TBL is based on the responsibility of organizations and specifically in the areas of economic, social and environmental. Its essence is to create interdependencies between these areas, and in achieving optimum, balanced relationship between them. The importance and significance of risks and barriers to our common sustainability in increasing possibilities and opportunities will impact on the transparency of economic and social impacts, as well as environmental impacts as essential components in effective decision-making of stakeholders’ relations, investment decisions, and other market relations. From the viewpoint of view also Mura, Buleca (2014) and Ubrežiová, A, Horská (2011) explain that corporate social responsibility includes the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time. Authors mention the concept Carroll’s four-part model of CSR.

2 Data and Methods

The main objective of the submitted article entitled “The Evaluation of Three Pillars of Corporate Social Responsibilty in Practise” is to provide and evaluate
information about the corporate social responsibility according to the perception of CSR by employees in the selected business entity. In relation to the evaluation of results, for the social audit of corporate social responsibility we selected two hypotheses. When formulating following hypothesis, we used the theoretical knowledge acquired during the elaboration of the subject of CSR and the current state of this issue.

H$_1$: We assume that the completed education of respondent has the impact on familiarity with the concept of corporate social responsibility.

H$_2$: We assume that there is the correlation between the respondent's work position and the feel of discrimination.

The social audit was realized in March 2017 in the selected company by questionnaire survey that was anonymous. The possibility to fill the questionnaire had 93 company employees at 3 levels of employment positions, from which 70 employees participated in research. The questions were formulated clearly, distinctly and every question was evaluated separately. The questionnaire for employees includes a total of 21 questions. For each investigated hypothesis was formulated baseline null hypothesis H$_0$ that claims conformity of what is compared, as well as was always formulated the alternative hypothesis H$_1$ against the zero hypothesis.

H$_0$: We assume that there is correlation between one investigated character and the other one investigated character.

H$_1$: We assume that there is no correlation between one investigated character and the other one investigated character.

For evaluating the hypothesis, we used statistical method of Fisher’s Exact Test that determines the correlation between two variables based on Pr $<=$ P relationship, which determines the statistical significance.

If Pr value $<$ 0.05 significance level P, we do not reject the null hypothesis.
If Pr-value $>$ 0.05 significance level P, we do reject the null hypothesis.

The hypotheses were tested by using SAS program.

3 Results and Discussion

The strategic decisions of company are based on the integrated and holistic concept which considers all three pillars of corporate social responsibility – economy, environment, society – and sets the framework for all corporate thoughts and actions. The social audit was attended by 70 employees of the company from the total of 93 employees, of which participated in the survey were 38 women and 32 men. In relative terms, the ratio of those surveyed is 54% women and 46% men. The biggest group had 50 respondents (71,43%) with the master or doctorate university degree, than 14 respondents (20%) with secondary school educational
attainment and the least 6 respondents (8,57%) with bachelor university degree.
The seniority of employees was divided into 4 categories. The largest part of the
staff is new, 43 (61,43%) personnel employed for less than two years. For the pe-
period from 2 to 5 years work in company 9 employees (12,86%), from 5 to 10
years work 10 employees (14,28%), and 8 employees (11,43%) are long-term em-
ployed for more than 10 years. The corporate staffs are positioned on 3 position
levels. The least, 5 respondents (7,14%) were from management, 12 respondents
(17,15%) were team leaders and 53 respondents (75,71%) were team members.

3.1 Social area of the CSR

The questionnaire survey was focused on the social area of CSR. Within the social
responsibility we analyzed working conditions, labour relations, willingness of
supervisor to discuss with employees at workplace, the respect of occupational
health and safety regulations, feel of discrimination and educational activities in
company. To the question “How do you perceive working conditions?” the major
part of 35 respondents (50%) replied good, 27 respondents (38,58%) excellent, 7
respondents (10%) satisfactory and 4 respondents (5,72%) sufficiently. To ques-
tion “How do you perceive labour relations at workplace?” the major part of 34
respondents (48,57%) replied again good, 18 (25,71%) excellent, 16 (22,86%)
satisfactory, and 2 (2,86%) respondents insufficient. The perception of working
conditions and labour relations is imaged in Figure 1.

Figure 1 The perception of working conditions and labour relations by employees

Source: Own processing.

On the question “Is your supervisor willing to discuss with you at workplace?”
the major part of 57,14% respondents that represent 40 employees replied that
their supervisor is always willing to discuss with them. Remaining 42,86%
represents 30 respondents who confirmed often willingness of supervisor and nobody stated rarely or never willingness. With the question “Does the company respect regulations on occupational health and safety?” strongly agreed 60 employees that is 85,71%, 8 employees representing 11,43% rather agreed and 2 of them that is 2,86% could not answer this question. We can proclaim that company is in compliance with occupational health and safety regulations. The further question gave the answer on the discrimination in the company. On question “Do you feel discriminated in the company?” 57 employees that is 81,43% replied that they have never experienced it within company and rejected discrimination. On the other side, 13 employees that is 18,57% confirmed that they have already felt that way.

The educational activities, which are imaged in the Figure 2 were evaluated in this part, based on 3 positive statements and 5 levels of agreement with them. With the statement “I am sufficiently informed of the possibility to benefit from educational activities” 18 employees (25,71%) strongly agreed, 31 employees (44,28%) rather agreed, 11 employees (15,71%) rather disagreed and 10 employees (14,28%) had neutral stance. With the statement “I am satisfied with educational activities in company” 16 employees (22,86%) strongly agreed, 13 employees (18,57) rather agreed, 12 employees (17,14%) rather disagreed, 2 employees (2,86%) strongly disagreed and 27 employees (38,57%) had neutral stance. With the statement “I actively participate in educational activities of the company” strongly agreed only 10 employees (14,28%), 15 employees (21,43%) rather agreed, 20 employees (28,57%) rather disagreed, 5 employees (7,14%) strongly disagreed and 20 employees (28,57%) had neutral stance. We can state that employees are quite well informed about educational activities but their satisfaction and active participation is lower.

Figure 2 The evaluation of the educational activities

Source: Own processing.
According to Humieres and Chauveau (2001), employees are seen as the most important stakeholder. The similar results as in our survey were achieved in the one realized by FOCUS (2010). Also, according to Skýpalová, Kučerová and Blašková (2016) we can say that regardless of the company size, most activities of the social pillar are carried out in the area of corporate ethics and corporate culture, in the health and safety of employees and in the care of training and retraining of employees.

3.2 Economic area of CSR

The further part of CSR pillars in the questionnaire survey was focused on the economic area. The economic responsibility we evaluated like the interest of company in specific requirements of its customers, fight against corruption, and strength of corporate competitiveness against other competing companies. We used the following questions. “Is the company interested in the specific requirements of its customers?” 44 employees (62.86%) agreed and stated that company cares about customer requirements and produces specific products according to their requests. Other 26 employees (37.14%) did not answer. The question “Does the company fight against corruption?” 55 employees (78.58%) agreed with the statement that company introduces and informs about the principles of anti-corruption, 14 employees (20%) did not answer and 1 employee (1.42%) answered that company is not involved in the fight against corruption, offers and gains undue advantages. By the third question “Is the company competitive enough against the other competing companies?” 41 employees (58.57%) agreed that company has very strong competitiveness, 5 employees (7.14%) disagreed and according to them company should increase its competitiveness, and 24 employees (34.29%) could not answer. The answers of respondents on economic activities of company are summed up and imaged in the Figure 3. The economic pillar of CSR activities is on the high level. All respondents who are informed about customers’ relations confirmed that company operates according customer’s requirements. All informed respondents except one also confirmed the corporate fight against corruption and with enough strong competitiveness agreed 89% of informed respondents. In spite of the economic pillar is at high level, we must point out that it is advisable to increase the awareness of employees about the economic activities of CSR.
Figure 3 **Perception of economic activities**

![Graph showing perception of economic activities](image)

*Source: Own processing.*

We can compare our results with Hambalková and Lušnáková (2012), the argument, which is often used against the application of social responsibility is that companies are simply not able to pay the increased cost of its implementation. Yet corporate responsibility ultimately has a direct effect on reducing the environmental and production costs, to attract and retain a skilled workforce and also to discover new niches or even new markets. One of the benefits of corporate social responsibility is risk management. Enterprise, which perceives the surrounding environment and takes into account its interests, is better able to anticipate potential risks and promptly respond to changes that may occur and have an impact on the success of the enterprise. Hohnen (2007).

### 3.3 Environmental area of CSR

With the first question “*Does the company separate the waste for the recycling?*” agreed to 68 respondents that represent 97,14% of employees. They confirmed that company separates produced waste and all of them separate it, too. Other 2 employees representing 2,86% were not informed and could not answer. The second question was composed of 4 positive statements and 5 levels to express their consent. With the statement “*Enterprise is wasteful with water*” nobody strongly agreed, 4 employees (5,71%) rather agreed, 16 employees (22,87%) rather disagreed, 25 employees (35,71%) strongly disagreed and 25 employees (35,71%) could not answer. With the statement “*Enterprise is wasteful with electricity*” 4 employees (5,71%) strongly agreed, 10 employees (14,28%) rather agreed, 16 employees (22,87%) rather disagreed, 24 employees (34,27%) strongly disagreed and 16 employees (22,87%) could not answer. With third statement “*Enterprise is
wasteful with paper” 4 employees (5.71%) strongly agreed, 12 employees (17.14%) rather agreed, 9 employees (12.85%) rather disagreed, 1 employee (1.42%) strongly disagreed and 15 employees (21.42%) could not answer. With the last statement “Enterprise uses its resources rationally and efficiently” 14 employees (20%) strongly agreed, 31 employees (44.28%) rather agreed, 9 employees (12.85%) rather disagreed, 1 employee (1.42%) strongly disagreed and 15 employees (21.42%) could not answer. Results of respondents’ perception of wastage in company are summed up and imaged in the Figure 4. The company perceives the impact and responsibility towards the environment and this is why implements the recycling principles and acts according to statutory regulations. We were interested how the employees perceive business activities that the company performs in environmental field and their knowledge of the given activity. The employees are well informed about the waste separation in company. They perceive the use of resources as responsible and efficient, but company can decrease the wastage even more and increase its awareness.

Figure 4 Consideration of wastage in company

Source: Own processing.

In the research of Skýpalová, Kučerová, and Blašková (2016) we can notice that regardless of company size, the most frequent are: waste reduction and total waste management, recycling, use of recycled paper waste and Reduction of consumption of materials, energy, and water. These are activities that bring benefits and cost savings to enterprises and are widely used and supported by the society.
3.4 The evaluation of hypothesis

As we mentioned above, we determine two hypothesis. In the context of question about the familiarity of respondents with the concept of CSR, we decided to assess the hypothesis 1, which assume that the completed education of the respondent has the impact on familiarity with the concept of corporate social responsibility. We tested the hypothesis:

$H_0$: There is correlation between the familiarity of respondent with the concept of CSR and respondent’s completed education.

$H_1$: There is no correlation between the familiarity of respondent with the concept of CSR and respondent’s completed education.

Based on the result of Fisher’s Exact Test ($Pr <= P$), we do not reject the null hypothesis ($Pr$-value $0.0368 < 0.05$ significance level), that means that there is correlation between the familiarity of respondent with the concept of CSR and respondent’s completed education and the completed education of the respondent has the impact on familiarity with the concept of corporate social responsibility.

In the context of question about the respondent’s feel of discrimination in the company, we decided to assess the hypothesis 2, which assume that there is correlation between the respondent’s work position and its feel of discrimination. We tested the hypothesis:

$H_0$: There is correlation between the respondent’s work position and its feel of discrimination.

$H_1$: There is no correlation between the respondent’s work position and its feel of discrimination.

Based on the result of Fisher’s Exact Test ($Pr <= P$), we do reject the null hypothesis ($Pr$-value $1.00 > 0.05$ significance level), that means that there is no correlation between the respondent’s work position and its feel of discrimination.

Our hypothesis was rejected because the work position is not the only one aspect which influences the respondent’s feel of discrimination. The feeling of discrimination can be caused by several reasons. Other factors which can have impact on the feel of discrimination cover for instance the gender, nationality or seniority of respondent in company. However, we assume that the principal reason is the personal attitude of the individuals, which causes conflicts in human relations.

Lančarič, Chebeň and Savov (2015) dealt with these problems in connection with the background of the implementation of diversity management from the point of view of factors having a direct influence on this process. We evaluate the influence of the legal form (as an expression of the number of owners and the ability to quickly adopt a new concept) of the business organisation, the size (number of employees) of the business organisation and the share of the foreign capital in the ownership structure of the organisations.
4 Conclusions

Nowadays, the concept of corporate social responsibility representing an increasingly important aspect of the strategic corporate behaviour should be a priority of each company. It expresses the responsibility of corporation for its impact on the society, specifically in the social, economic and environmental scope. CSR concept extends to all areas of corporate actions including the relations with stakeholders, the quality of life of its employees and customers, profit maximizing, business ethics, community work, human rights, rules of law, anti-discrimination measures, transparency, ecology, environmental protection and others. Our recommendations are based on our research in company:

- **Enhancement of the awareness of the corporate social responsibility**: Our proposal for the further improvement of CSR activities in company is primarily to enhance awareness of the corporate social responsibility and its activities. We propose the regular report publishing on the corporate social responsibility of the company. Reports on CSR should be natural part of large multinational companies and should be created in language version depending on country in which the company operates.

- **Improvement of charity work**: Company should increase its charitable activities, should be more involved in charity events and provide material assistance to those who are in need, too. Charity aid is important part of corporate culture and reflects the core values of the company.

- **Corporate transportation of workers to work and from work**: The major part of employees live in the surroundings and almost all of them arrive to workplace by car. They not only look for parking place, which is usually overcrowded, but they create lot of emissions from a large number of employees arriving by cars. Our proposal is to secure the corporate transportation of workers to work and from work. It could be carried on by corporation bus, which would have set schedule of departure and arrival, as well as the bus stops.

- **Improvement of canteen meals**: the company provides canteen located at premises of the workplace and offers lunch and dinner with a wide choice. The employees cover only certain part of the price, because greater part of meals is reimbursed by subsidies. Based on the interview with employees, we propose to cook tastier meals for higher satisfaction from availability of canteen at workplace. The employees would be able to pay more for better quality and taste of meals.

- **Creation of rest zone for employees**: The further proposal is the creation of rest zone. The employees would have the possibility to take a small break in this zone and after that would return to their work refreshed with new power
and ideas. The rest room could provide some games or gaming console for limited time. We suppose that this would be also motivation for employees and it would increase their efficiency.

Embellishment of design in offices: Our last proposal is the embellishment of design in offices with the corporate motives. The big highlighted company logo could be hung on the wall as well as the corporate slogan, or projects that were realized by company. It could evoke even better atmosphere at the workplace.

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References


