

SUPPORT OF INTERNATIONAL ORGANIZATIONS FOR A FLEXIBLE DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY IN EUROPEAN COUNTRIES

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Abstract: *Current appreciation of corporate social responsibility. Fundamental theoretical principles of social responsible enterprise. Basic problem of support for social responsible enterprise - moral scepticism in business area. Result of questionnaire. Ethical problems in firm in Slovakia according to the selected order of respondents. Europe Commissions' activities for a support of CSR expansion. Accelerating CSR practices in the new EU member states and candidate countries. Baseline scorecard for the region. Recommendations for project development.*

Key words: *Corporate social responsibility; Social responsible enterprise; Code of conduct, Business ethics.*

“More than ever Europe needs active entrepreneurs, positive attitudes towards entrepreneurship, and confidence and trust in business. Europe needs a public climate in which entrepreneurs are appreciated not just for making a good profit but also for making a fair contribution to addressing certain societal challenges.”

COMMISSION OF THE EUROPEAN COMMUNITIES, Brussels, 22.3.2006

Introduction

Corporate social responsibility (CSR) is an increasingly **powerful tool of modern societies** – carried out by companies on a voluntary basis working to deliver social cohesion and environmental sustainability as well as economic development. In transition and post-transition countries, CSR can become a forceful tool contributing towards sustainable development and societal regeneration, as well. In addition to the obvious, direct benefits of CSR enjoyed by ultimate beneficiaries of responsible corporate practices, CSR brings benefits to the companies that practice it.

Organization considering environmental, social and broader economic questions in connection with their core operations, unleash innovations and deliver better financial returns. Strategically and systematically integrated into their business, **CSR helps companies to improve address reputation risk, attract investors, improve relations with stakeholders and become more competitive at natural markets.**

1. Current appreciation of corporate social responsibility

At present, academic community, official institutions of Europe Union structures and business area present several comprehensive and important definitions. I'm adducing for purposes of evaluation of CSR in new Europe only the most relevant.

Europe Commission: “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”[1]

United Nations Development Programme: “The management of, and response to, social, environmental, broader economic and ethical issues – and the extent to which businesses are responsive to stakeholder expectations on these issues.”[2]

The Government of UK, of the country with a high level of CSR institutionalization: “The Government sees CSR as the business contribution to our sustainable development goals. Essentially it is about how business takes account of its economic, social and environmental impacts in the way it operates – maximising the benefits and minimising the downsides.”[3]

The CSR in entrepreneurial subjects can be performed on different fundamental theoretical principles (Tab.1: Fundamental Theoretical Principles of Social Responsible Enterprise), even intuitive - by applying of basic moral principles: fairness, justice and responsibility.

Tab.1: Fundamental Theoretical Principles of Social Responsible Enterprise

	THE ECONOMY SUPPORTING MORAL ENTERPRISE	REPRESENTATIVE
1.	Corporate Social Responsibility	T. Cannon, W. C. Frederick, K. Davis, J. E. Post
2.	Business Ethics	W. M. Hoffman, J. M. Moore, L. K. Treviño, K. A. Nelson, M. G. Velasquez, P. Ulrich, A. Remišová, S. Luknič
3.	Social Economy Economy by Moral Dimension	Amitai Etzioni
4.	Economics of Giving, Reciprocity and Altruism	Serge-Christophe Kolm Jean Mercier Ythier
5.	Economics of Altruism	Stefano Zamagni
6.	Cooperative Economy	Klára Lubichová
7.	New Institutionalism Ethics and Economics	Amartya Sen
8.	Economics of Coexistence	Jiří Hlaváček

Source: own proposal

Principles as **objectiveness, fairness, common good**, which are transformed into practical economics, create an enterprise on the basis of social responsibility, ethics codex and other systems applying moral principles in business praxis. In entrepreneurial activities it shall be substantial result – **social responsible enterprise**.

2. Basic Problem of Support for Social Responsible Enterprise

I would like to point out that a basic problem of applying a **social responsible enterprise** and **transformation of stakeholders conduct in praxis** that has generated all other problems – **moral scepticism in business area**. In principle, many inhabitants of Slovakia think that at present the firms aren't possible to conduct their employees and other stakeholders in an enterprise responsibly and ethically.

My research, which I carried out in the second part of year 2006 focused on the questionnaire: **“Do you think that at present an enterprise conduct of its employees has been ethical?”** The reactions are following:

Tab.2: Result of Questionnaire

ANSWER TO QUESTION: <i>“Do you think that at present an enterprise conduct of its employees has been ethical?”</i>	
ALTERNATIVE	Number of yeA
Yes	18%
Maybe, in sequence in the future	63%
No	19%
TOTAL	100%

Source: own proposal

On the basis of presented research there are **81 % respondents** with the opinion – **at present the firms cannot conduct ethically.**

The inhabitants of Slovakia and employees in firms in Slovakia have accepted way of no ethical conduct of firms and have **put up with a reality to change this complicated situation.**

The knowledge of an **unstudied claim to human right observance in engagement** has pressed down and following initiative in this direction, too. Above all by reason of:

- ◇ **Endangering of the conditions of living** – primary under fear of a dismissing,
- ◇ **No-confidence in a justice and prosecution** – even if employees emulate their rights, they will be on account of a poor enforcement by law and a large corruptness unsuccessful finally. [4]

The second part of research presented list of the **ethical problems in firms in Slovakia according to the selected order of respondents:**

- ◇ Discrimination in a labour relation
- ◇ Dismissing
- ◇ Unfair salary
- ◇ Hiring of employees
- ◇ Remuneration of employees
- ◇ Conditions for qualification growth
- ◇ Working conditions
- ◇ Observance (encroach) on human rights
- ◇ Unfair relations at the workplace
- ◇ Non-payment (debt) of allowances (pl) for own employees
- ◇ False information about job performance
- ◇ Willful infringement of the technological regulations
- ◇ Counteract of work discipline,
- ◇ Abuse of firm’s possession for private purposes,
- ◇ Embezzlement,
- ◇ Relieving from liability (or its transfer)
- ◇ Others.

Presented list of the most critical problems in firm area of the Slovak republic shows problems in each stakeholders group and first of all in employees group. Because of this justice and challenge are to be implemented into **the responsible conduct into the firm.**

3. Europe Commissions' activities for a support of CSR expansion

Vice-versa, I would like to accent an eminent interest of Europe Commission in an expansion of CSR in EU countries and first of all New EU Member States and Candidate Countries, e.g.:

- ◇ Instructions system for regulation of CSR /last important document “Implementing the Partnership for Growth and Jobs: Making Europe a pole of excellence on CSR” (22 March 2006) (COM(2006)136 final)/ [5]
- ◇ Intensive support of European Alliance for CSR [6]
- ◇ Permanent communication with European Multi-stakeholder Forum on Corporate Social Responsibility [6]
- ◇ Large cooperation with prestigious international institution for enhancement of CSR in the Europe, e.g. UNDP [7]
- ◇ Network creation of cooperation with governments of EU Member States and Candidate Countries.
- ◇ etc.

4. Accelerating CSR Practices in the New EU Member States and Candidate Countries

As a very concrete picture of support for CSR expansion in the new EU member states and candidate countries I can present **common project of EU and UNDP** “Accelerating CSR Practices in the New EU Member States and Candidate Countries”.

Participating countries were Bulgaria, Croatia, Hungary, Lithuania, Macedonia, Poland, Slovakia, Turkey.

Project has **the three main components:**

- 1) **Situation analysis of CSR in the Project countries**
- 2) **Promotion of multi-stakeholder dialogue** to enhance awareness and exchange good practices for CSR advancement.
- 3) **National and local capacity building** to promote and implement CSR.

The main aims of the baseline study:

- Identify the actors / entities who promote CSR at country level
- Assess the level of engagement in CSR of actors / entities promoting CSR at country level through mapping their past and present CSR promotion activities
- Assess the level of a dialogue between different actors promoting CSR
- Identify the level of foreign / domestic business engagement in CSR implementation at the country level and collect examples of good practices
- Identify capacity gaps / constraints of CSR promoters and business entities in engaging in CSR activities
- Formulate recommendations and suggest specific activities based on the findings of the survey

Accountability rating for research of the baseline study has been created with the six domains:

1. Strategic Intent
2. Governance
3. Performance management
4. Stakeholder engagement
5. Public Disclosure
6. Assurance

I. Main findings:

A/ Institutional level:

- ◇ Agents of change (contrary to Western Europe) are business' themselves (supported by membership based business organisations and international organisations).
- ◇ The direct involvement of Government is diverse. However, due to the socialist heritage, there is a general perception that social responsibility is the primary role of government.
- ◇ The awareness and power of NGOs to put pressure on business and government are limited.
- ◇ The media is failing to hold corporate actors accountable for irresponsible business activities.

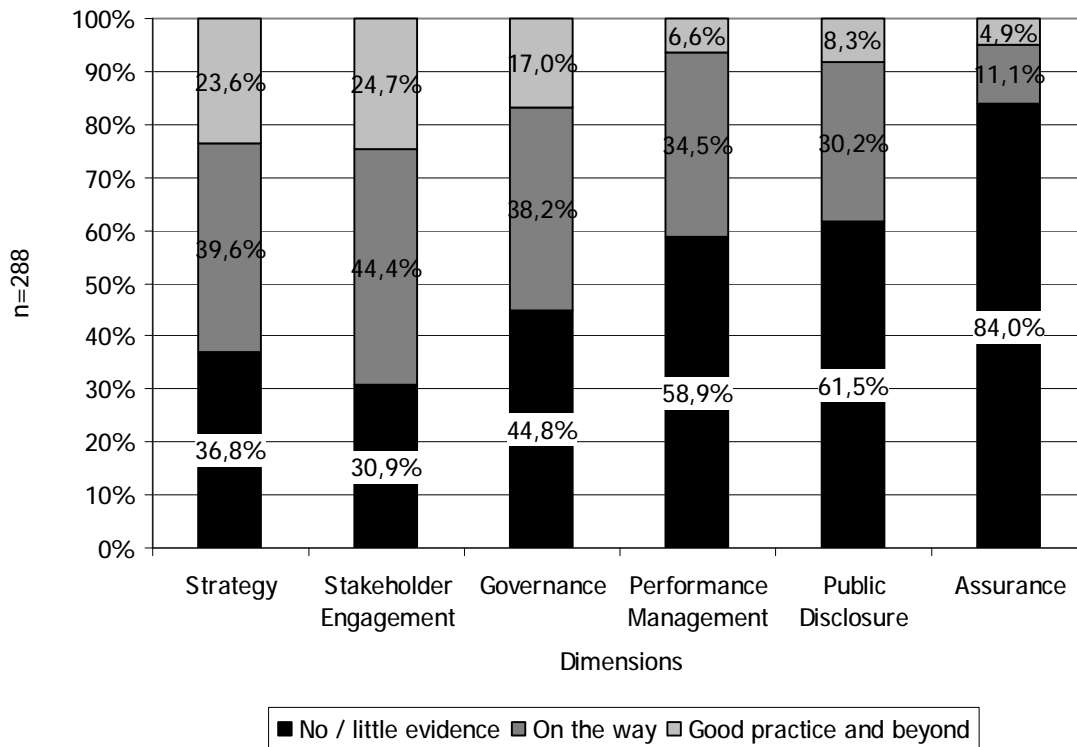
B/ Company level:

- ◇ In most of the participating countries, it is more often foreign, multinational companies that are key corporate drivers of the social agenda.
- ◇ Summary data from 288 companies across 8 countries:
 - Companies are more open to the concept of expressing a CSR strategy and engaging in dialogue with stakeholders.
 - Less uptake of CSR related governance practices, performance management or public disclosure – and very little use of assurance processes.
- ◇ Measuring international progress in CSR requires consensus on what is being measured. There is need to build and promote a common appreciation of how to measure CSR practice at a company level across the region.

II. Main results

A/The six domains:

Picture 1: The six domains



5. Measures to the Reduction of No-ethics Conduct in Slovak Firms

Measures generating the reduction of no-ethics conduct in Slovak firms and lead to sequential identification with morals are measures are aimed at “**good citizen corporate**“(Solomon). This fact assumes the **permanent** position of ethics in management system and systematic approach to its development.

To own the status “**corporate citizen**“ however means social responsible conduct and ethics isn’t tool of a management for a maximal profit achievement, but it is reflexion of each

Source: BASELINE STUDY ON CSR PRACTICES IN THE NEW EU MEMBER STATES AND CANDIDATES COUNTRIES, UNDP 2007, p. 37.

B/ Baseline scorecard for the region:

A = Integrated and managed: regard CSR as one of the most important factors of a successful and competitive business environment. NGO, consumer and government pressure for social and environmental performance by companies is mainstream.

B = Aware and responsive: regard CSR as central to a successful business environment, there is strong NGO, consumer and government pressure for companies to apply CSR practices, and there are few obstacles that hinder key actors to excel in their social and environmental performance.

C = Attentive and emerging: be aware of the importance of CSR, there are both corporate and NGO pressure to apply the CSR practices, there are some obstacles missing and a limited number of good examples.

D = Vigilant & challenged: there is some pressure to use CSR practices, however there are significant obstacles, major drivers are limited, there is a lack of capacity and experience.

E = Unaware and distracted: the prevailing economic conditions are challenging, there are major obstacles and no significant drivers for adoption of CSR as a business issue.

Tab.3: Baseline scorecard for the region

Country	Institutional level		Company level	
	Legal and political environment	Civil society	Public Disclosure	Standards
Bulgaria	D	C	D	D
Croatia	C/D	C	D	D
Hungary	B/C	C	D	C
Lithuania	C/D	D	D	D
Macedonia	D	D	D	C
Poland	D	D	D	D
Slovakia	C	C	D	D
Turkey	D	C	D	D

Source: BASELINE STUDY ON CSR PRACTICES IN THE NEW EU MEMBER STATES AND CANDIDATES COUNTRIES, UNDP 2007, p. 59.

5. Conclusion

According to the results of the project evaluation, several important recommendations can be defined:

A/Tracking acceleration on CSR in the region:

- Adopt the structure of this baseline for future work.
- Build consensus on country level indicators.
- Establish a mutual understanding for future development priorities.
- Seek to co-opt other country level measures that are relevant for CSR.

B/Legal and political environment:

- National governments should identify a named department to lead on CSR issues.
- National governments should consult widely with interested parties on CSR.
- National governments to develop national CSR strategies.
- National governments should produce government level reports, integrating CSR issues into public procurement and adopting relevant legislation.

C/Civil society context

- Project initiators to enable further development of civil society organisations in the Region.

D/Companies reporting on CSR

- Project initiators to support the further development of good reporting practice by companies in the region.

E/Company adoption of standards

- Project initiators to support the further development of good management practice by companies in the region.

“The Commission strongly believes that CSR matters to each and every European, since it represents an aspect of the European social model. CSR can contribute to sustainable development, while enhancing Europe’s innovative potential and competitiveness, thereby also contributing to employability and job creation. Further promoting CSR is central to the new partnership for “growth and jobs” as well as for implementing sustainable development objectives. The Commission calls on all parties involved to contribute to the implementation of this ambitious new initiative. The Commission offers close partnership, with Member States, with business and with all stakeholders involved to make Europe a pole of excellence on CSR since CSR mirrors the core values of the EU itself.”

COMMISSION OF THE EUROPEAN COMMUNITIES, Brussels,
22.3.2006 [9]

Literature:

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- [4] <http://www.transparency.sk>, July 10 2007, July 10 2007
- [5] <http://ec.europa.eu/enterprise/csr/policy.htm>, July 10 2007
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- [8] <http://www.undp.org/>, July 10 2007
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