

## CORPORATE SOCIAL RESPONSIBILITY AS A FACTOR OF COMPETITIVENESS IN CROATIAN COMPANIES

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### ABSTRACT

*The paper notes the importance of the strategic approach to corporate social responsibility - CSR, the implications arising from the need of its integration into the company's core business, its relationship with the possibility of achieving competitive advantage, as well as problems related to measuring this, generally value-based concept that is difficult to put into quantitative frameworks. The qualitative analysis of sustainability reports and CSR reports of Croatian companies are made. Analysis of those social reports realized that most of these companies connect certain segments of the CSR with its primary business, but for most companies in the sample, a non-systematic approach is identified in the segment of CSR that refers to the relationship with the community and belongs to the traditional corporate philanthropy.*

**Key words:** corporate social responsibility, competitive advantage, strategic approach, corporate philanthropy, Croatian companies

### INTRODUCTION

Competitiveness is crucial for each national economy, especially in developing countries. Both companies and researchers permanently seek ways to improve competitiveness. They found out that integration of the CSR concept into the firm's strategy can strengthen firm's competitive advantage. That is a practice of successful large international companies. In this paper the authors analyze the level of acceptance of strategic approach to CSR by the firms in Croatia, where the CSR concept is not yet widely accepted.

Today, the companies in modern economy face two main challenges:

1. how to maintain and improve their competitiveness
2. how to respond positively on ambience, ethical and society demands, which means strategic determination to the concern of wider community, which gives ethical, environmental, legal and social context to the business activities.

The above mentioned challenges are in the contradictory relation for the majority of the firms. The management of the firms believes that their basic task is to lead out business activities toward demand of competitiveness based on economic indicators, and only secondarily, toward demands of the community.

On the other hand, the most recent researches indicate a different direction: demands for improving competitiveness and social responsibility are in positive correlation. Social responsibility of the firm regarding environmental issues, ethics, social mission, goals and operations, becomes the firm's key strategic element, which steers toward maintenance and improvement of competitiveness. Indeed, sustainability and improved competitiveness can't be achieved without a consciously planned strategy of social responsibility for each firm and for the society as a whole. In this sense, the approach that social responsibility of the firm is an integral and natural part of overall firm's business strategy becomes commonly accepted. Consequently, firms' chances for success on the market increase and their competitiveness strengthen. This conclusion is based on a number of practical researches and discussions which served as preparation for the *U. N. World Social Summit* in Copenhagen, Denmark 1995, the *World Business Forum* in Istanbul 1996. and for the conference *Partnership for Social Cohesion* that also took place in Copenhagen, in October 1997. (Moller, 2007) Strategic approach to the social responsibly doings, among other authors, is researched by McElhaney (2009), Sharp and Zaidman (2010), Galbreath (2009), Hanke and Stark (2009), Heslin and Ochoa (2008), Smith (2005), Kubr (2002) and O'Brien (2001).

In recent scientific literature, the concept of corporate strategic responsibility which is directly related to achieving business goals of the firm is underlined. This concept replaces the traditional concept of corporate philanthropy mainly related to nonstructural giving to the community. According to this concept, the social responsibility practices are conducting without connections with fundamental goals of business activities.

The cause and the outcome of doing business and other activities of economic subjects in contemporary economy evidently exceed boundaries of the firm and clients and spread on the society as a whole. Social responsibility demands enterprises to revise their wider role they play in the community, respectively the role they should have regarding welfare of society – wider community.

Competitive advantage of the firms in recent globalized conditions of economics is based on knowledge and technology and increasingly depends on employees' capabilities. As well, enterprises increasingly depend on allocation of the part of their business functions outside the firm (outsourcing) and on collaboration with local suppliers and institutions, local universities and research institutes. Furthermore, more significant becomes firm's capability to cope with the legal regulations and local legislation, as well as and to minimize the time for obtain the license for the new products and projects. Still, in field of product and services innovation firms use remarks of local customers more and more. Based on the fact that the competitiveness greatly depends on firm's interest groups, in this paper the influence of integration of CSR concept into the firm's strategy, with the aim of strengthening firm's competitive advantage, is underlined.

This paper is based on research of business practice of the Croatian companies. The aim of this paper is to find out the extent of the social responsibility practice in Croatian companies, and to determinate the way they are connected with their business strategies and goals. The paper wants to examine in which extent companies in Croatia apply a strategic approach to social responsibility in their business activities.

## **THEORETICAL FRAMEWORK**

### **Corporate social responsibility (CSR) and competitiveness**

As mentioned above, to accept the concept of corporate philanthropy isn't enough for the success of applying the CSR concept. To conduct a research of company' implementation of CSR concept and to find ways in which it is directly related to achieving business goals of the firm it is necessary to define what practice of CSR consists of.

Over the past few decades, the CSR has grown from a narrow and often marginalized term in the complex and multifaceted concept, which is increasingly at the center of a large portion of today's corporate decision-making (Cochran 2007, 449; Kramo and Barbić-Hodović 2007, 390), and it gradually becomes an integral part of business practice and one of the most important arguments in decision-making process. Development of the CSR concept will probably have a strong impact on many important business functions: management and leadership, the company's strategy planning, research and development, risk management, human resource management etc., which indicate slow transformation of CSR into emerging movement which is able to make radical changes in the area of corporate governance.

The main problems faced by companies in introducing CSR concept into their business activities are lack of uniform definitions of the term of the concept<sup>1</sup>, problems in the identification of key stakeholders<sup>2</sup>, the costs of CSR, These problems are particularly severe in developing countries due to limited resources and the pressure to ensure competitiveness in competition with global companies (Kramo and Barbić-Hodović 2007, 390). Accordingly, the problem in defining CSR refers to the multidimensionality of the category and its relationship to profit as the most often cited and emphasized criterion of the business success.

There is still no unique, precise and universally accepted definition of CSR. Kotler and Lee define CSR as “the company's commitment to improving the welfare of the community through discretionary - voluntary - business practice and contribution to the expenses of its own resources” (2009, 14). Therefore, CSR isn't just to fulfill legal obligations, but to invest

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<sup>1</sup> Apart from the problems of imprecise definition of the concept of CSR, difficulties arise in setting the question of the appropriateness of the concept of corporate social responsibility. There is a lively debate about the validity of expressions such as *awareness and responsibility of the company as corporate citizenship*, *corporate responsibility* (which is official term of OECD-a), *corporate social responsibility*, *social enterprise achievements*, *business ethics*, *social relations with the community*, *participating companies in the life of the community*, *social investment*, *public relations*, *public affairs*, *public reputation of the company* and others. Today, the terms *corporate responsibility* and *corporate citizenship* prevail. Leading theorists who use these terms can be classified into two groups: one equating them to the meaning, while others point to certain general differences (Kubr 2002, 530). Ludescher and Mahsud (2010) emphasize that the concept of CSR is now used very widely and can be confused with the general ethical practices in relation to customers, investors and other stakeholders. Thus, as the concept of CSR has varied meanings and applications, it can be applied to every company in every industry, so the authors believe that because of its breadth and generality this term has become virtually meaningless.

<sup>2</sup> One of the main issues and barriers of expanding the application of CSR lies in the fact that companies often lack a clear understanding of key stakeholders and their importance for the company. Companies usually identify only one interest group, usually customers, and rarely up to the three key stakeholders. Identification of all seven (or eight: shareholders, employees, creditors, suppliers, wholesale trade, retail, consumers, competitors) stakeholder has been very rare. Even when the process of identifying is mainly successfully completed, the company rarely made the ranking of certain interest groups according to their significance for the company (Kramo and Barbić-Hodović 2007, 395).

in human capital, environment and relationships with stakeholders within legally set levels. The EU Commission defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (2002, 5). In essence, CSR combines the concept of a public welfare with the concepts of environmental management and sustainable development. Jackson and Apostolakou (2010, 371) indicate that CSR is often seen as a strategic response to pressure from stakeholders who may be adversely affected by company practices, or as a pro-active attempt by firms to pre-empt or at least mitigate these pressures and enhance the reputation and value of the corporation. According Tipurić (2008, 354), CSR is determined by the power of three forces: (in) formal pressure from stakeholders, the values of a society in which the company operates and the company's strategy and authenticity of the integration of its responsibility in all base processes of value creation.

Competitive strategy is the way in which businesses increase their profitability and competitiveness and can be defined as the strength of an organization in comparison with its competitors (Vilanova, et al. 2009, 59). For any company, strategy must go beyond best practices. It is about choosing a unique position – doing things differently from competitors in a way that lowers costs or better serves a particular set of customer needs.<sup>3</sup> These principles apply to a company's relationship to society as well as to its relationship with its customers and rivals. Many opportunities to pioneer innovations for the benefit of both society and company's own competitiveness can arise in the product offering and the value chain (Porter and Kramer 2006, 88).

Intangible values related to the newly created value and the ability of high quality workforce to innovate and develop new solutions have a growing role in the competitiveness of the company, in order to offer more than the competition (Tanković and Matešić 2009, 1). Accordingly, in addition to traditional quantitative measures of competitiveness of enterprises (e.g. sales growth or market share), indicators that take into account the capacity of innovation, company reputation, brand strength, business responsibility, respect for human rights, relations with employees are increasingly used as qualitative measure of competitiveness.

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<sup>3</sup> At the heart of any strategy is a unique value proposition: a set of needs a company can meet for its chosen customers that others cannot. The most strategic CSR occurs when a company adds a social dimension to its value proposition, making social impact integral to the overall strategy (Porter and Kramer 2006, 89-90).

## Corporate social responsibility and globalization

A strategic approach to corporate social responsibility in the practice of developing countries, in most cases begins in foreign companies entering the domicile market. In essence, CSR is a response to globalization and expansion of global multinational enterprises<sup>4</sup>, provided that government control of such companies is decreasing rapidly (Logsdon and Wood 2002; Kercher 2007, 3). According Kaku (1997), considering that multinational companies control the majority of the resources around the globe, employ millions of people, create and have incredible wealth, they hold the future of the planet in their hands. While governments and individuals should do their part, they do not possess the same level of wealth and power, and if the powerful multinational companies run their business solely in order to gain greater market share or earn more profits, there may be an economic, ecological and social disruption of the world.<sup>5</sup>

If the market works perfectly, the maximization of profit would be perfectly aligned with maximizing the public good.<sup>6</sup> A number of flaws, including imperfect competition, imperfect information, externalities, public goods and problems with distribution of goods, income and wealth prevent rational profit-maximizing managers from behaving in a truly efficient, welfare-maximizing way (Rosen 2005, 33). According Maxfield (2008), market imperfections capture many of the economic phenomena, underlying the need for CSR. O'Higgins (2003) remarked straight that globalization, like all strategies, is essentially amoral, concentrating on economic objectives. However, moral objectives and CSR can become an inherent part of the globalization strategy if those social goods also satisfy corporate business aims.

As multinational companies have accepted and integrated CSR concept, domicile countries gain from that in two ways. First, the companies contribute to the local community by using local resources with more concern to sustainable development. Second, they contribute by spreading the CSR concept to local companies.

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<sup>4</sup> Companies in the pursuit to maximize profits and productivity expand their business outside their home countries to countries with low production costs (such as Asia, Africa and other third world countries), and that products sale in other countries at high prices. Thus, companies can greatly increase their profits if their production is located in developing countries where the standard of living, wages and working conditions are lower than in the home countries of companies.

<sup>5</sup> In contrast, CSR promote the exploitation of power of business giants to create a better world. (McElhaney 2009).

<sup>6</sup> According McWilliams and Siegel (2001), at market equilibrium, companies which implicate CSR strategy would earn the same profit rate as the companies that have not adopted CSR.

The authors of this research set up a **hypothesis**: The practice of CSR in companies that are present in the Republic of Croatia partly shows a strategic dimension of social activities, mostly because of the presence of foreign companies that already have developed a strategy of CSR on other markets.

Also, the **initial hypothesis** in this paper was that this research will prove shortcomings in the practice of corporate social responsibility in Croatian companies, and will also point out opportunities that can be achieved by a strategic approach to the CSR.

The authors considered that it would be very much probable that domestic companies, based on the model of foreign companies, would also start to implement social responsibility in their strategies.

## **EMPIRICAL ANALYSIS**

### **Sample and data**

The analysis of the implementation of social responsibility in firms' business activities, outlined in this paper, is made on a sample of Croatian companies - members of HR PSOR (Croatian Business Council for Sustainable Development). HR PSOR is a private sector non-profit institution which is the first institutionalized initiative where (mainly the large) companies are gathered around the united mission of the promotion of sustainable development. HR PSOR has 39 members and is a part of a global network, consisting of national and regional PSOR organizations from developing countries and other partnering organizations.

This research covered large and two medium-sized companies (Hartmann d.o.o. and KONČAR - Electrical Industries d.d.) that are profiled as important representatives of the Croatian economy and the most resounding names between members of HR PSOR. These companies are usually more motivated and have the resources to organize, monitor and report on their CSR practices since most of them are mainly in foreign ownership, listed on the stock market or export oriented. Interest in CSR is concentrated in the manufacturing and processing industry and telecommunications, and among the leaders in the sector. Members of the HR SPOR included in this paper are considerable representatives of these industries.

Atlantic Group d.d. and Podravka d.d. are one of the leading food companies in the region with sales revenues amounting to 976.2 million kuna and 4300 employees for Atlantic Group d.d. and sales revenues of 797.1 million kuna and 5300 employees for Podravka d.d. in the first quarter of 2011. Coca-Cola HBC Croatia d.o.o. is one of the largest companies in the beverage industry in the country, and the authorized bottler of The Coca-Cola Company with 3 bottling plants throughout Croatia. It employs about 700 people in Croatia while revenues amount 10.49 billion dollars at end of 2010.

Pliva Croatia d.o.o. is a member of Teva Group, one of the largest pharmaceutical companies in the world. It employs approximately 1700 employees in Croatia and realized 2.1 billion of revenue at the end of third quarter of 2010.

Ina d.d. is owned by Hungarian oil company MOL (47.26%), the Republic of Croatia (44.84%), and institutional and private investors (7.90%). Revenue from sales amount 6.943 million kuna in the first quarter of 2011 and it employs approximately 9900 employees.

Holcim Croatia d.o.o. and CEMEX Croatia d.d. are one of the leading suppliers of cement and aggregates. Holcim employs about 350 employees, and Cemex 650 employees in Croatia.

Hartmann d.o.o. is part of Brødrene Hartmann A/S, which has 190 employees in Croatia and produces 240 million units of product per year with total revenue of 118.8 million kuna in 2010. KONČAR - Electrical d.d. is part of the Končar Group with 170 employees and generated revenues of approximately 90 million kuna in end of 2010.

Ericsson Nikola Tesla develops software and services and provides complete communication solutions for global operators of fixed and mobile telephony and large companies worldwide, with over than 1,500 employees and revenue of 5.9 million euros in the second quarter of 2011.

The essence of this analysis was to find out in which extent the activities of social responsible business of Croatian companies are connected with their business strategies and goals, i.e. in which degree the Croatian companies apply a strategic approach to the CSR. Mainly newer reports - reports from the years 2008 and 2009 - are considered in this analysis, with the



exception of one report from the year 2007 from the Podravka Company which is estimated to be important for this research. Banks and public infrastructural companies (Hrvatske ceste, Hrvatske autoceste, HEP and HŽ) are excluded.

### **Research methodology**

Based on mentioned above theoretical background on the importance of companies' strategic approach to the CSR to achieving competitive advantage, the authors argues that alignment of the company's core business with socially responsible activities contributes to the competitive advantage of the company.

Due to the lack of adequate quantitative methodology for measuring the impact of CSR activities on the company's financial performance, caution is needed in highlighting the social and financial benefits of a CSR as a direct indicator of competitiveness. Although it is difficult to directly link the CSR with the financial performance in a competitive environment, it is possible to achieve strategic goals through CSR activities and practices in the form of development of new markets, sales growth on existing markets and introduction of new products and services.

The research is based on secondary data - web pages and latest available company annual reports - sustainability (CSR) reports. An analysis of the sustainability reports - CSR practices of Croatian companies - is made. For the purpose of this research, which is made among companies - members of HR PSOR, 10 companies have been selected with regard to the availability of recent reports about conducting sustainable development practices and corporate social responsibility. Their CSR activities, their focus, methodology, social influence and connection with goals of their core business are analyzed. Hence, in this paper a strategic dimension of CSR has been analyzed. In business practice in the Republic of Croatia, publicly available reports on CSR activities are produced in generally only by large companies, mainly in foreign ownership. Consequently, this analyze comprises 10 multinational companies from which 7 is in majority foreign ownership.

Reports of HR PSOR members on activities of CSR are made in accordance with GRI guidelines and Global Compact so these reports mostly are comparable. Those reports comprise:

- a) indicators of economic impact:
  - direct economic impact - achieved economic values, business risks, development of new products, entrance on new markets, relationship with customers ...
  - indirect economic impact – building infrastructure, relationship with local suppliers etc.
- b) indicators of environmental impact – use of wrapping materials, recycled input materials, water consumption, improvement of energetic effectiveness, initiative to reduce greenhouse gas...
- c) indicators of social impact – rate of employee fluctuation, costs of the crew, employees benefits, respecting of working standard and labor law, collective agreement and so on; giving to the state, scholarships, defining ethical code, sponsorships and donations and other investments in society.

## **Limitations**

Croatian companies haven't yet completely adopted the practice of social reports, so examples of sustainable reports and social responsible business can be found in not too many companies, mostly in the large ones, which lead their business activities on international level and are mostly in foreign ownership. This is the reason why this research is limited on a relatively small number of companies, mostly multinationals, that entered the Croatian market by acquisitions and taking over some Croatian firms. These multinational companies already have developed practices of social responsible reporting. Other companies that are part of this research are a few Croatian companies that are, in addition to domestic ones, present on the markets of nearby countries. These companies have just begun adopting the practice of social reporting.

## **RESULTS**

According to "Table 1", most of the analyzed companies have a direct connection between the activities of CSR and its core business, but it mainly refers to issues related to employee development, improving the working environment and reducing environmental impact, which has been mainly a result of introduction of new technologies and reduction in use of energy, which ultimately leads to lower operating costs, and has a positive impact both on the environment and company's business activity.

It's unnecessary to emphasise the strategic character of the direct economic impacts, as they're related to basic business operations and success in the marketplace. Nevertheless, arising from the CSR reports of Croatian companies, economic performance is a necessary prerequisite for successful long-term sustainability and competitiveness, and the unsustainable business isn't socially responsible.

Indirect economic impact can be explained within the framework of positive externalities, for example, by building the necessary infrastructure or establishing business relationships with domestic suppliers. Croatian companies, except achieving the core business activities, also contribute to the community in which they operate (which is part of strategically focused CSR practice).

Regarding indicators of environmental impact, they are mostly connected with technology implementation of new technologies and cost reduction using recycled input materials, decreasing resource consumption, improving energetic effectiveness, and according to mentioned, they have strategic significance. They are linked to core business of Croatian companies and can be a cornerstone in creating positive reputation of ecologically responsible firms. Besides that, this business segment can be a source of innovations and an area of reduction of business input costs. These aspects of influence on the environment results with higher costs in general, but they are extraordinary necessary for achieving long-term business sustainability and reduction of future negative connotations and boycotts which can be linked to the company becoming a target of consumers and social activists because of its irresponsible treatment of environment and host community. This can be substantial for the thesis according to which the effects of practices of CSR have strategic, long-term nature and that they affect the companies' competitiveness and sustainability of their business. Therefore, it is necessary for them to face the increased investment costs in ecologically acceptable technologies and the environmentally friendly production of the goods. These technologies might have a negative influence on short-term financial performances, but they will probably have a positive effect on long-term business sustainability.

Employee benefits are also a subject of human resource management, which, by creation of positive work environment, have been recently accepted as a strategically important field, which is difficult to imitate by competition. According to that fact, employee benefits can be a base for increase competitive advantage. Hence, the strategic dimension of this field of

corporate responsible activities of Croatia companies and its connection with core company competencies is apparent. Therefore, the indicators of economic impact, indicators of environmental impact and some social impact indicators regarding the employees, are mainly connected to core businesses of analyzed Croatian companies. It can be concluded that these factor has a strategic aspect, but it also interact with other fields of business which have a tangent with social responsible activities. This fact supports the thesis of the importance of strategic orientation of the firms' socially responsible behavior.

The question is whether in the segment of corporate social responsibility, connected with the relationship of the company with the community, exists a strong connection among conducted activities and company's core business. Considering the fact that theoretical framework of this work underlines the practice of corporate philanthropy of Croatian companies, it has been analyzed only one dimension of corporate social responsibility – relationship with community, with a view to get a picture about how much Croatian companies link their relations with community activities with their core business, which means if they really practice a strategic approach or is it only a matter of classic corporate philanthropy. According to "Table 2", it is possible to analyze giving to the state, scholarships, collaboration with educational institutions, concerns about stability and prosperity of the community, employment of local population, sponsorships, donations and other direct and indirect ways of investments in society. Most of the analyzed Croatian companies support each of the mentioned activities, and they, to some extent, contribute to the local community. In this research, the strategic dimension of donations and other form of firms' contributes to the local community, as well as its connection with core competencies of the company is emphasized.

As already mentioned, companies can hardly help everyone. They have to choose the activities from their core business and the fields in which they have to achieve an adequate balance of investments in business excellence and in the social community support activities.

Among analyzed Croatian companies, only a smaller part (Holcim Hrvatska, Cemex Hrvatska, Coca cola and Pliva) shows a direct connection between their core business and contributions to the community. Reports of other analyzed Croatian companies mostly shows non-strategic contributions, such as sponsorships and humanitarian donations which can be listed in corporate philanthropy, a classical approach to CSR. The contribution of those

companies to the community mostly consists in supporting local sports and culture organizations, donations to various associations, non-government organizations, institutions and humanitarian actions and financial support to the artistic, social and sport activities.

By studying relationship between companies and community in analyzed reports of social activities of Croatian companies, a conclusion can be set up that the majority of Croatian companies hasn't yet structured their social donations, and that it is still a matter of supporting noble causes which are not in accordance with core competencies of the firm, it is still a matter of classical corporate philanthropy.

For a better insight into the actual picture of CSR, wider and more extensive researches has to be conducted, which would include, for instance, practice of social responsibility of small and medium enterprises which would display an overall state of corporate social responsibility of Croatian companies, and which would provide guidelines for further movements in this business segment. Besides, it is also necessary to develop a methodology that would enable direct quantitative linking of corporate social responsibility with competitiveness.

Apart from integration of CSR in core strategy and practices of conducting CSR, companies produce reports about their CSR-activities are one of the ways of communication with companies' interest groups. Based on indicators from these reports, it is possible to get some conclusions about the CSR-activities of the companies and about company's social reputation, with the remark that that research methodology has plenty of deficiency and has to be expanded by developing new methods and tools to analyze the CSR-indicators and their connection with the financial results of the company.

## **CONCLUSION**

Based on the concluded research, the authors confirm the appointed hypothesis and claim that the observed companies in Croatian practice uphold and conduct various types of corporate social responsibility, but that it is not present in all segments, especially not in segments regarding relations between company and community, which are not strategically structured. Following that conclusion, the authors conclude that social impacts related to contributions to

the society, in the Croatian companies practice mostly represents traditional corporate philanthropy, while the fields of environmental protection impacts, social impacts related to the employees and direct and indirect economic impacts are mostly only partially connected to their core businesses.

It has been proven by this research that strategic approach to the corporate social responsibility in Croatian practice has primarily been brought by foreign companies entering Croatian market. Domicile Croatian companies should yet adopt their strategic approach to the corporate social responsibility and implement it in their core business activity and in their business practice in general. The authors assume that this “spill-over” process of corporate social responsibility from developed to less developed countries is also present in other countries in transitions, and should be subject to further research.

It can be concluded that this paper presents a scientific contribution in the sense of the better enlightening the phenomenology of corporate social responsibility of companies in globalized world of the modern economy.

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**Table 1. The CSR focus, methodology, impact and business linkage of 10 Croatian companies, members of HR SPOR or Global Compact**

COMPANY	INDUSTRY	DOMESTIC/ FOREIGN	FOCUS AREA	BUSINESS LINKAGE	METHODOLOGY ADOPTED	IMPACT
ATLANTIC GRUPA	Food & Drug Retailers	DOMESTIC	Support good works and charities; Support and encourage employees career development; Environmental protection.	DIRECT	“Atlantic Academy” – provide permanent employees education; Sport and sport clubs sponsorship; Waste Management Plan;	Employee development support; Environment protection; Community service.
CEMEX CROATIA	Building Materials & Fixtures	FOREIGN	Environmental protection/conservation; Promoting education in construction work and other segments important for local community; Supporting local community development initiatives; Culture and sports – sponsorship.	DIRECT	Biological reclamation of extraction fields (mines); Project “CEMEX STUDENT” intended for the professional development of engineering students; Projects aimed at improving the well-being of local community (roads and hall reconstruction);	Environment protection; Community service
COCA COLA HBC CROATIA	Beverages – soft drinks	FOREIGN	Supporting local community social programs; Supporting local environmental and health initiatives; Encouraging local suppliers' development.	DIRECT	Employee-managed volunteer club; Free telephone service for customers; Special guidelines for local suppliers; Environmental management policy; Improving the efficiency in using energy, water and materials; Water (especially rivers) and cultural heritage protection.	Developing supplier and customer relationship management; Community service.

COMPANY	INDUSTRY	DOMESTIC/ FOREIGN	FOCUS AREA	BUSINESS LINKAGE	METHODOLOGY ADOPTED	IMPACT
ERICSSON NIKOLA TESLA	Telecommunications	FOREIGN	Product development; Work environment; Decreasing negative impact on the environment; Community development.	DIRECT	Motivating and ensuring employees' satisfaction and development of their competencies; Collaboration with electrical engineering colleges; Energy savings and reducing environmental impacts; Donations	Employee development support; Environment protection; Community service.
HARTMANN CROATIA	Packaging	FOREIGN	The employees' well-being, health, and safety; Contributing to the well-being and development of society.	DIRECT	Reducing consumption of water, energy and chemicals; Recycling; Reducing work-related injuries; Donations to local cultural, artistic and sports projects.	Environment protection; Employee development support; Community services.
HOLCIM CROATIA	Building Materials & Fixtures	FOREIGN	Climate protection; Responsible use of fuels and raw materials; Biodiversity; Reducing emissions into the environment; Community involvement; Product development.	DIRECT	Infrastructure reconstruction in the local community; Reducing the environmental impact of the basic production (revitalization of the area around the mines); Improving security and safety in working environment; Sponsorship of anti corruption projects.	Environment protection; Community development; Employee development support.

COMPANY	INDUSTRY	DOMESTIC/ FOREIGN	FOCUS AREA	BUSINESS LINKAGE	METHODOLOGY ADOPTED	IMPACT
INA	Oil & Gas	DOMESTIC	Supporting local community development; Improving working environment and relationship with workers; Reducing emissions into the environment; Recycling.	DIRECT	Donations in six areas: children and youth, culture and the arts, science and education, humanitarian projects, health and ecology; Donation of computer equipment to various local organizations, institutions, and clubs in the Republic of Croatia; Supporting workers and their families in case of a serious illness; Reducing emissions of CO <sub>2</sub> ; Containers at the gas station for oiled packaging intended for recycling; Biodiversity protection in the areas around oil fields; Project "Beaver in Croatia"; Free phone service for stakeholders.	Community development; Environment protection.
KONČAR	Electronic & Electrical Equipment	DOMESTIC	Improving working environment; Environmental protection; Supporting local community initiatives.	INDIRECT	Supporting local community: particularly children and youth (in areas of education, training and sports activities) and socially vulnerable groups; Cooperation with universities; Supporting National Foundation for the Pupil and Student Standard of Living; Supporting the music award "Ivo Vujković"; Encouraging energy efficiency; Supporting lifelong learning and sport activities of employees.	Employee development support; Community services; Environment protection.

COMPANY	INDUSTRY	DOMESTIC/ FOREIGN	FOCUS AREA	BUSINESS LINKAGE	METHODOLOGY ADOPTED	IMPACT
<b>PLIVA</b>	Pharmaceutical	<b>FOREIGN</b>	Product developing; Contributing to the well-being, health and safety of employees; Community development; Increasing energy efficiency.	<b>DIRECT</b>	Improving employees' motivating and training systems; Quality energy management, especially water; Cooperation with the Faculty of Science in Zagreb with the aim of drug research; Scholarships for students; Project "Together towards health" - education, prevention and getting acquainted with the risks of heart and cardiovascular system diseases; Donations related to health.	Employee development support; Environment Protection; Community Development.
<b>PODRAVKA</b>	Food Products	<b>DOMESTIC</b>	Reducing water consumption; Improving the relationship with the community; Supporting sports, culture, education and health projects in the community; Charities; Supporting publishing projects.	<b>INDIRECT</b>	Improving employees' motivating and training systems; Project "POMAK"- management academy; Recycling of water; The foundation "prof. Zlata Bartl" - academy for creative and innovative scientific research; Partnership in the project the "Top scholarship for top students"; Projects of developing consumers' awareness about healthy eating habits and active concern for their own health.	Employee development support; Optimal usage of natural resources; Community Services.

**Table 2. The CSR focus, methodology, impact and the relationship with the community (as CSR segment) business linkage of 10 Croatian companies members of HR SPOR or Global Compact**

<b>COMPANY</b>	<b>INDUSTRY</b>	<b>DOMESTIC/ FOREIGN</b>	<b>METHODOLOGY ADOPTED</b>	<b>BUSINESS LINKAGE</b>
Atlantic Grupa	Food & Drug Retailers	DOMESTIC	Supporting local sports and culture associations; Supporting local scientific conferences.	INDIRECT
Cemex Croatia	Building Materials & Fixtures	FOREIGN	Project "CEMEX STUDENT" intended for the professional development of engineering students; Projects improving the well-being of the local community (roads and hall reconstruction); Sponsorship of social community projects.	DIRECT
Coca-Cola HBC Croatia	Beverages – soft drinks	FOREIGN	Employee-managed volunteer club; Free telephone service for stakeholders; Special guidelines for local suppliers; Environmental management policy; Water (especially rivers) and cultural heritage protection; Supporting projects for children and youth.	DIRECT
Ericsson Nikola Tesla	Telecommunications	FOREIGN	Collaboration with electrical engineering colleges; Donations to the association to promote quality education for young people with disabilities "ZAMISLI", the association against breast cancer "The European Breast Cancer Coalition", the association for the self-advocacy and the Center for Education "Prekrižje".	INDIRECT
Hartmann Croatia	Packaging	FOREIGN	Supporting local cultural, arts, sports and society activities; Arranging flowers in one of the squares in Koprivnica; Supporting the literary festival "Galovićeva večer".	INDIRECT

<b>COMPANY</b>	<b>INDUSTRY</b>	<b>DOMESTIC/ FOREIGN</b>	<b>METHODOLOGY ADOPTED</b>	<b>BUSINESS LINKAGE</b>
<b>Holcim Croatia</b>	Building Materials & Fixtures	FOREIGN	Infrastructure reconstruction in the local community; Revitalization of the area around the mines; Sponsorship of anti corruption projects.	DIRECT
<b>Ina</b>	Oil & Gas	DOMESTIC	Project "INA for a better Christmas" - donations to 7 health facilities; Supporting program "Takni znanje" - for physiotherapy students with damaged eyesight t; Partnership in the project "Top scholarship for top students"; Providing scholarships to foreign students from Syria.	INDIRECT
<b>Končar</b>	Electronic & Electrical Equipment	DOMESTIC	Supporting local community. in particular children and youth (in areas of education, training and sports activities) and socially vulnerable groups; Cooperation with universities; Supporting the National Foundation for the Pupil and Student Standard of Living; Supporting the music award "Ivo Vuljević".	INDIRECT
<b>Pliva</b>	Pharmaceutical	FOREIGN	Cooperation with the Faculty of Science in Zagreb with the aim of drug research; Scholarships for students; Project "Together towards health" - education, prevention and getting acquainted with the risks of heart disease; Donations related to health.	DIRECT
<b>Podravka</b>	Food Products	DOMESTIC	The foundation "prof. Zlata Bartl" - academy for creative and innovative scientific research; Partnership in the project the "Top scholarship for top students"; Projects of developing consumers' awareness about healthy eating habits and active concern for their own health.	INDIRECT