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Influence of European Union policy to Corporate Social Responsibility

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Abstract

Corporate Social Responsibility (CSR) presents tool for European Union that has interest in cooperation with its partners to enforce conception of common responsibility for state and function of whole society in all membership countries. According the conception, companies do not orientate their interest only to their economical goals, but they extend it with goals, orientated to the environmental and social aspects and according mentioned they improve their vision and strategy. Corporate social responsibility had become decisive tool in area of business, as well as public policy in countries of EU that support it by its strategic documents. At the end of 20th century in EU several important initiatives raised, with goal to support extension of CSR as natural business standard. Contribution allocates influence of EU policy to support of CSR, presenting by strategy and action plans that are obligatory also for Slovakia, with aim to contribute to the sustainable development of whole society. Challenge to the future for Slovak companies is mainly to work with factors that limit realization of EU vision in area of CSR.

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1. Introduction

Organizations that cooperate with EU and by this way realizing its support of CSR are CSR Europe, UNDP and organizations, connected to European Multi-stakeholder forum. Trend in support of CSR by EU is installment of CSR to global challenges, as well as effort to extend CSR also to the market outside EU, at which European firms make business (Bussard, 2005). Last but not least there is significant trend also in comparing of the individual firms with economical and social impacts of crisis. This is reflecting in the pressure to transparency during communication of economical, social and ecological performance of the firms and their social responsible activities

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(Antosova, 2012). Great emphasis EU gives also to the innovations and increasing of competitiveness, mainly in SMEs, through political support or through co-financing of concrete projects, etc.

Trends that increase importance of CSR in present time present powers, identified in International Institute for sustainable development that leads firms towards CSR (IISD, 2010):

1. Decreasing task of government – sources of governments for solving of social problems are more and more limited, there is growing entrust against state's intervention.
2. Demands of greater transparency – clients, employees, or inhabitants demand from the firms more information and openness.
3. Increased interest of clients – ethical behavior of the firm that influences more and more decision of client for the certain product.
4. Increasing pressure of investors – criteria of investors for determination of firm's value and evaluation of investment decision start to be more influence also by ethical questions.
5. Competitive working markets – employees are not satisfied with any work, but they consider also balance of firm's values with their own values and they compare more and more working conditions and conveniences.
6. Relations with suppliers – firms control their suppliers, if they behave responsibly and number of them install codex of behavior, since their reputation depends many times from the behavior of their suppliers.

2. Regenerated strategy of EU for social responsibility of the companies for period 2011-2014

Counsel and European parliament appeal to Commission to develop further its policy in area of CSR. In the frame of strategy „Europe 2020“ Commission obligated to regenerate strategy EU for supporting of social responsibility of the companies. In the frame of its announcement from 2010 about industrial policy Commission declared that it will submit new suggestion in area of policy, connected CSR. In „Act about unified market“ it is mentioned that it will accept new announcement about CSR till the end 2011.

Economical crisis and its social impacts corrupted to certain measure trust of the clients and level of trusting the companies. Attention of the public had been orientated to social and ethical behavior of the firms. Backward effort of Commission had been supporting of CSR in the short term and long term view, and it is orientated to the creation of positive conditions for sustainable development, responsible behavior of the firms and creation of permanent working places (Antosova, Csikosova 2014; Wolowiec 2012).

Dealing with social responsibility is interest of the companies ...

Strategic access to CSR is due to the competitiveness of the companies more and more important. It can bring advantages in area of risks management, costs saving, access to capital, relations with clients, management of human sources and innovation capacities. Since CSR demands connection of internal and external interested parties, it enables also that companies could better predict and use rapidly changing expectation of the companies and service conditions. Therefore it can support development of new markets and to create possibilities for development. By this way companies could deal with social responsibility, they could obtain long term trust of employees, clients and inhabitants, which will create sustainable business models. Higher level of inhabitants' trust will help the companies to create environment, in which they could innovate and grow.

... and in the interest of society as a whole

Companies could significantly contribute through CSR to filling of goals from Agreement about EU, connected sustainable development and high competitive social market orientated economy. CSR creates base for goals of strategy „Europe 2020“ for providing of intelligent, sustainable and inclusive growth, including goal, orientated to the achieving of 75% measure of employment. Responsible behavior of the companies is especially important in case when subjects of private sector provide public services. Help during reduction of social influences of the present economical crisis, including loss of working posts, presents part of social responsibility of the firms. CSR offers file of values, which could help to build cohesive society and base for transition to the sustainable economical system (CSR Europe 2010).

3. Evaluation of the influence of European policy in CSR area

Since Green book from 2001 and establishment of European Multi-stakeholder Forum about CSR, European Commission plays pioneering task during creation of public policy for CSR support. In 2006 Commission published new policy, in which there was strong support of companies' initiative with title European Alliance for CSR. This policy identified 8 primarily areas for measurement at the EU level:

1. informing and change of verified processes,
2. support for initiative of various interested parties,
3. cooperation with member states,
4. consumer's informing and transparency,
5. research,
6. education,
7. small and middle firms,
8. international frame of CSR.

The policy contributed to the process in CSR areas that could be interpreted by chosen indexes, as follow:

- number of EU companies that signed 10 principles of CSR in the frame of OSN initiative Global Compact, the number increased from 600 in 2006 to more then 1900 in 2012,
- number of organizations with services that are registered in the frame of system for ecological management and audit (EMAS), increased from 3300 in 2006 to more then 4600 in 2012,
- number of companies in EU that signed transnational firm's agreement with global or European organizations of employees, which deal with for example working norms, increased from 79 in 2006 to more then 140 in 2012,
- initiative, orientated to the observance of social norms during business that is part of European initiative of the companies with goal to improve working conditions in their supplier's chains, increased number of its members from 69 in 2007 to more then 700 in 2012,
- number of European companies that publish reports about sustainability according directions of global initiative for reports interpretation, increased from 270 in 2006 to more then 850 in 2012.

But in spite of this step there are still persisting some important problems. Many societies in EU did not still impart social and environmental aspects to their activity and main strategy. There are persisting accusations about participation of small number of European firms due to the corrupting of human rights and accusations about not respecting of basic working norms. Only 15 member's countries from total number 27 are applying intrastate political directions for CSR promoting (Social responsibility of the firms, European Commission, 2011).

European commission determined several factors that could help further increasing of influence of its policy in CSR area, including following:

- necessity of balanced Access of many interested parties that regards opinions of the companies, interested parties from not business sphere and member's states,
- need to explain better what companies expect and to balance definition of EU for CSR with new and actualized international principles and directions.
- Need to support evaluation and regarding of responsible behavior of the companies on the market also through investment policy and public acquisition,
- Need to regard self regulated and co-regulated systems that are important tool, which is used in the firms for filling of their social responsibility,
- Necessity to deal with transparency of the companies, connected social and environmental tasks from the view of every interested parties, including single companies,
- Necessity to give higher attention to the human rights, which became more important aspect in area of CSR,
- Necessity to acknowledge importance of supplement direction during creation of environment that could significantly contribute to the voluntarily filling and realizing of the firms' social responsibility.

Remaining part of the announcement presents modern view to CSR, including actualized definition and new action plan. Therefore policy from 2006 present base and at the same time it presents also important new elements

that could help to extend further influence of the policy. Goal is to confirm again global influence of EU in this area that would enable EU to enforce better its interests and values in relation to other countries. Also it can help during direction and coordination of policies in members' states of EU and by this way to decrease risk of different accesses that could create additional costs for firms that have activities in more than one state.

4. Action plan for 2011-2014

The program contents liabilities of European Commission and suggestions for firms, member' s states and other groups of interested parties. During performing of the plan commission will always consider concrete characteristics of small and middle firms, mainly their limited sources, and it will try to avoid creation of not necessary administrative load.

EU could help during extension of proved processes through public acknowledgment of the companies' activities in CSR area, as well as to strengthen mutual learning and to support more companies to elaborate their own strategic accesses to CSR. According skills from initiatives in various members' states European commission will support building of capacities for mediated organizations of small and middle firms with goal to improve quality and availability of information about CSR for SMEs.

European Commission activated broad scale of programs, orientated to cooperation with companies and other interested parties, connected to serious social and environmental aspects. Success of „Europe 2020“ strategy demands further cooperation of companies, therefore Commission will support dialogue among companies and other interested parties, regarding questions about employment, demographical change and active aging, as well as problems at working post (including management of diversity, tribe equality, education and expert preparation, health, good living conditions of the employees). First of all it will orientate to the branch accesses and extension of responsible behavior of the companies through suppliers' chain.

Initiative with title “*CSR Europe's Enterprise 2020*” presents example of leading activity of the companies in CSR area that is extraordinarily relevant for achievement of goals of EU policy. Commission till the end 2012 had to search initial results of the initiative and define its next steps.

European Commission has intention:

1. to create platforms of CSR for number of stakeholders in industrial branches, for companies and their workers and other interested parties with aim to connect public liabilities of CSR to every branch,
2. to install European system for rewarding for partnerships in CSR area among companies and other interested parties,
3. to solve problem of installed marketing in relation to environmental influence of products, so-called green-washing – deceptive installing of falsely data about ecology of the products,
4. to initiate open discussion with inhabitants, companies and other stakeholders about task and potential of the companies in 21st Century with goal to support mutual understanding and expectation and to make periodical research of inhabitants' trust in companies and CSR access,
5. to begin process of codex preparation of proved processes together with companies and stakeholders regarding self regulation and co-regulation processes that could improve effectiveness of CSR process,
6. to support better structure of social and environmental aspects of public acquisition in the frame of direction,
7. to regard obligation of every investment funds and financial institutions to inform every client about ethical criteria that they apply or about standards and codex they observe,
8. to provide further financial help for projects of education and expert preparation of CSR according programs of whole life education and Youth in action, with goal to increase informing of companies about importance of cooperation in area of CSR.
9. to create partnership evaluation mechanism with members states for intrastate policy in area of CSR,
10. to monitor liabilities, accepted by companies with more then 1000 employees with goal to regard international accepted principles and directions in CSR area and in the frame of their own activities, regarding norm ISO 26000 and direction for area of social responsibility,
11. to cooperate with firms and stakeholders with aim to elaborate principles for area of human rights according main principles of OSN for limited number of relevant industrial branches and principles for SMEs,

12. to publish reports about EU priorities during installing of main principles of OSN and consequent publishing of regular reports about process,
13. to determinate ways for enforcing of responsible behavior of the companies in their future political initiatives, orientated to the inclusive and sustainable restoration and growth in third countries.

European Commission cooperates with member's states, companies and stakeholders with goal to monitor regularly process. It will demand more coordinated working methods among European Multi-stakeholder Forum about CSR and representatives of member's states in the group of high level of CSR. European Commission will welcome also discussion and liabilities with Counsel, European Parliament, Economical and social Counsel, Committee of regions, companies, and other interested parties. It challenges also representatives of European business sphere, including financial branch to render liability of supporting significant growth of EU companies' number in narrow cooperation with public organs and other interested parties, where companies would install responsible behavior and to determine clear goals for 2015 and 2020 (<http://ec.europa.eu/enterprise/policies>).

5. Conclusion

With aim to achieve goal of CSR policy renovation, European Commission recommends the countries following to renew trust of clients and inhabitants in European companies, to support CSR through advantages and evaluation at the market, to improve regulation frame, to integrate further CSR to education, expert preparation and research, better adaptation of European and global accesses to CSR and support of social dialogue and transparency. European Commission has intent to build further on internationally accepted principles and directions according cooperation with member states, partnership countries and correspondent international forums as well as to lead companies they would be committed to such principles in greater measure.

Challenge to the future for firms in Slovakia is mainly working with factors that limit realization of EU vision in area of CSR. Similarly knowledge about CSR and increased informing of public can help the realization.

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