

VALUE CREATION IN THE CONTEXT OF SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

Under the influence of the new rules of the economy and the society, companies are achieving a notional line of a necessary change in the approach to creating new value, wealth. Implementation of changes in the system of wealth creation requires a review of existing assumptions of unlimited growth of the global economy and wealth creation in the environment accepting economic interests, society and the environment as a holistic unit. The main purpose of this paper is the clarification of a new requirements for business, presentation of the questionnaire survey Sustainable Corporate Social Responsibility and inform on value creation in the context of Sustainable Corporate Social Responsibility.

KEY WORDS

Corporate social responsibility, sustainable development, value creation

INTRODUCTION

The business environment is defined by many geopolitical, technological, economic, social and environmental requirements. Companies must comply with them, if they want to be competitive and also prosperous.

In the industrial society of the last century, a company was seen as an economic system characterized from evolutionary perspective (1). Currently, according to the principle of sustainability, a company is characterized from co-evolutionary perspective (2,3,4,5). According to the opinions of many authors (4,5,6,7,8,9), one rational requirement is managing the company as a social-economic-environmental system. One of the concepts that enterprises accept as a beneficial in the process of enhancing business sustainability is the concept of Corporate Social Responsibility (CSR).

The CSR concept is based on the concept of Sustainable Development (SD). It is represented through three pillars, social, economic and environmental. Create the conditions for the comprehensive interconnections between the three areas of responsibility in all business activities in the long term requires their management at the strategic level. Then we can talk about the Sustainable CSR (SCSR).

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The following modern trends are the subject of interest and discussion of numerous companies in the field of the CSR/SCSR (10):

- Creating Shared Value (CSV).
- Work-Life Balance (WLB).
- Corporate Community Involvement (CCI).
- Socially Responsible Investment (SCI).

An important concept that links the CSR and competitive advantage is considered the concept of CSV (3,4). In 2006, authors of the CSV concept – Michael Porter and Mark Kramer, argued that the traditional CSR is in several cases separated from business strategy and it does not benefit the public. However, many enterprises have understood that their prosperity depend on a healthy and well-functioning society (11,12). According to the authors, solution lies in linking social and economic objectives. In the other words in Creating Shared Value.

Values based on the main strategy and that create benefits for the society, while enhance the long-term competitiveness of the company. It requires a paradigm shift in company thinking (3,4,12,13).

METHODS

Inclusion of the SCSR concept or its latest trends into the main business strategy requires at first familiarization with the concepts. The subsequent implementation of measures in the context of the SCSR throughout business activities is contingent upon conscious implementation of the activities and assessment of their contribution to the creation of a sustainable profit.

The current situation in the field of SCSR has been assessed using the questionnaire Sustainable corporate social responsibility and the results of analyses obtained from the dissertation thesis Proposal for the creation of a sustainable shared value system of an industrial enterprise in the context of the SCSR. The questionnaire is primary research method in our research. Secondary research methods are analysis and synthesis of the results.

The questionnaire Sustainable corporate social responsibility has been compiled by six members of the research group of the project KEGA Implementation of the subject of “Sustainable Corporate Social Responsibility”. The main reason of the compilation has been verification of previous knowledge and objective trends that were obtained through intensive study of the literature relating to the following areas:

1. SD and SCSR.
2. Business strategy for SD based on the concept of CSV.
3. Financial management in the context of SCSR.
4. Sustainable logistics.
5. Externalization of costs.
6. Human resource management.

More we discussed the particular part one and two. The questionnaire is the pilot project for the needs of the dissertation thesis and this research.

It was conducted and sent to 306 small, medium and large companies in the Slovak Republic using the application Google Docs on 28th November 2013. During the research, we tried to increase the response through telephone and personal contact with representatives of enterprises.

Implementation process of the questionnaire survey was conducted in the following sequence:

1. formulation of questions (continuously),
2. compilation of the questionnaire (3 days),
3. digitalization and circulation of the questionnaire (5 days),
4. data collection (61 days),
5. processing of the obtained data (processing of the partial obtained data: 1 day).

RESULTS

Fifty six companies filled the questionnaire and send it back until 27th January 2014. This number of enterprises represents 18,3% of total 306 enterprises. In terms of major ownership it was primarily domestic enterprises (57%). Legal form of the most companies (52%) was a Limited Liability Company.

Among the 56 respondents were:

- microenterprises (0 – 9 employees) 23%,
- small enterprises (10 – 49 employees) 16%,
- medium enterprises (50 – 249 employees) 29%,
- large enterprises (more than 250 employees) 32%.

All companies expressed their attitude to the above problem areas of the familiarization with issues SD and SCSR, implementation of SCSR activities and their evaluation with the respect to their contribution to the creation of the sustainable profit.

Nearly one third of respondents (16 companies) is familiar with the issues SD and SCSR in detail. The greater part of companies is familiar with the issues informatively or insufficiently, Figure 1.

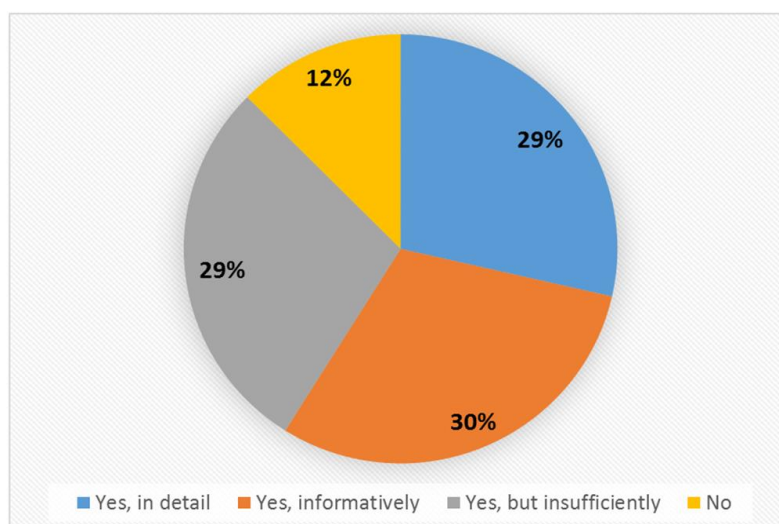


Fig. 1 *Familiarity with the issues SD and SCSR in strategic decision making*

Activities in favour of the SD and SCSR implement up to 87% of respondents (49 companies). However, approximately one third of companies implement these activities consciously, Figure 2.

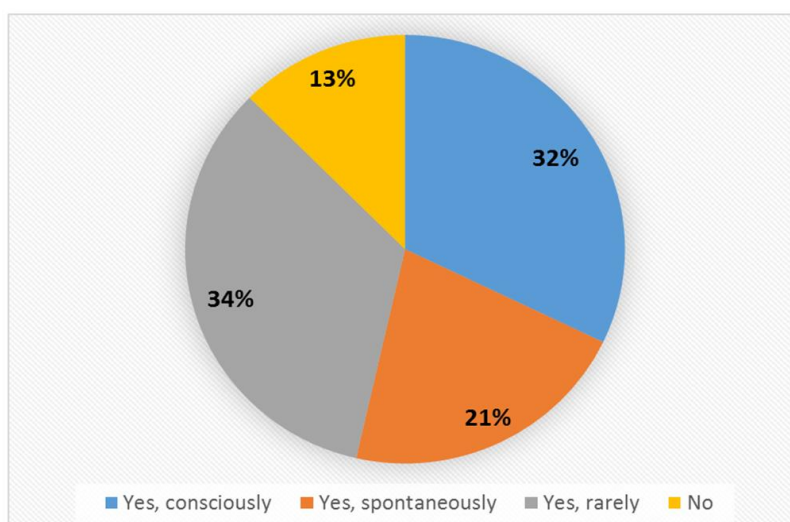


Fig. 2 Implementation of activities in favour of the SD and SCSR

Less than a half of the enterprises (48%) evaluate the contribution of the activities in favour of the SD and SCSR to the creation of the sustainable profit. Approximately a half of respondents that evaluate the activities is able to quantify the effect of the activities on sustainable profit, Figure 3.

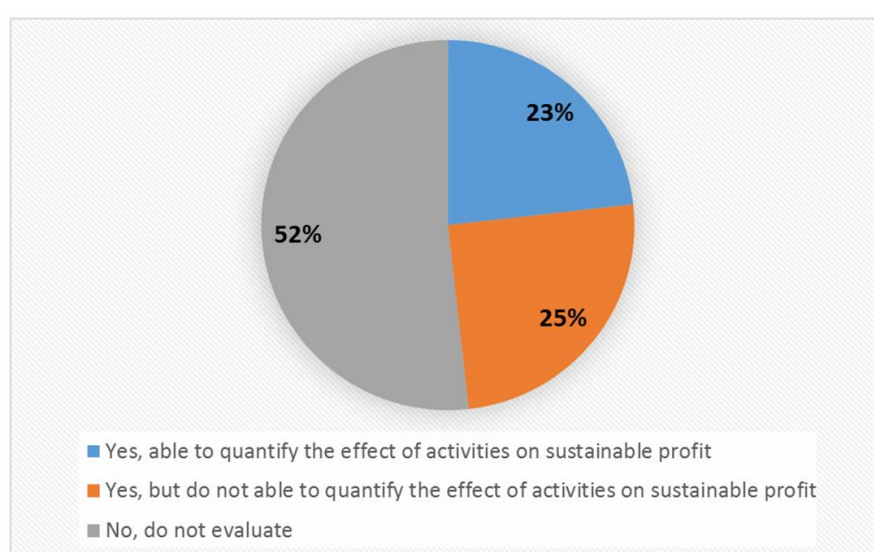


Fig. 3 Evaluation of the activities contribution to the sustainable profit creation

CONCLUSION

There is opening a huge market space for creation of a unique approaches to the business and search for new ways how to succeed in the current markets defined by social need. Companies must decide whether they will adapt to new business requirements and carry out necessary transformational changes to shift to sustainable companies.

According to the results of the questionnaire survey Sustainable corporate social responsibility, there exist many companies dealing with the SD and SCSR issues in the Slovak Republic. On the other hand, it is possible to implement measures to improve this situation. There is only 29% of companies familiarize with the issues in strategic decision making in detail. Activities in the context of the SD and SCSR implement consciously

approximately one third of enterprises (32%). Nearly a quarter of companies (23%) evaluate and is able to quantify the effect of the activities on sustainable profit.

Further research of the issue within the dissertation thesis will be principally aimed at the concept of CSV and its implementation into a main business strategy, based on the experience gained from this questionnaire survey. The aim of the further research will be analysis of the current state of the CSV implementation in industrial companies and preparation of the proposal of the creation of a sustainable shared value system.

We realize that the enforcement of the new approach in business is not a simple process. However, using the first part of the Seneca's quote (14): "*The fates lead the willing, and drag the unwilling.*" we draw attention to the fact that the necessary first step is internal volition, but it is not enough. It is also necessary to (6): "*be able, know and understand.*" In the case that some company will not understand objective trends, this company, as stated Andrej Kopcaj (15), finally must. Using the second part of the Seneca's quote, it will be driven forward by other, probably more successful companies.

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