



**SILESIA  
UNIVERSITY**

SCHOOL OF BUSINESS  
ADMINISTRATION IN KARVINA

# **CORPORATE SOCIAL PERFORMANCE – CASE STUDIES IN CSR REPORTING**

**CSP APPROACHES AND EVALUATION**

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CORPORATE SOCIAL RESPONSIBILITY

## OUTLINE OF THE LECTURE

1. The impact of corporate responsibility
2. Frameworks for CSR evaluation
3. Case studies – CSR reports

## INTRODUCTION

- *Continuous measurement and evaluation of corporate performance is necessary for business success* and the Corporate Social Responsibility (CSR) movement is has been rapidly growing in signification as a strategic management instrument over the past number of years.
- There exists as an examples:
  - **CSR ratings and rankings, CSR prizes and competitions, CSR-tests** (i.e. by consumer associations, suppliers),
  - **existing publication by stakeholder** that addresses CSR (e. g. public statement on CSR, discussion paper, petition).
  - This structure could be combine with **categorized stakeholders**: political actors (e.g. national governments, the European Commission, IGOs), NGOs (environmental NGOs, consumer association etc.), for profit organizations (e.g. ranking agencies, consultancy companies and labour unions).

## INTRODUCTION

- Among the better known international instruments which global influence are:
  - OECD Guidelines for Multinational Enterprises; AA 1000 AccountAbility/Assurance Standard; Social Audit Network; ETHIBEL; EFQM; SA 8000 – Social Accountability International; ISO 26000, ISO 8000, ISO 9000, ISO 14000, IQNet SR 10; IASE 3000; Global Reporting Initiative (GRI); London Benchmarking Group; Corporate Responsibility Index; Corporate Giving Standard; Corporate Community Involvement Index; Dow Jones Sustainability Index; FTSE4GOOD.
- **Wartick and Cochran's (1985) definition of CSP:**  
*„a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships“.*

## 1. THE IMPACT OF CORPORATE RESPONSIBILITY

### **CSP – Steg et al. Models of CSP<sub>narrow</sub>**

1. Economic performance: profitability/market value
  - Drivers of economic value added
  - Drivers of economic performance
  - Value chain performance
  - Profitability/market value
  - Economic externalities
2. Social performance: Impacts on and relations with stakeholder
  - Well-being of Employees
  - Well-being of Customers
  - Well-being of Community
  - Well-being of Suppliers
  - Well-being of Competitors
3. Environmental performance
  - Resource/land use
  - Emissions and Waste
  - Effects on life support system
  - Chain Effects

## 1. THE IMPACT OF CORPORATE RESPONSIBILITY

**Steg et al. s  
operationalisation  
of CSP<sub>broad</sub>**

Economic performance:  
Profitability and growth in market value

Social performance:  
Impacts on and relations with stakeholders

Environmental performance:  
Global environmental effects

1. Economic market value
  - a. Economic value added drivers
    - Value
    - Value growth
    - Sales (growth)
    - Operational margin
    - Net tax advantages
    - Working capital
    - Investment in fixed assets
    - Costs of capital
  - b. Bookkeeping measures
    - Costs
    - Revenues
    - Assets (current and long term)
    - Liabilities (current and long term)
    - Equity
  - c. Financial ratios
    - Liquidity
      - Working capital
      - Current ratio
      - Quick ratio
    - Profitability
      - Profit margin
      - Asset turnover
      - Return on assets
    - Solvency
      - Debt to equity
      - Return on equity
      - Interest coverage
  - d. Shareholder indicators
    - Share price volatility
    - Total share value
    - Dividend payments

1. Employee satisfaction
  - a. Good relations
    - Open communication
    - Keeping to agreed rules and promises
    - Commitment to standards of fairness
    - Encouraging employee participation
  - b. Commitment to basic rights
    - Observance of norms of decency
    - Non-discrimination
    - No forced and child labour
    - Right to appeal, voice complaints, and organise
  - c. Care for well-being of employees
    - Ensure health and safety
    - Provide safety-net and retirement schemes
    - Opportunities for development
2. Customer satisfaction
  - a. Good relations
    - Open communication
    - Keep to agreements and relational contracting
    - Commitment to standards of fairness
    - Encouraging customer participation

1. Sustainable use of scarce resources
  - a. Decrease use of non-renewable resources
    - Decrease use of (fossil and nuclear) energy
    - Decrease use of substances and materials
    - Decrease use of (natural) land
    - Decrease use of water (ground water, irrigation)
  - b. Increase share of renewable resources
    - Increase share of renewable energy
    - Increase share of renewable substances and materials
    - Increase share of renewable water (rain water)
2. Reduce generation of emissions and waste
  - a. Reduce generation of final waste
  - b. Reduce emissions of
    - Polluted waste water
    - Non-CO<sub>2</sub> greenhouse gases
    - Acidifying gases
    - Ozone depleting gases

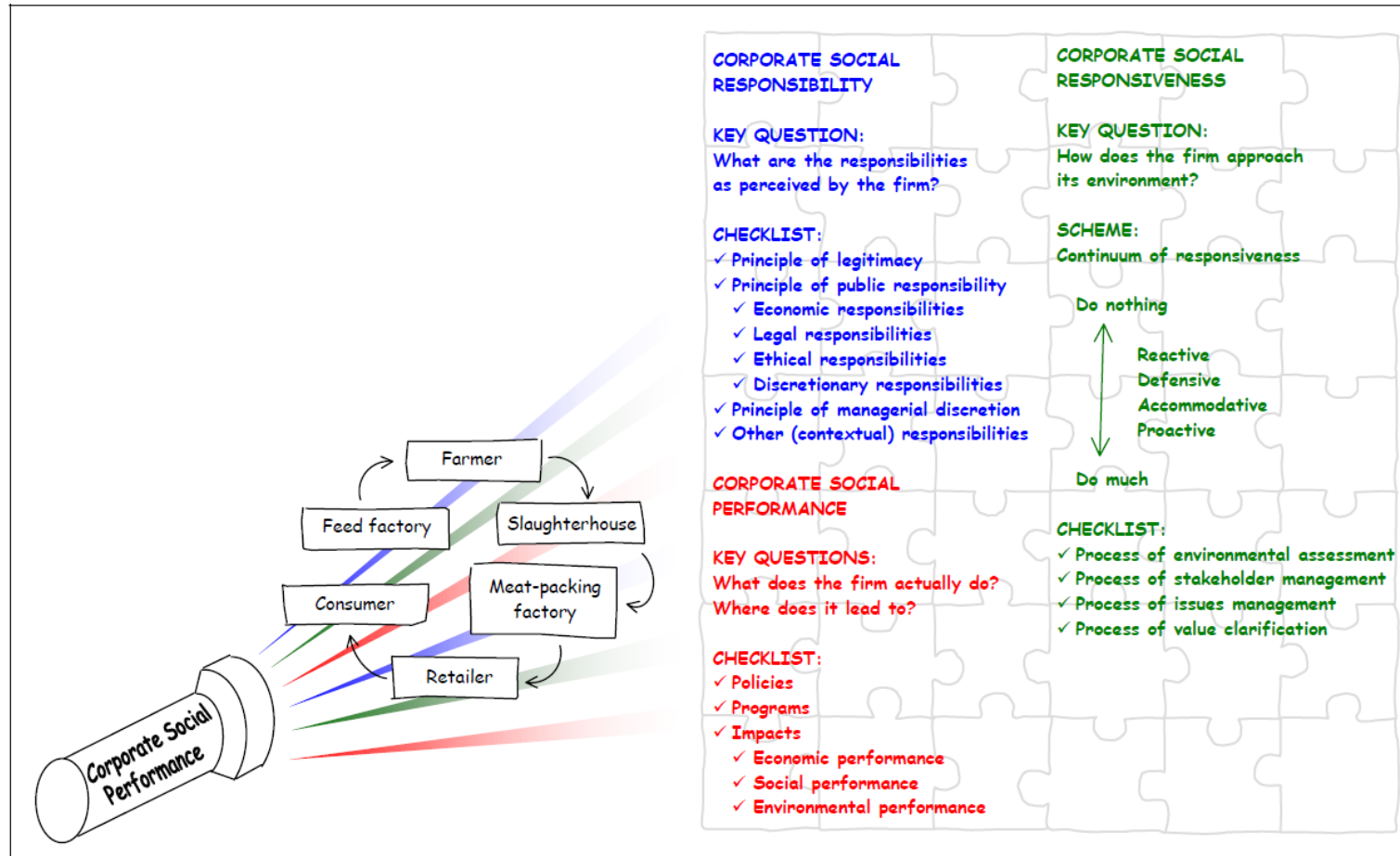
## 1. THE IMPACT OF CORPORATE RESPONSIBILITY

### Steg et al. s operationalisation of CSP<sub>broad</sub>

Economic performance: Profitability and growth in market value	Social performance: Impacts on and relations with stakeholders	Environmental performance: Global environmental effects
<p>2. Economic performance drivers</p> <ul style="list-style-type: none"> <li>a. External positioning                             <ul style="list-style-type: none"> <li>- Market forces</li> <li>- Competitive forces</li> <li>- Environmental forces</li> </ul> </li> <li>b. Internal resources                             <ul style="list-style-type: none"> <li>Primary resources                                     <ul style="list-style-type: none"> <li>- Logistics</li> <li>- Operations</li> </ul> </li> <li>Secondary resources                                     <ul style="list-style-type: none"> <li>- Leadership resources</li> <li>- Financial resources</li> <li>- Human resources</li> <li>- Innovative resources</li> <li>- Procurement resources</li> </ul> </li> </ul> </li> </ul> <p>3. Value chain performance</p> <ul style="list-style-type: none"> <li>- Net cost reductions</li> <li>- Net market access</li> <li>- Net access to technological expertise</li> <li>- Net reduction in business risks</li> </ul> <p>4. Economic externalities</p> <ul style="list-style-type: none"> <li>a. Positive externalities                             <ul style="list-style-type: none"> <li>- Economic stability</li> <li>- Employment</li> <li>- Economic growth</li> <li>- Income improvement</li> <li>- Investments</li> </ul> </li> <li>b. Negative externalities                             <ul style="list-style-type: none"> <li>- Economic instability</li> <li>- Unemployment</li> <li>- Economic decline</li> <li>- Income deterioration</li> <li>- Divestments</li> </ul> </li> </ul>	<p>2. Customer satisfaction (continued)</p> <ul style="list-style-type: none"> <li>b. Commitment to basic rights                             <ul style="list-style-type: none"> <li>- Observance of norms of decency</li> <li>- Non-discrimination</li> <li>- Observance of rights of privacy</li> <li>- Right to appeal and voice complaints</li> </ul> </li> <li>c. Care for well-being of customers                             <ul style="list-style-type: none"> <li>- Ensuring health and safety</li> </ul> </li> <li>d. Commitment to chain effects                             <ul style="list-style-type: none"> <li>- Expecting own principles on relations, rights, and care also from customers</li> </ul> </li> </ul> <p>3. Community satisfaction</p> <ul style="list-style-type: none"> <li>a. Good relations                             <ul style="list-style-type: none"> <li>- Open communication</li> <li>- Keeping to agreements and relational contracting</li> <li>- Commitment to standards of fairness</li> <li>- Encouraging community participation</li> </ul> </li> <li>b. Commitment to basic rights                             <ul style="list-style-type: none"> <li>- Observance of norms of decency</li> <li>- Observance of norms against bribery and corruption</li> </ul> </li> <li>c. Care for well-being of community                             <ul style="list-style-type: none"> <li>- Ensuring public health and safety</li> <li>- Local job creation and use of local suppliers and services</li> <li>- Commitment to equal opportunity and diversity</li> </ul> </li> </ul>	<p>3. Reduce negative effects on life support system</p> <ul style="list-style-type: none"> <li>a. Decrease use of toxic and persistent substances</li> <li>b. Reduce impacts on animal welfare</li> <li>c. Reduce impacts in bio-diversity and natural reserves                             <ul style="list-style-type: none"> <li>- Reduce effects on water systems and nature</li> <li>- Reduce land use in sensitive areas</li> </ul> </li> </ul> <p>4. Commitment to chain effects</p> <ul style="list-style-type: none"> <li>a. Environmental impacts from lifecycle of products and services                             <ul style="list-style-type: none"> <li>- Lifecycle monitoring and evaluation</li> <li>- Lifecycle management to reduce the environmental impacts of products and services</li> </ul> </li> <li>b. Optimising use of resources and waste flows on local and regional levels                             <ul style="list-style-type: none"> <li>- Waste delivered for recycling and further use</li> <li>- Waste acquired for recycling and further use</li> </ul> </li> <li>c. Informing customers about (ways to reduce) environmental impacts of products and services                             <ul style="list-style-type: none"> <li>- Informing customers about environmental impacts of products and services</li> <li>- Advising customers on ways to use products and services in an environmentally friendly way</li> </ul> </li> </ul>

# 1. THE IMPACT OF CORPORATE RESPONSIBILITY

## Framework for analysing the social, environmental, and economic activities of a firm or chain



A framework for analysing corporate social performance; Beyond the Wood model, 2004.  
 Pierick, E. ten, V. Beekman, C.N. van der Weele, M.J.G. Meeusen and R.P.M. de Graaff



## 2. FRAMEWORKS FOR CSR EVALUATION

- There exists a high number of frameworks and approaches to evaluate CSR, differing e.g. territory of competence, countries, international activities, the concept of stakeholders...
- There are **three readily available sources of information relating to the impact of corporate responsibility**:
  - **CSR reports** – including social, environmental, and sustainability reports;
  - **Ratings of companies** such as FTSE4Good, the Ethibel Sustainability Index, the KLD Indexes, the ARESE social ratings, and the Dow Jones Sustainability Indexes,
  - And **case studies of companies** undertaken by companies, corporate Responsibility organizations, and others.

## 2. FRAMEWORKS FOR CSR EVALUATION

- Other approach could be **divided by categorized stakeholders**:
  - *political actors* (e.g. national governments, the European Commission, IGOs),
  - *NGOs* (environmental NGOs, consumer association etc.),
  - *for profit organizations* (e.g. ranking agencies, consultancy companies and labour unions).

## 2. FRAMEWORKS FOR CSR EVALUATION

- Among the better known international instruments which global influence are:
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  - ETHIBEL
  - EFQM
  - SA 8000 – Social Accountability International
  - ISO 26000, ISO 8000, ISO 9000, ISO 14000
  - IASE 3000
  - London Benchmarking Group
  - Corporate Responsibility Index, Corporate Giving Standard, Corporate Community Involvement Index

## 2. FRAMEWORKS FOR CSR EVALUATION

- The ***London Benchmarking Group*** (LBG) which is implicated in the Czech Republic as “*Standard odpovědná firma*” (SOF). The project SOF is realized in cooperation with British Corporate Citizenship Company which based the LBG methodology.
  - These is using for data verification into list “TOP Firemní Filantrop” in Czech and Slovak Republic, also for Giving List in Great Britain and reporting about all CSR activities either.
- The **SA8000** standard is a central document.
  - It is one of the world’s first auditable social certification standards for decent workplaces, across all industrial sectors, which has adopted policies and procedures that protect workers’ basic human rights.
- For international companies with CSR monitoring, the **OECD Guidelines** for multinational Enterprises could be used.

## 2. FRAMEWORKS FOR CSR EVALUATION

- **AA 1000 AccountAbility/Assurance Standards** are norms which help organisations to become more responsible and sustainable.
- **SAN Ltd.** (Social Audit Network) is a method suitable for any organisation from the private or public sector.
- The **KORP method** is developed for evaluating CSR in Czech organizations. It judges organizations in three pillars – economic, environmental and social for internal and external application.
  - In the year 2011 the national programme for the evaluation agreement of the management system of CSR was made by the Quality Council of the Ministry of Industry and Trade of the Czech Republic

## 2. FRAMEWORKS FOR CSR EVALUATION

### Examples of stakeholder metrics

Audience for CSR	Goal Hierarchy	Effectiveness Metrics
Society	Educated, Healthy, Wealthy, Happy, Stable, Cohesive Community.	Quality of Life Indicators: Physiological (Health), Economic, Educational, Social, Psychological. Examples: Percentage of population impacted; Life expectancy; Literacy rates; Income/nutrition p.c.; Disease Incidence rates; Birth/ Death rate by age.
Environment	Sustainable.	Sustainability; Improvement in indices; Pollution and toxicity levels (water, air, other).
Regulators, Auditors, NGOs	Ensuring compliance with existing regulations; Identifying new regulations to keep consumer welfare interests in line with corporate profitability goals.	Credit from regulators; Inclusion in CSR indices.
Media	Providing accurate, timely, and newsworthy information to the public.	Quantity and quality of press impact.
Financial Markets	Stability, Growth, and Profitability.	Rates of Return, Volatility, turnover, and liquidity over time.
Economy	Stability, Growth, and Profitability.	GDP/ GNP, per capita and overall; Debt ratios, foreign exchange reserves.

Source: The Conference Board – Trusted Insights for Business Worldwide.  
Measuring the effects of CSR, 2011, Volume 3, Number 7

## 2. FRAMEWORKS FOR CSR EVALUATION

### A Framework for understanding impact

- What emerges are 5 dimensions on which corporate Responsibility practice is held to have an impact.
  1. *The social, environmental, and governance impact.* This refers to large social and environmental issues, including global warming, human rights, economic growth, and poverty reduction.
  2. *Instrumental benefits* – this covers the connection between financial performance and ESG performance, including of making the business case for corporate Responsibility.
  3. *Business attitudes, awareness, and practices* – these refers to the impact on the way in which companies think about the non-financial aspects of business operations.
  4. *Non-business stakeholders*
  5. *The impact of corporate Responsibility on itself* – this area covers the way in which CR evolution and growth has affected how we think about and practise corporate responsibility today.

## 3. CASE STUDIES – CSR REPORTS

- **GRI has pioneered the creation of the world's most widely used concept** that provides organizations with guidance on how to generate reports focused on sustainable development, which are publicly published and accessible to all interested parties in order to provide a detailed overview of the activities of the organization, in the above-mentioned areas.
- **These reports are an appropriate measure** for comparison of activities of socially responsible organizations.
- In the Czech Republic, companies publishing quality reports on social responsibility stated in the *TOP Responsible Company* in the category of Responsible reporting.



## 3. CASE STUDIES – CSR REPORTS

- A case study is focused on reporting activities of firms falling within the concept of social responsibility.
- A case study is a *compilation of criteria for reporting* on CSR and their assessment of the selected companies. *Established criteria* help other managers to efficiently processing reports and also to achieve the relevant awards.

### Criteria of the CSR reports

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General criteria	1.	Availability and traceability of CSR reports on the websites of companies.
	2.	Timeliness and regularity of publishing CSR reports.
	3.	Characteristics of activities from all areas of CSR.
	4.	Planning CSR activities and their evaluation.
Environmental criteria	5.	Solution of processes to reduce emissions, water and energy consumption.
	6.	Responsible waste policy.
Economic criteria	7.	Implementation of the Code of Ethics.
	8.	Communication and collaboration with stakeholders.
Social criteria	9.	Implementation of employment policy.
	10.	Support local communities.

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## 3. CASE STUDIES – CSR REPORTS

### **Plzeňský Prazdroj, a.s**

- Fulfilling environmental criteria
  - In the field of process solutions to reduce emissions, water consumption and energy Pilsner Urquell engaged in activities related to the reduction of water consumption. The company fulfills the criteria for reducing water consumption in the production of beer, tank cleaning etc. In the area of reducing energy consumption and emission levels, the company aims to reduce the results of 2008 to 50%. Responsible waste policies show using recycled materials and packaging waste sorting and politics tend to operate with zero waste.
- Fulfilling economic criteria
  - The company respects human rights and transparent and ethical business founded by the ethics committee of Plzeňský Prazdroj and uses three ombudsmen ethics. The company prides itself on negotiations and cooperation with the relevant supplier. Concludes multi-year contracts, prefers Czech suppliers and inform them of market development.

## 3. CASE STUDIES – CSR REPORTS

### **Plzeňský Prazdroj, a.s**

- Fulfilling social criteria
  - Employment policy is to be a priority for Pilsner Urquell.
  - Fair play, fair remuneration, gender equality, workplace safety, pro-family policy and healthy working environment and anti-discrimination are commonplace for him.
  - The company is a member of Memoranda Diversity 2013+, which affirmed equal access to employment for men and women.
  - Support for local communities is realized through corporate volunteering program Prazdroj to people or ENGAGE, Volunteer Day Give & Gain 2013 and other projects, which support non-profit projects and thus development of the regions.

## 3. CASE STUDIES – CSR REPORTS

**KPMG Česká republika, s.r.o.** - is a global network of professional firms providing audit, tax and advisory services.

- Fulfilling environmental criteria
  - The company addresses the reduction of water consumption, energy and emission levels for policies to minimize the impact of business activities on the environment. All offices prefer to consume tap water, reducing the carbon footprint of all employees and use ecological means of transport. Among the priority areas of environmental companies also include waste policy that focuses on reducing the consumption of office paper and waste sorting.
- Fulfilling the economic criteria
  - Entrepreneurial activity according to a report on CSR governed by strict rules of ethics, transparency and independence. Corporate culture sums up a code of ethics. They communicate with their stakeholders through ethical code of supply, which must be observed by all suppliers. The company cooperates only with responsible business partners.

## 3. CASE STUDIES – CSR REPORTS

### **KPMG Česká republika, s.r.o.**

- Fulfilling social criteria
  - The company encourages its employees flexible working hours, the possibility of yoga in the workplace.
  - Implementing a program Healthy Company collaborates with health insurance companies and their employees want to strike a balance and health, sport and entertainment.
  - In support of the local community is committed to improving the financial literacy of older people, providing training and pro bono services to various non-profit organizations and projects.

## 3. CASE STUDIES – CSR REPORTS

**O2 Czech Republic a. s.** is the largest integrated telecommunications operator in the Czech Republic.

- Fulfilling environmental criteria
  - To care for the environment, the company focuses on reducing consumption of energy, fuel, water and reduction of waste production.
  - Limiting consumption of plastic bottles and heed the recycling of used mobile phones. Its environmental policy also regularly updated. Thus fulfills both the criteria set.
- Fulfilling economic criteria
  - Although the report does not mention a code of ethics, but the company adheres to principles of responsible business, which were inspired by the ethical codes of other companies.
  - The company does not meet the criterion of communication with stakeholders, since the report this information to gather.

## 3. CASE STUDIES – CSR REPORTS

### **O2 Czech Republic a. s.**

- Fulfilling social criteria
  - Employees are available incentive programs, employee benefits, health care and education.
  - The local community is supported mainly by the Think Big program, which is under the auspices of the Foundation O2 and enables the realization of ideas and projects for young people.
  - The company also supports projects for the deaf, schools, seniors, runs a help line.
  - Employees working in the framework of volunteering and donating blood.





## SUMMARY OF THE LECTURE

- It is recommended that in the analysis of the social, environmental, and economic activities of a firm or chain **attention is paid not only to the actual outcomes but also to the principles and processes** (on which these outcomes are based).
- In corporate Responsibility, impact is essential if corporate Responsibility move from being a „*feel-good thing*“ to being recognized as a „*good thing*“.
- All the approaches are based on a **voluntary approach**, it means that the motivation engine is the “allowance” of the companies according to the market condition (e. g. influenced by all stakeholders and shareholders).

## SUMMARY OF THE LECTURE

- Especially in the Czech *Republic most of the stakeholders who are involved in CSR performance assessments have international background*, including organizations like the UNDP, World Bank, ILO etc.; multinational consulting firms like KPMG; non-profit international organizations like CSR Europe.
- The social contract between managers and society and stakeholders of the company and for responsible and accountable behaviour that is why is important to use properly instruments, methods, and frameworks suitable for specific area of business in which companies operates.