

## ATTITUDE OF FIRMS IN MORAVIAN-SILESIA REGION TOWARD THE SOCIAL AND ENVIRONMENTAL BUSINESS RESPONSIBILITY

<sup>a</sup>JANA KYZEKOVÁ, <sup>b</sup>EVA CHLEBIŠOVÁ

*Faculty of Economics, VŠB – Technical University of Ostrava,  
Sokolská třída 33, 702 00 Ostrava  
email: <sup>a</sup>jana.kyzekova.st@vsb.cz, <sup>b</sup>eva.chlebisova.st@vsb.cz*

The paper is supported by the SGS research project SP/2010106 „Využití klasických nástrojů marketingové komunikace pro podporu elektromobility v Ostravě“.

**Abstract:** Corporate Social Responsibility (CSR) is a way of managing business and building relationships with partners, which contributes to improving the reputation and credibility of company. The importance of the concept of corporate social responsibility is growing, especially in regions with decreasing quality of environmental conditions. The main objective of this article is to analyze the attitudes of entrepreneurs to social responsibility, particularly in the field of environmental protection, and intensity of application of tools to build socially and environmentally responsible image. The research was held in Moravian-Silesian Region because of high pollution in this region.

**Keywords:** environmental responsibility, social responsibility, environmental pollution, protection of environment

### 1 The Socially and Environmentally Responsible Approach

The importance of the social responsibility concept is still increasing. The main reasons of this are the efforts to differentiate from competitors, to increase customer's interest in products manufactured in decent labour conditions considering environmentally-friendly conception, and to fulfil public pressure to improve the environment and society. With the issues of firms' environmental responsibility is concerned also European committee, which consider the concept of corporate social responsibility (CSR) as a tool to meet the goals set on the Lisbon Summit - to become the most dynamic and competitive knowledge economy on the world, to ensure stable economic growth, and to ensure more and better labour positions and higher social coherence till 2010. [5]

The CSR is the way of the corporate managing and building relationships with business partners, which contribute toward the improvement of image and credibility of the particular firm. [1, 4] It is usually based on the triple-bottom-line principle, which involves not only economic, but also social and environmental aspects of the company. [5]

The economic activities of any social responsible company are characterized by transparency and by creating positive relationships with investors, customers, suppliers and other business partners. These companies observe their influences on the local, national and global economic environment by the development of employment or by prevention of corruption. In the social area the companies are focused on their approach to their employees and support of the local community, whereby influence standards of living, health, safety, education, and cultural development of citizens. The environmental responsibility is focused on the protection of natural resources minimising impacts on the environment. [3]

The social responsibility is defined by the European Committee in The Green Book as an activity voluntary integrating social and ecological respects to firms' business activities with cooperation with interested parties – stakeholders. [3] The stakeholders are in this concept subjects or groups, with which the firm effort to build long and credible relationships. These subjects have significant influence on the firm's activities or are by these activities influenced. The classic examples of stakeholders are employees, investors, customers, business partners, public organisations, media, labour unions, public and others. [5]

#### 1.1 Reasons for the Application of CSR Principles

To become the socially and environmentally responsible company brings mostly non-financial advantages. The main

reason to apply this approach is to build a trustworthy relationship with company's environment, with employees, potential employees and investors, and to create the image of credible and reliable company, since this image is usually associated with the competitive advantage.

Selected benefits of socially responsible business conduct are:

- opportunity to innovate,
- attractiveness for investors,
- transparency,
- credibility,
- long term sustainability of the firm,
- increased employee loyalty and productivity,
- ability to attract and hold quality employees,
- reputation building. [2]

The credibility of CSR has to be based on following principles:

- personality – differentiate from competitors,
- authenticity – ability to believe in conviction of employees and management,
- transparency – information disclosure,
- consistency – in compliance with the principles. [5]

The socially and environmentally responsible behaviour of any company exceeds the behaviour kept by law. The CSR is a component of the global corporate strategy, not only the activity of a marketing (PR) department.

The significant importance has the CSR approach for smaller and medium firms, which were participated on the research described below. The company that acts responsibly has a greater chance to obtain a suitable workforce. Many university graduates are trying to get a job in big companies, but, by the application of CSR activities, however, a smaller company could take advantage of potential job seekers – university graduates. Corporate social responsibility affects also the supplier-customer relationships. Some of the companies are choosing a business partner regarding compliance with the CSR approach. By using the concept of CSR, the company is building good reputation without spending large resources on communication with the public as is possible in large companies. [2]

#### 1.2 The Communication Tools of CSR Activities

The most applied marketing communication tools by CSR strategy are corporate websites, which involves information, special e-mail addresses, section for stakeholders' questions, and annual reports in printed and electronic version. Other usually used tools are announcements sent by electronic or classic mail, free telephone line, media, PR and paid advertisement. [4]

### 2 Research Methodology

The main objective of the presented research in the area of the environmental responsibility was to analyse the attitudes of the entrepreneurs towards the responsibility especially in terms of environment protection. This particular theme was a part of the complex study focused on the issues of the utilization of electric vehicles in the companies' fleets.

To collect the primary information electronic questionnaire was designed. To the chosen e-mail addresses was sent an invitation letter with a request to participate in an academic research. This invitation included a hyperlink to the questionnaire form created by using Google Documents tool. The questionnaire contained closed questions with four-point scales (strongly disagree - strongly agree, definitely no – definitely yes) to avoid neutral answers. Respondents were asked to assess the degree of an

agreement with particular statements regarding the issues of social and environmental responsibility of their firm. The research was conducted in two stages in July and August 2010.

Table 1: Characteristics of respondents

Title of respondent	Share	Sector of industry/ business	Share
Owner	61,0 %	Business Services	26,9 %
Executive Director	12,0 %	Car Services	10,8 %
Department Head	15,0 %	Manufacturing	20,4 %
Head of Fleet	7,0 %	Servicing	11,8 %
Other	5,0 %	Building Industries	8,6 %
<b>Size of company (number of employees)</b>		Transportation, Logistics	6,5 %
Micro firms (less than 9)	50,0 %	Catering	3,2 %
Small firms (10 - 49)	31,4 %	Others	3,2 %
Medium firms (50 - 249)	12,8 %	<b>End-users</b>	
Large firms (250 and more)	5,8 %	Mainly customers	17,0 %
<b>Company Headquarters</b>		Mainly businesses	53,0 %
Office in Ostrava	54 %	Equally both types	30,0 %
Office out of Ostrava	46 %		

The sample was received from the public company database. The invitation and request was sent to 1,000 companies in Moravian-Silesian Region. The completed questionnaires were 86 (8.6%), which is considered to be good result for an online research. Inquiries were anonymous, but the respondents could fill an e-mail address to obtain the results as a feedback. The structure of the respondents is shown below (Table 1).

### 3 Results and Discussion of the Findings

#### 3.1 Support of the Particular Areas of CSR

Moravian entrepreneurs mostly support sports organizations and events, social events and disadvantaged residents. Then follow the environmental, cultural institutions and health care is supported at least.

Interestingly, sport events are strongly supported by respondents' firms, disabled residents were rather not supported and other areas of social responsible activities were mostly not supported at all, which refers to the extremes in the responses. Support of the sport events statistically depends on the size of organisation. Large and middle sized firms are using sport events as a CSR tool mostly than small or micro sized firms.

The evaluation of the respondents, whether their company is social responsible or not, is influenced by the degree in which the company supports disabled residents (Table 2). It may also indicate that this area is at most perceived as a part of the CSR by respondents. Probably very slightly affects the dependent variable (assessment of the degree of CSR in firm) support of cultural institutions (Sig. 0.067).

Table 2: Influence of the CSR areas to the evaluation of social responsibility

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	2,103	,298		7,048	,000	1,508	2,698
Cultural institutions	,188	,101	,234	1,858	,067	-,014	,390
Social events	-,013	,091	-,019	-,142	,887	-,195	,169
Sport clubs and events	,038	,097	,054	,390	,698	-,156	,231
Disadvantaged residents	,225	,097	,287	2,328	,023	,032	,418
Health care	-,136	,141	-,124	-,965	,338	-,418	,146

Environment protection	,099	,104	,119	,951	,345	-,109	,307
------------------------	------	------	------	------	------	-------	------

a. Dependent Variable: Is your firm considered to be socially responsible?

Different areas of support were compared regarding the size of the particular firm. We found that micro- and small organizations support mostly sport and social events and disadvantaged residents in contrast to medium-sized enterprises, which support rather environment protection than disadvantaged people.

According to research results, 46% firms more and 30% definitely consider to be socially responsible. Whether the company is considered to be socially responsible depends on the industry (Pearson chi square coefficient 0,005). Firms in business services have evaluated their social responsibility strongly positively and, more than expected, there were a number of answers "definitely yes" in manufacturing and transportation companies. Companies operating in these sectors are considering themselves to be more socially responsible.

#### 3.2 Marketing Communication and Image Creating

Of communication tools, which are usually used by the firms to promote socially and environmentally responsible activities, firms are mostly applying corporate websites, sponsoring, ISO certificates and advertising (Table 3). Interesting is, that 65 % of micro-sized firms are using websites to create a socially responsible image. The sponsoring is a tool, which is used by micro-sized firms at least. In terms of industry sponsoring is mostly used by firms enterprising in services, manufacturing, building and transportation.

Table 3: Usage of communication tools

Order	Communication tools	Rate of usage	Average*
1.	Websites	77,5%	3,1
2.	Sponsoring	72,5%	2,9
3.	Efforts to obtain the ISO	57,5%	2,3
4.	Advertising	52,5%	2,1
5.	PR articles	47,5%	1,9
6.	Packaging	40,0%	1,6
7.	Corporate magazines	35,0%	1,4

\*1 – definitely not, 4 – certainly yes

The ISO certification also depends on the firm size (Pearson chi square coefficient 0,031). This tool is definitely used by medium and large-sized firms, which is probably caused by organizational and financial intensity of the certification. PR articles are mostly used by large firms. Also the usage of corporate magazines as a tool to promote the firm's social responsibility depends on the size of the company (Pearson chi square coefficient 0,000). The corporate magazines are definitely not used by 89 % of micro-sized firms, 76 % of small-sized firms and 56 % of middle-sized firms. The half of large firms is using corporate magazines. The usage of the advertising depends on the end-user market of the particular (Pearson chi square coefficient 0,026). Up to 77 % of firms on B2B market is definitely not using advertising as a tool for CSR promotion. The intensity of using of product packages is also depending on the firm size (Pearson chi square coefficient 0,001) – the package is used as a promotion tool by a half of large firms.

The results of this research showed, that the entrepreneurs tend to inform about their social responsible activities and appreciate its importance for the image and reference creating. Micro- and small- sized firms are almost not being in contact with media, but they realize the necessity to inform about their activities and strengthen relationships with stakeholders.

#### 3.3 Environment Protection

According to the research results, 60 % of companies solve the impact of its activities on the environment. The intensity, in

which the firms deal with this issue, depends on the size of firms (Pearson chi square coefficient 0,018). All large companies and 91% of medium-sized companies are resolving the impact of secondary effects of their activities on the environment; only 44 % of small companies and 57% of micro firms are environmentally responsible. It is logical, because larger firms are more polluting and requirements on environmental pollution reduction are constantly increasing.

52% of respondents said that their company does not use natural resources rationally. Interestingly, 60% of micro firms, 52% of small firms, but only 36% and 25% medium-sized firms do not use natural resources rationally, according to the respondents.

More than 60% of companies had not officially set rules of the environment protection, but according to research results, more than half of firms acquainted employees with environmental policy. Employees are familiar with environmental policy more in medium and large companies, particularly in the manufacturing (65%), construction (75%) and transport (80%) industry. In terms of official environmental policy could be observed dependency on industry (Pearson chi square coefficient 0,038). Rules are primarily set in manufacturing companies (43%), the construction companies (50%) and transport companies (up to 80% of transport firms answered "certainly yes").

It is positive, that 62% of companies use the new environmentally friendly technologies. Using the new technology increases with the number of company employees; 60% of micro and small firms, 73% of medium firms and 80% of large companies apply new technologies to protect the environment. The environmentally responsible policy influences also the choice of business partners. Even up to 73% of firms prefer business partners who have formally set goals for environmental protection, which also depends on a size of the firm (Pearson chi square coefficient 0,033). 46% of micro firms and 26% of small businesses do not. The results show that more than half of companies consider the business partners' approach to the environment.

Respondents were also asked about their attitude toward the environment policy as a competitive tool. It is interesting that 62% of companies do not think that a policy of environmental protection is important to their customers (30% answered "definitely not"). According to the industry, these responses were most often by the firms offering business services (61%), manufacturing (37%), car services and maintenance services (both 29%).

Correlation analysis showed that between the statement "employees are familiar with environmental policy" and statement "firm officially established rules to protect the environment" is a strong positive linear relationship ( $r = 0.794$ ). The more is environmental policy important for customers, the more activities in setting the official rules for environmental protection company makes ( $r = 0.514$ ) and more prefer environmentally friendly business partners ( $r = 0.569$ ).

On the evaluation of the firm's environmentally protective activities has the greatest impact rational use of natural resources. Probably a very slight effect on the dependent variable will have the fact that the company has officially established rules to protect the environment (Table 4).

Table 4: The influence of particular activities to overall impact on the environment

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
1 (Constant)	1,345	,384		3,501	,001	,578	2,112
Rational usage of natural resources	,305	,107	,340	2,854	,006	,092	,518
Company officially set the rules of environment protection	,288	,156	,345	1,844	,070	-,024	,599
Employees are familiar with the protection policy	-,156	,159	-,178	-,978	,331	-,474	,162
Firm uses new environmentally friendly technologies	,038	,140	,034	,272	,786	-,242	,318
Firm prefers business partners applying environmental policy	,042	,145	,037	,290	,773	-,248	,332
For our customers is our environment policy important	,110	,127	,115	,868	,389	-,143	,364

a. Dependent Variable: The impact of firms' activities on the environment.

#### 4 Conclusion

The research shows that both micro and small enterprises, as well as medium-sized enterprises located in the Region, effort to support the environment in which they operate. This demonstrates that CSR principles are not used only by the large, international corporations, which are faced with media interest. Differentiation of the intensity of CSR varies due to financial and organizational capabilities. However, it is important to encourage and help entrepreneurs in these activities, respectively CSR, to become part of corporate strategy. Moravian firms often support sports organizations and events, social events and disadvantaged residents, and at least health care.

In the region 46 % firms are likely responsible and 30 % definitely consider to be socially responsible. The social responsibility is certainly considered particularly in manufacturing and transport companies. The greatest influence on the evaluation of the respondents, whether they consider their company as socially responsible, has support for disadvantaged residents. This probably explains which area of CSR is the most important in terms of social responsible strategy. Research results show that companies are trying to inform about their socially responsible activities and recognize its importance for the reputation of the company. Micro and small enterprises do not come into close contact with the media, but they also recognize the need to inform about their activities and use corporate websites and sponsorships. The most used communication tools for this purpose are generally websites, sponsorships, advertising and ISO certification.

The main impact on the assessment of environmental responsibility has the rational usage of natural resources. The survey showed that only 60% of companies address the impact of its actions on the environment. These are mainly large and medium-sized businesses. More than half of respondents said that their company does not use natural resources rationally, which concerns 60 % of micro firms and 52 % of small firms. Therefore it is necessary to encourage small and micro businesses to more responsible approach not only by legislative constraints, but also by pressure from the public organizations and independent associations.

More than 60% of companies have not officially set rules to protect the environment, but according to research results, more than half of employees are familiar with environmental policy. Familiarity of employees with environmental policy and establishing rules for environmental protection is mainly used in medium and large firms, operating mainly in transport, construction and manufacturing. Companies operating in these sectors contribute to pollution of the environment more than

firms in other areas of the economy, but the companies' effort to reduce its impact on the environment should be applied also in other sectors. It was also found that official implementation of rules to protect the environment has impact on the employees' familiarity with these activities. It is therefore necessary not only to provide rules, but also to implement and follow them to ensure the principles of authenticity and credibility.

A part of the environmentally and socially responsible policy is the choice of business partners. The results show that most companies have respect to their partners' approach to the environment. Even up to 73% of firms prefer business partners who have formally set goals for environmental protection.

Although most respondents do not consider the environmental policy is important for their customers, and do not perceive this behavior as a source of competitive advantage, it is necessary to keep a greater extent in informing the public about the intensity of environmental pollution and ways to reduce the impact of companies' behavior on the environment and encourage entrepreneurs in their pursuit of responsible policy that will positively affect not only the environment but also society and prosperity of companies.

#### Literature:

1. Becker-Olsen, K. L.; Cudmore, B. A.; Hill, R. P. The impact of perceived corporate social responsibility on consumer behavior. *Journal of Business Research* [online]. 2006, 59, [cit. 2010-11-23]. Dostupný z WWW: <[www.sciencedirect.com](http://www.sciencedirect.com)>.
2. *BusinessInfo.cz* [online]. 29.02.2008 [cit. 2010-11-23]. Společenská odpovědnost firem. Dostupné z WWW: <<http://www.businessinfo.cz/cz/clanek/podnikatelske-prostredi/spolecenska-odpovednost-firem-pruvodce/1001234/47816/>>.
3. *Společenská odpovědnost firem : Nový faktor firemní konkurenceschopnosti* [online]. 2008 [cit. 2010-11-24]. Co je společenská odpovědnost firem. Dostupné z WWW: <<http://www.csr-online.cz/page.aspx?csr>>.
4. Steinerová, M.; Václavíková, A.; Mervart, R. Společenská odpovědnost : Průvodce nejen pro malé a střední podniky. In *Společenská odpovědnost firem* [online]. Praha : TOP Partners, s.r.o., 2008 [cit. 2010-11-24]. Dostupné z WWW: <<http://www.csr-online.cz/Page.aspx?pruvodce>>.
5. Trnková, J. Společenská odpovědnost firem : Kompletní průvodce tématem & závěry z průzkumu v ČR. In *Společenská odpovědnost firem* [online]. Praha : Business Leaders Forum, 2004 [cit. 2010-11-24]. Dostupné z WWW: <<http://www.blf.cz/csr/cz/vyzkum.pdf>>.

**Primary Paper Section:** A

**Secondary Paper Section:** AE