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# Entrepreneurship with Social Responsibility

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Additional information is available at the end of the chapter

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## Abstract

Since the second half of the twentieth century, the society's thinking about the behavior of companies has gradually begun to change. Companies are expected to use their power and finances to influence life around themselves, especially their quality. The corporate social responsibility (CSR) concept is a very progressive management approach that focuses on long-term goals and long-term returns. CSR seeks to harmonize relationships with stakeholders, which the company identifies and implements activities that go beyond legal and ethical standards. A socially responsible company performs something extra volunteer, conducts dialog with its stakeholders, and invests in improving relationships. The Department of Economics of the University of Žilina conducted a marketing survey entitled "Perceptions of Corporate Social Responsibility and its Communication by Companies". The survey was conducted to find out how companies in Slovakia use the CSR concept and what is the level of their communication about this concept in relation to the external environment. Anonymous questionnaire method was used to obtain this data. The method of induction and deduction was used to process the obtained data and the phenomena investigated and to generalize and produce conclusions. Mathematical and statistical methods were used to evaluate survey data, and the synthesis method was used to create recommendations for companies.

**Keywords:** entrepreneurship, corporate social responsibility, Slovak companies

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## 1. Introduction

The issue of corporate social responsibility (CSR) is becoming an increasingly important element of strategic business management under the conditions of today's globalized market. Society expectations of companies' performance are constantly rising. At present, companies have a competitive advantage, that are able to actively respond to ever-changing customer

expectations and implement socially responsible aspects into their business, so that customers perceive the CSR concept as an added value of the company. Companies should feel a certain commitment to advocate for the society in which they operate, because the business sector is part of civil society and they need other members to successful operation. Socially responsible companies strive not only to meet their traditional economic goals but also to fulfill the social and environmental aspects of their activities, in practice, by voluntarily setting high ethical standards, avoiding corruption, trying to minimize the negative impacts of their business on the environment, striving to be good employer, supporting the region in which they operate. They strive to realize on the three main pillars – economic efficiency, environmental responsibility and social engagement – in the long term and as firmly as possible.

## 2. Corporate social responsibility

The modern history of corporate socially responsibility began to develop in the 1950s when the ideas of responsible entrepreneurship had fully penetrated the managers' professional literature. Howard R. Bowen, who wrote the book *Social Responsibilities of the Businessman* in 1953, is considered to be the first theorist of this concept. At the end of the 1960s and 1970s, under the influence of turbulent social change in the western society, and due to the boom of social sciences a number of definitions which were less emphasized by the manager's personality in the corporation, and more focused on the interaction between the company and the socio-economic system. In the 1980s, interest was transferred from the theoretical societal theories of corporate responsibility to empirical research of social responsible companies [1]. Also, due to the attempt to operationalize this concept, it has been fragmentized and various alternative concepts have begun to emerge [2]. At the turn of the millennium, voluntary associations of responsible companies, non-governmental organizations and the European Union contributed to the definition of CSR. The rapid development and wide range of this concept results in a very high terminological disunity, as there is currently no single global definition [3]. Bowen [4] defines social responsibility as "the commitment of entrepreneurs to strive for such strategies, to make such decisions or to perform activities that are desirable in terms of the goals and values of our society." According to the European Union [5], corporate responsibility is "the voluntary integration of social and environmental interests into day-to-day business activities and interactions with business stakeholders". Kotler and Lee [6] define social responsibility as "a commitment to improve the society's well-being through voluntary corporate activities and corporate resources".

Bussard et al. [1] set out the basic characteristics of this concept, highlighting in particular:

- *willingness* – socially responsible companies voluntarily develop activities and accept commitments that go beyond their obligations defined by the legislative provision,
- *active collaboration and open dialog with all stakeholders* – this commitment goes beyond the obligation of companies to behave responsibly towards their shareholders, but also applies to other stakeholders, whether employees, customers, suppliers or local communities,

- *corporate engagement* – corporate socially responsible enterprises, that create new positive trends in society, have incorporated socially responsible business into their corporate strategies and take them into account in creating business values or goals,
- *systematicity and long-term time horizon* – corporate social responsibility is a long-term issue. The CSR concept should be part of the strategic planning, ongoing monitoring and evaluation of companies. Socially responsible companies are not focused only on short-term economic goals and profits, but they also focus on long-term goals and long-term sustainability,
- *credibility* – only trusted social responsibility will enable the company to take full advantage of the benefits of CSR principles and also identifies the four main assumptions for achieving public confidence – individuality, authenticity, transparency, and consistency,
- *company operation with respect to the so – “Triple-bottom-line business”* – corporate social responsibility is a modern concept of business that is on three pillars and therefore, as one of the basic ideas emphasizes, that companies should not only focus on maximizing profits and economic growth, but their attention must focus on addressing social and environmental issues,
- *responsibility towards society and companies commitment to contribute to the development of life quality* – corporate responsibility is an ethical imperative to work for the benefit of society.

## 2.1. Fields of corporate social responsibility

Corporate social responsibility is a modern business concept that leads to a wider view of business and is built on three basic pillars, so called “triple-bottom-line” – economic, social and environmental pillar [7]. A company that adopts the concept of social responsibility does not only try to achieve profits in its business but its approach is more complex because it takes into account all three pillars and applies voluntarily, over and above its legislative responsibilities, some principles in three basic areas, such as the economic, social, and environmental area [7]. The economic pillar of CSR focuses primarily on company transparency, establishing good relationships with interest groups that affect the economic activity of the company. These are investors, owners, customers, suppliers, business partners, and entities that are significant to a company in this area. Company activities in this area relate to corporate governance, responsible customer access, relationship with suppliers and other business partners, and marketing and advertising [7]. The social area should be divided into two areas – internal and external. The internal area is also called the social policy of the company, and the external area is primarily concerned with philanthropy, altruism, cooperation with the local community. Company social policy and its tools must work towards building a partnership with an employee about that an company thinks as a co-entrepreneur, giving him/her opportunities to exploit his/her active abilities, expanding his/her skills and skills, and achieving business goals by reaching his/her satisfaction. Activities within the framework of internal social policy concern engagement and communication with employees, remuneration for work, education and development, health and safety, work-life balance, outplacement, and equal complexity [8]. The external social area is mainly focused on philanthropy and cooperation with the local

community. Philanthropy is understood as a summary of activities that lead to the conscious support of others (individuals, groups, and organizations). It differs from altruism, which is an individual initiative and mostly focuses on the immediate surroundings. Philanthropy tries to solve the problems of the weaker or the handicapped people in a broader context, conceptually and tends to organize itself into the whole care system for these problematic groups. Possible tools for working with the local community can include community support, collaboration with schools, or stakeholder engagement [9]. Environmental issues have become more and more important in recent years. Business leaders should be aware that corporate responsibility in this area is to be applied within the company itself as well as towards the external environment that the company affects in some way, whether it is landscape, noise, resource use, emissions, waste or traffic load. Company activities in the environmental field concern environmental policy, energy and water, waste and recycling, products and packaging and shopping [7].

## 2.2. Tools of corporate social responsibility

Kotler and Lee [6] outline six CSR tools that can help society to promote society's health, security, education and employment, improve the environment, social and economic development, and other basic human needs and desires. Support can take place in a variety of forms – from grants, paid advertising, through sponsorship, technical expertise, material contributions, business volunteers to access to distribution channels. These tools include:

**Campaigns expanding awareness about social issue** – the company develop an initiative to raise awareness and, above all, the public's interest in social issue through campaigns, and to persuade it to support them by donating time, volunteering, financial or non-financial gifts. It uses research publishing, statistics, encourages proactive access, and effort to learn about the issue additional information in brochures or websites. This activity is carried out by the enterprise itself or cooperates with nonprofit organizations that address this issue.

**Cause-related marketing** – marketing activities associated with a publicly beneficial project. A company spends a certain amount of revenue from a particular product on a social or nonprofit organization. At the same time, it tries to wake up the buyer's interest, which increases the revenues of the company and also the non-profit organization. Campaigns of this type are usually conducted only for a short period of time [10]. A company should try to make its behavior and initiatives as authentic and trustworthy as possible.

**Social marketing** – represents the development and implementation of a behavioral change campaign that aims to improve public health, safety, the environment, or the welfare of society. These campaigns mostly focus on health issues (breast cancer, prostate cancer, and eating disorders), accident prevention (traffic safety), environmental problems (electricity savings and air pollution) and public involvement issues (blood donation and animal rights).

**Corporate philanthropy** – direct contribution by a company to charity or a social problem, most often in the form of cash grants, subsidies, or contributions in kind. Corporate philanthropy is the promotion of publicly beneficial projects beyond the company activity to



promote a good idea across the society or in a particular community. A company can realize activities related to corporate philanthropy along with nonprofit organizations.

**Corporate volunteering** – an initiative where a company supports employees, business partners and franchise members to volunteer their time to support local organizations and address social issues. Employees have support from the company to work as volunteers for some time on projects and activities created by company or a non-profit organization with which a company collaborates [11]. Alternatively, they have the opportunity to choose what volunteer initiative they are involved in. Volunteers can provide physical work, training, teaching or counseling.

**Corporate social responsibility practices** – a company voluntarily carries out business activities and investments that improve the conditions in the local community, whether socially or environmentally. These activities take place mainly within the company and relate to manufacturing processes, employee development and behavior.

Kuldova [3] assigns two other tools to these tools, namely:

**Fair trade** – the objective of this partnership between producer and buyer is to support disadvantaged producers in developing countries by controlling fair trade conditions, respecting labor law, not using child labor in production, protecting the environment, but also spreading awareness of the situation of these manufacturers in developed countries. The manufacturer is guaranteed a minimum subscription and the minimum purchase price increased by the so called a social surcharge, which will ensure a fair price that could otherwise not be achieved.

**Outplacement** – support and assistance in placement of redundant workers on the labor market. The aim is to mitigate the negative effects of redundancies.

### 2.3. Benefits and deficiencies of corporate social responsibility

For many companies, CSR is a means to improve the image, competitive advantage, or differentiation. CSR is participated to creating value for the company as well as branding and builds customer loyalty and behavior after purchase. According to Hansen company, it is the reward for a company to stimulate customer buying behavior. The customer is the central determinant of who will be “rewarded” and who will be “punished”. Through his/her purchasing decisions influences the profit of companies which compete on the market and indirectly also the direction the economy is taking are affected. Not only companies get benefits from CSR. Stakeholders also became the profit parties [12]. The most important benefits for companies implementing CSR concept ideas in their day-to-day practice are cited by several authors:

*CSR contributes to creating a good business environment* – employees feel more involved with the company, increase their confidence in decision-making, motivation and productivity [13].

*CSR increases attraction for investors* – investors are interested in corporate CSR performance indicators that would support their decision to provide financial assistance [14].

*CSR builds trust and good name of company as well as brands from the perspective of the customers* – the resulting image that the public creates about a company is emerging as a mosaic of many features and attributes, including engagement in individual areas of CSR [14].

*CSR allows to gain a competitive advantage and increase customer loyalty* – CSR activities can be seen as a distinctive element from the competition through which the company can reach a potentially interesting group of people who appreciate these activities and they are willing to pay more for a socially responsible product [6].

*CSR reduces costs* – most CSR activities require company funding. On the other hand, CSR activities are linked to innovations that can help the company reduce costs and increase efficiency [13].

*CSR improves risk management and reduces the cost of risk management* – applying CSR to day-to-day company practices brings to companies better risk management, reducing the risks in the environmental, economic or even media field [14].

*CSR can attract new partners* – potential business partners consider for long-term cooperation not only prices but also other factors such as product quality, ability to deliver goods on time and in the right place, solvency and payment terms in business [13].

*CSR allows to become a “preferred supplier”* – companies can become required suppliers through active access to responsible business [13].

*CSR allows to increase the performance of the supplier-customer relationship* – responsible access to partners contributes to building mutual trust, improving the quality of products and services and, ultimately, to achieving higher profits within the framework of business cooperation [6].

In spite of all the benefits, however, a company must also take into account the obstacles that may prevent it from putting the CSR concept into practice. The most common obstacles include [1]:

- adopting a corporate social responsibility into a company strategy is a costly entry investment,
- CSR is characterized by its own language and covers all areas of company, from product design through management of all components of the company to external communication,
- CSR is based on the mutual cooperation of all three sectors of society. Some companies may be afraid to find trusted and proportionate partners to work with.
- unclear standards and tangles of codes applicable to different areas of activity may result in a conflict of priorities in meeting the objectives of a responsible business strategy.

## 2.4. CSR communication

Communication about CSR initiatives and performance is a critical factor for successful companies. This type of communication provides information to interest groups who are interested in buying the products of this company, want to invest into this company, or want

to support corporate activities in their community. The goal is to communicate CSR progress in a meaningful way that will have a positive impact on the company and will attract stakeholders. CSR communication can provide additional benefits to a company, namely a higher level of customer satisfaction and loyalty, a better reputation for the company, brand and product, more motivated and productive employees, better relationships with the community and public authorities, or better access to finance [15]. CSR communication can include information on the production of safe and quality products/services, on keeping customer satisfaction, early invoicing, local supplier support, information beyond the company's core business, honest price information, adherence to marketing and advertising ethics, and consumer rights beyond the purchasing contract, hard criteria for the selection of business partners or information on working and living conditions [14]. The tools, means, channels and media through which the company can communicate its CSR initiatives and activities with external stakeholders include the CSR report, information packages, POS materials, vendor training, events, website, social media, brochures, newsletters, mailing lists, and advertising media [12, 15, 16].

### 3. Entrepreneurship with social responsibility in Slovakia

Corporate social responsibility has been actively promoted in Slovakia since 2000, especially by non-governmental organizations that have since remained the main advocates of this concept at national level. The key carriers of the CSR concept with the largest commitment to promoting CSR in practice are multinational corporations in the Slovak business sector.

The Department of Economics of the University of Žilina conducted a survey among the representatives of companies in Slovakia entitled "Perceptions of Corporate Social Responsibility from the perspective of companies in Slovakia". The survey was conducted electronically via e-mail between October and December 2016 on a total sample of 434 companies randomly selected from a database of companies operating in Slovakia. Respondents were business owners, business executives, CSR employees, marketing department staff, and PR department staff. Most micro-companies participated in the survey, i.e. enterprises with fewer than 10 employees, namely 63.4%, followed by small companies (22.4%), large companies (8.1%) and medium-sized companies (6.2%). In terms of existence, most companies was category 6–10 years old (29.3%) and 21 and more years old (27.2%). Within the legal form, the largest representation had the commercial corporation (82.7%), of which 93% were limited companies. In terms of industry, retail and wholesale (21%) and information and communications (14.7%) had the largest representation.

The results of the survey show that the concept of Corporate Social Responsibility is known to Slovak companies, as 68.7% of respondents stated this fact. Companies in Slovakia also know economic, environmental and social responsibility terms, as 75.6% of the companies surveyed expressed their positive opinion. Most Slovak companies are socially responsibly. In our survey, 83.9% of the respondents expressed a positive opinion from the total number of companies, with 39.4% of respondents saying "definitely yes" and 44.5% of answers "probably yes" (Figure 1).



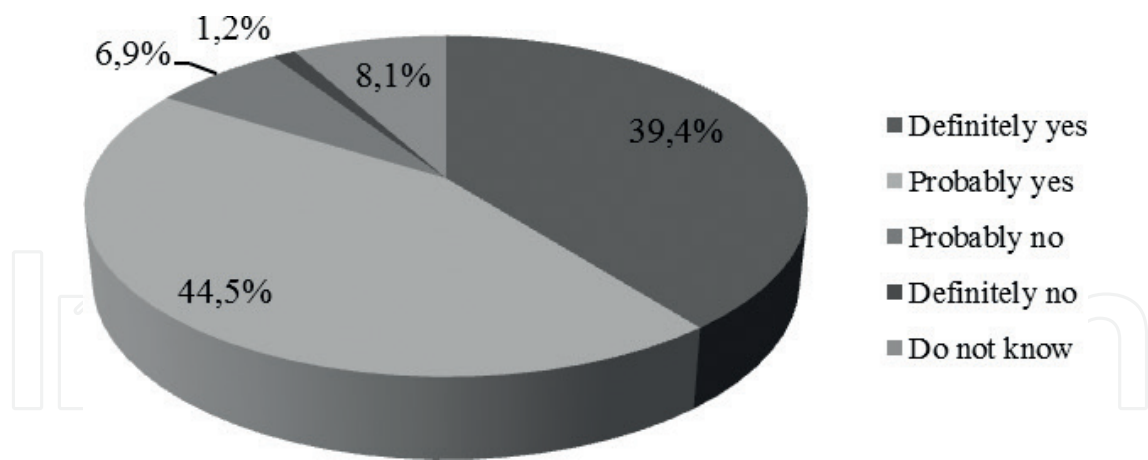


Figure 1. Expressions of Slovakia companies, whether they are socially responsible. Source: authors.

The survey also shows that almost half (43.5%) of surveyed companies are involved in all three areas of corporate social responsibility. In two areas are 25.8% of companies and only 19.8% of companies are involved in one. Although the elaboration of the CSR strategy is a crucial step, because it analyzes the stakeholders and identifies the key areas of CSR, only 11.1% of the companies addressed have a written CSR strategy and up to 82.3% do not have this strategy. Respondents consider the most important manifestation of their corporate social responsibility, in particular achieving the profits in an honest and ethical manner, namely 38.7%. Other important manifestations include employee care (18.4%), compliance with statutory standards and tax payments (13.6%) and the provision of quality products at a reasonable price (13.4%) (Figure 2).

The reason, why companies behave in a socially responsible way, the management’s internal conviction was most often mentioned (50%), followed by efforts to improve relations with interested groups (7.6%) or better customer relations (7.8%). Corporate social responsibility

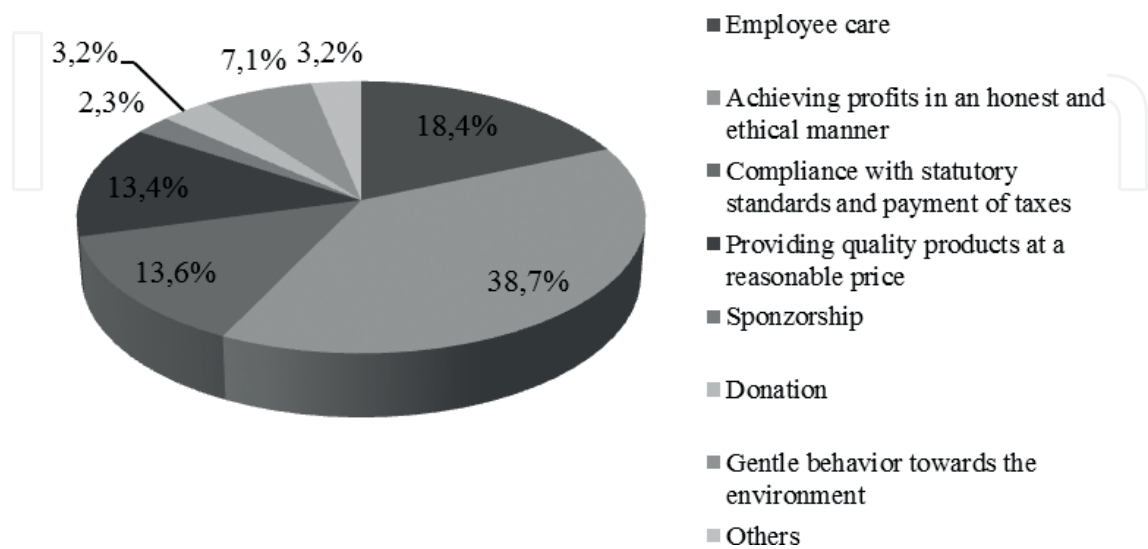


Figure 2. Reasons why companies in Slovakia behave socially responsible. Source: authors.

has five phases: defensive, charitable, promotional, strategic and system phase. A large number of respondents (45.6%) could not determine the phase of their company. Of the companies that could identify it, 15% said the charity phase, 13.4% promotional phase, 10.1% strategic phase, 9% system phase and 6.9% defensive phase. The respondents were also asked to determine the impact of CSR implementation on their customer relationships. Two-fifths of them said that CSR had a positive impact on customer relationships, with 4.6% of respondents reporting a significant impact. More than two-fifths were unable to determine the impact of CSR on their customer relationships and the negative impact did not come from any respondent (**Figure 3**).

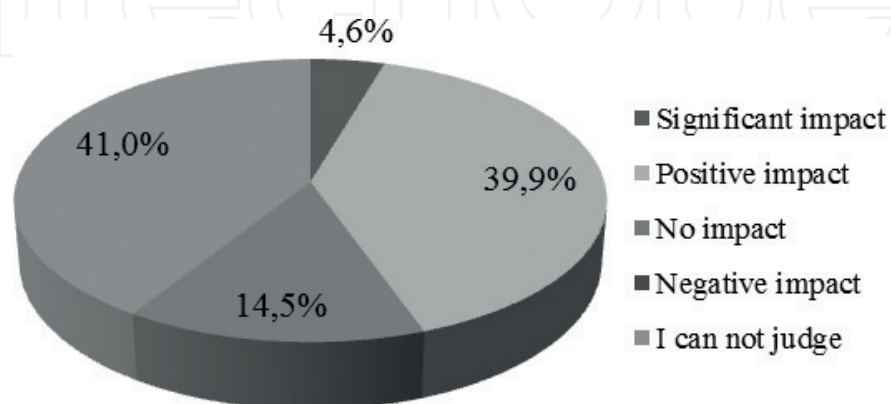
Companies in Slovakia (26.5%) inform their external environment about their CSR activities and projects in very small extend. These companies use mainly the Internet (18.7%) and social networks (14.7%) to communicate with their external environment. The least used tool for informing about CSR activities and projects is the CSR report (**Figure 4**).

In the case of changing or expanding the information tools for external environment about CSR activities and projects, the respondent stated in particular an internet site (28.6%) and social networks (15%). In this case, the least considered tool is the CSR report (3.7%) and newspaper articles (4.6%). Nearly two-fifths respondent do not consider about changing or expanding of tools (39.9%).

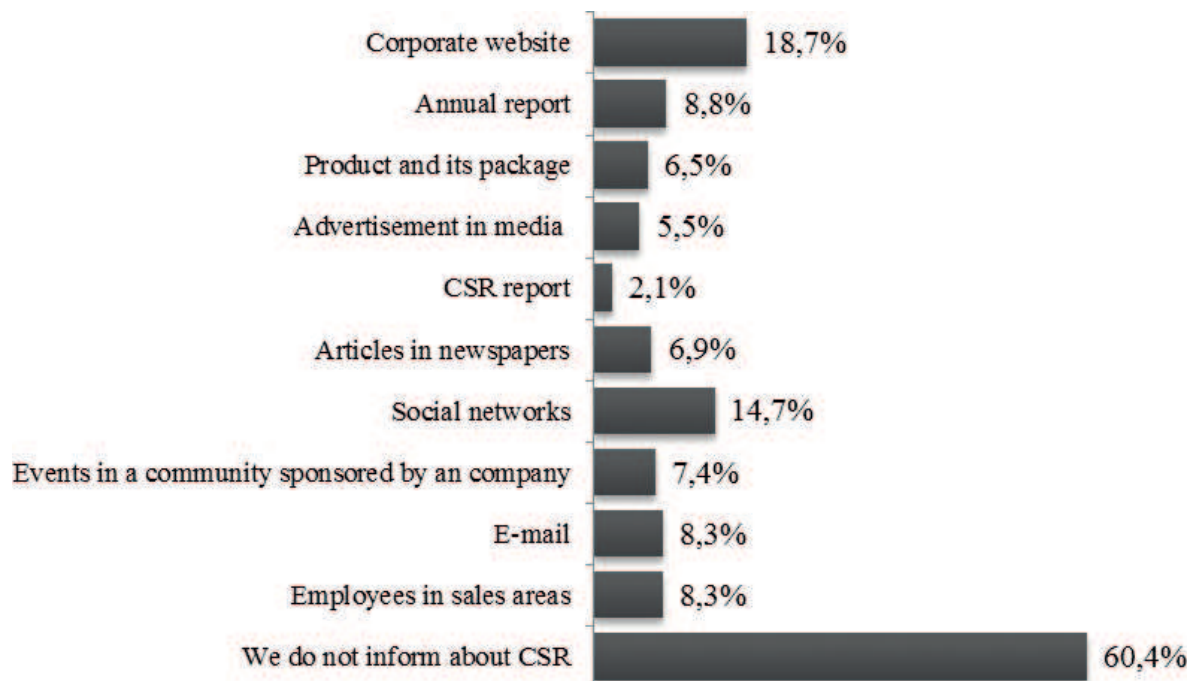
On the basis of the above, it is possible to state that the companies in Slovakia know the CSR concept and the majority of companies are involved in activities related to the CSR concept, but they do not pay more attention to it because a large part of the companies cannot determine the phase of CSR in which they are located and they do not know the impact of this concept for relationships with their customers. They cannot make full use of the benefits of the CSR concept, because only a very small part of Slovak companies communicate information about their CSR activities and projects.

Based on the survey results, we wanted to determine whether socially responsible behavior depended on selected company identification data. We have set three hypotheses:

*Hypothesis 1:* There is no statistically significant dependence between the size of the company in the Slovak Republic and its socially responsible behavior.



**Figure 3.** Impact of CSR company strategy in Slovakia on customer relationships. Source: authors.



**Figure 4.** Communication channels by which companies in Slovakia inform about CSR. Source: authors.

*Hypothesis 2:* There is no statistically significant dependence between the existence of the company in the Slovak Republic and its socially responsible behavior.

*Hypothesis 3:* There is no statistically significant dependence between the legal form of the company in the Slovak Republic and its socially responsible behavior.

To verify the statistical hypotheses, the  $\chi^2$ -independence test was used and we used the SPSS software 16.0 to calculate it. At the chosen  $\chi^2$  – independence test, the zero hypothesis is rejected if the P-value is below the significance level. If the P-value is equal or higher than the significance level, we cannot reject the zero hypothesis. The difference can only be the result of choice and there is no relationship between the variables. We determined the level of significance of the test  $\alpha = 0.05$ . We take into account the Pearson Chi-square value when verifying the hypotheses through the  $\chi^2$  – independence test and the p-value of the test is in the tables labeled Asymp. Sig.

We found that the P-value is higher than the chosen significance level when testing the first hypothesis. It means that  $H_0$  is not objectionable. We can argue that there is no statistically significant dependence between the size of the enterprise and whether the company is socially responsible in the Slovak Republic (**Figure 5**).

In the second hypothesis we found in the test that the P-value is higher than the chosen significance level. It means that  $H_0$  is not objectionable. We can argue that there is no statistically significant dependence between the existence of the company and whether the company is socially responsible in the Slovak Republic (**Figure 6**).

Based on the results of  $\chi^2$  – the independence test we found in the third hypothesis that the P-value is higher than the chosen significance level. It means that  $H_0$  is not objectionable. It can

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2,212 <sup>a</sup>	4	,697
Likelihood Ratio	2,615	4	,624
Linear-by-Linear Association	,541	1	,462
N of Valid Cases	434		

Figure 5. Calculation of hypothesis testing 1. Source: authors.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8,795 <sup>a</sup>	8	,360
Likelihood Ratio	8,598	8	,377
Linear-by-Linear Association	,667	1	,414
N of Valid Cases	434		

Figure 6. Calculation of hypothesis testing 2. Source: authors.

be argued that there is no statistically significant dependence between the legal form of the company and whether the company is socially responsible in the Slovak Republic (**Figure 7**).

With regard to the results of the verification of statistical hypotheses, it can be stated that company identification data such as size, existence and legal form of an company do not affect whether the company is social responsible. In this case, the company's decision on whether to be or not to be socially responsible depends on the internal conviction of management.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2,281 <sup>a</sup>	4	,684
Likelihood Ratio	2,083	4	,721
Linear-by-Linear Association	1,379	1	,240
N of Valid Cases	434		

Figure 7. Calculation of hypothesis testing 3. Source: authors.

#### 4. Entrepreneurship with social responsibility in abroad

Unlike Slovak companies most companies in Malta have developed a CSR strategy and identified the brand's reputation as a keynote. The concept of CSR has a relatively large impact on the economy and society in Central European countries, where CSR concept will become a more mature in the future and more and more companies will be implementing it according to corporate representatives. They also identified the main issues and the most useful tools in implementing CSR and the most important benefits of the concept.

PWC company [17] has launched a survey called “Corporate Responsibility Practices Survey” in Malta in the first quarter to find out how companies in Malta have a sense of CSR and how they evaluate its practices. The survey included 45 questions and assesses: internal and external awareness, social responsibility and regulation, compliance and disclosures. Participation in this survey was open to all companies in Malta. The survey covered a wide range of sectors. The financial and insurance sector was actively involved in this survey, followed by manufacturing and information and communication sectors. In terms of size, a large part of companies was with a staff of 10–50 (26%) and a staff of 100–250 (26%) and the smallest part of companies was with a staff of 300–500 (4%). In terms of turnover, the most involved companies most had annual turnover of 0–2 mil. € (28%) and companies with a turnover of 10–20 mil. € (14%). Companies with an annual turnover of 2–5 mil. €, 5–10 mil. €, 50–100 mil. €, 100 and more had a similar 12%. The smallest representation had companies with a turnover of 20–50 mil. € [17].

The survey results show that 60% of companies have a CSR strategy or program, 38% expressed negative, and 2% have not been able to comment. Nearly half of the participants (48%) claim to have a department identified as responsible for corporate responsibility. This function appears to be the most common within the Public Relations/Marketing Department or the responsibility of a dedicated CSR team established for this purpose [17].

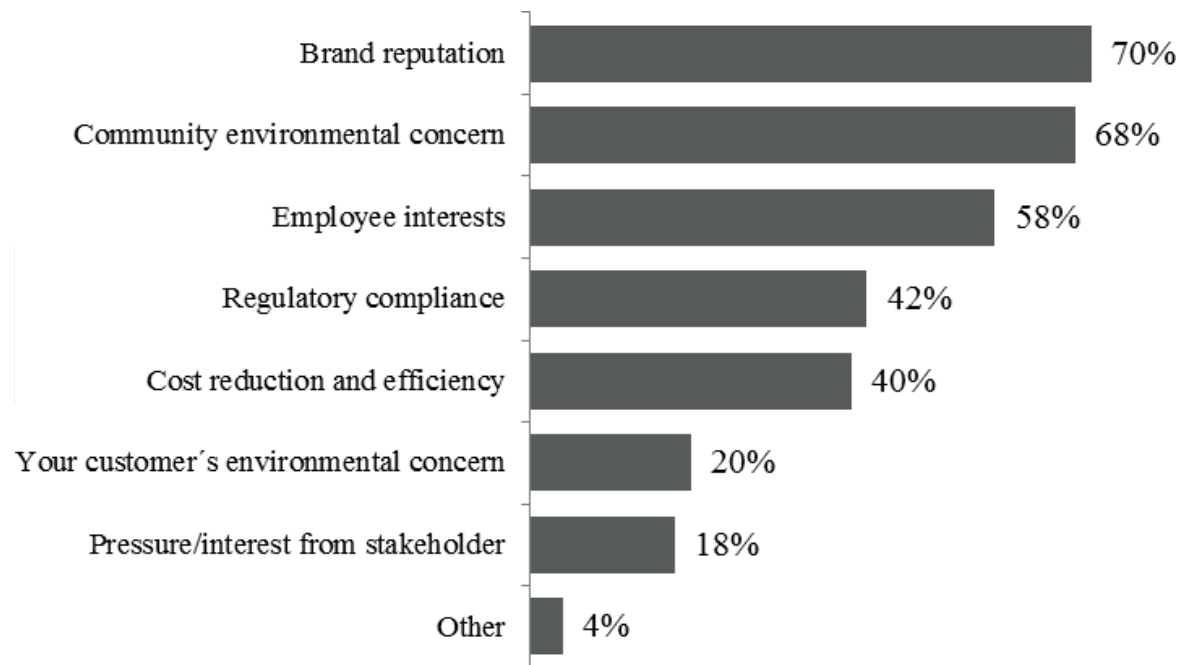
Participant companies feel strongly about the impact of corporate behavior on their image and brand reputation (70%). Companies state that this is not motivated by their stakeholders (18%). It is clear that stakeholders are not yet as influential as in other countries when it comes to expectations of responsible behavior. The drivers for action on corporate responsibility are mostly internal forces arising from the company’s corporate values (58%) and the belief that they should do their part for the environment and the community (68%) [17] (**Figure 8**).

At present, for 58% of companies the implementation of the CSR concept in their company is very important and 2% is even extremely important. In the next 5 years, this state of affairs will change and for 56% will be very important and for even 20% of companies will be extremely important. By contrast, 34% of companies said that CSR for their company is neither important nor unimportant and for 6% is very unimportant. In the next 5 years, this situation should change, as for 20% of companies CSR will be neither important nor unimportant and very unimportant for just 4% of businesses [17].

In 2015, Deloitte company [18] conducted a survey called “CSR managers in Central Europe” to find out how the CSR concept has an impact on the economy and society in the Central European countries. This is the first survey to uncover CSR practices in 10 Central European countries, namely Bulgaria, the Czech Republic, Kosovo, Lithuania, Latvia, Romania, Serbia, Slovakia, Slovenia and Hungary. The survey was conducted from July to September 2015 and 179 company representatives from 10 Central European countries expressed views on it. In terms of size, most enterprises with a total of 250 or more employees (63.1%) were involved in the survey. The majority of companies surveyed have a CSR concept implemented within 5 years (60.9%), almost a third (27.9%) from 5 to 10 years and 10.6% of companies over 10 years.

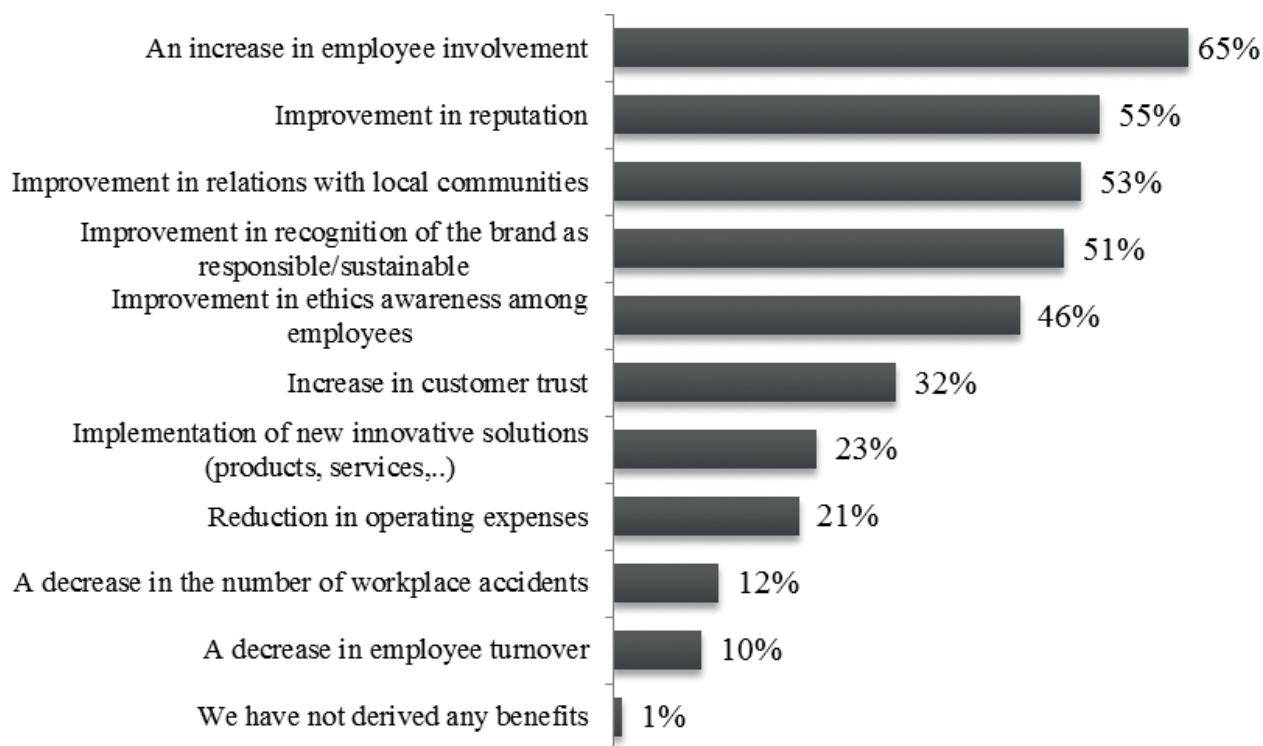
According to this survey, 84% of respondents think that their business has contributed to addressing the country’s social problems in recent years. Thirty-six percent of respondents definitely agree with this argument and 48% rather agree. On the other hand, 13% of the





**Figure 8.** Main driving forces behind Malta companies' CSR efforts. Source: PWC company [17].

respondents did not agree and 2% did not comment on this issue. The results of the survey showed how the position of the CSR will develop from the point of view of the representatives of the addressed companies. The possibility that the concept will become more ripe, as the business model will include social and environmental problems, was highlighted by company representatives from Romania (50%), Serbia (41%) and Lithuania (41%). The possibility that the concept will go ahead and more and more companies will implement it, officials from Bulgaria (60%), Lithuania (59%) and Slovakia (58%) said. The possibility that the concept of CSR will have the same position was highlighted by representatives from Czech (42%), Hungarian (35%) and Slovak (32%) companies. The question was not answered in particular by Hungarians (10%), Romanians (8%) and Slovenia (8%). As the main problem that will hinder the implementation of CSR in individual countries over the next 15 years, corporate representatives have identified "perceptions of CSR as sponsorship", which has been identified by 59% of representatives. Other problems include "lack of government incentives" (52%), "company reluctance to invest" (46%), "lack of communication with the public" (35%) or "insufficient consumer pressure" (24%). In the opinion of the CSR managers polled, the most useful in CSR implementation are tools and methods enabling employee involvement such as corporate volunteering (36%), ethical programmes for employees (29%) or dialog with stakeholders (35%). Respondents also named social campaigns (29%) and pro-ecological programmes (29%) as useful initiatives. Managers pointed to socially responsible investing (40%) and inter-sectorial cooperation (32%) as tools that are underused and worth popularizing. Sustainability and CSR activities bring internal and external benefits to companies. According to the respondents, internally they ensure a stronger employee involvement (65%) and a better ethical awareness (46%). Externally, they improve the companies' reputation (65%) and recognition of the brand as socially responsible (51%) [18] (**Figure 9**).



**Figure 9.** CSR implementation benefits by companies in Central European countries. Source: Deloitte company [18].

Based on the information from these surveys, it can be said that the concept of CSR is perceived positively by companies in Malta, as evidenced by the fact that a large part of companies have a CSR strategy and almost half of them have a CSR department. For almost a third of companies, the implementation of the CSR concept is very important, and considers the improvement in brand reputation as the most important asset. For most companies in Central Europe, the CSR concept is important, because according to them, have contributed to solving social problems. According to the respondents, the concept will become more mature in the future and more and more companies will implement it. As well as companies in Malta, Central European companies have also identified as the most important external benefit of the concept the improving reputation of companies. A significant internal benefit is to increase employee involvement.

## 5. Conclusion

The issue of corporate social responsibility is becoming an increasingly important element of strategic business management under the conditions of today's globalized market. Society expectations of business performance are constantly rising. One of the twenty-first century trends in company competitiveness is the management style that is associated with the so called the fight for a good thing. Currently the companies have the competitive advantage that are capable of actively responding to the ever-changing customer expectations and involving socially responsible aspects in their business.

A relatively large number of companies in Slovakia know the concept of CSR and most companies in Slovakia are socially responsible. Factors such as size, existence and legal form of

company do not influence whether the company is socially responsible. This is confirmed by the fact that the main reason for the implementation of CSR by companies is the internal conviction of management. On the other hand, however, companies do not develop further activities aimed at improving this concept, because a large part of companies do not have a CSR strategy, cannot determine the impact of CSR implementation on customer relationships and also do not know the CSR phase of an company. Despite the fact that companies carry out social, economic and environmental social responsibility activities, a small part of the company inform their external environment about these activities and projects. A recommendation for companies in Slovakia, based on this information, is to develop a CSR strategy that analyzes company stakeholders, identifies key CSR areas, and defines main objectives for these areas. Another recommendation is to measure the success of CSR activities, to which companies can use the SROI approach that measures change in relation to social, environmental and economic results. The last recommendation is to implement CSR communication. The companies should focus on means of communication such as websites, social networks or the product and its packaging. Unlike the Slovak companies, most companies in Malta have a developed CSR strategy and a department dedicated to activities and projects within this area. The concept of CSR is important for companies in Malta and will be of even greater importance in the future. Central European companies have said the CSR concept has helped solve social problems and, in their view, the concept will become more mature in the future and more and more companies will implement it. The biggest benefit of the CSR concept is improving the company's reputation for the companies in Slovakia, Malta and Central Europe. Based on the above, it can be said that companies perceive the CSR concept positively, its implementation is important to them as well as to society, and in the future its importance will grow and become more developed.

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