

CSR REPORTING AND ITS USE BY ENTERPRISES IN THE CZECH REPUBLIC

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Abstract: *In recent years, we have been living in a world of growing interest in the issue of corporate social responsibility (CSR), which is supported not only by multinational and international organizations, the European Union, many governments, but also the companies themselves. One of the important principles that emphasizes the concept of CSR is that companies regularly and comprehensively inform the it's stakeholders not only about economic but also social and environmental performance. In recent years, has been created a number of particular international initiatives (e.g. the Global Reporting Initiative), which deal with the CSR reporting. In addition to the role of a communication tool, CSR reports perform the role of management tools for businesses, providing a systematic approach to CSR. The main objective of this paper was to analyze how businesses in the country respond to the CSR challenges in this area.*

Key Words: *CSR reporting, corporate social responsibility, Global Reporting Initiative, Implementation of CSR, Evaluation*

JEL Classification: *M10, M14*

1. INTRODUCTION

In recent years, we have been living in a world of growing interest in the issue of corporate social responsibility (CSR), which is supported not only by multinational and international organizations, the European Union, many governments, but also the companies themselves.

Likewise, we see that in most developed market economies, there are more and more companies engaged in CSR reporting and regularly provide updated information on their economic, social and environmental performance. This activity is valued by the majority of corporate stakeholders and the general public, because they help to a get complex and objective view on the company .

Firms, however, may declare to the general public their socially responsible approach and their transparency, thereby providing an important step to initiate an open and equal dialogue with its stakeholders.

It should be noted that in addition to the role of a communication tool CSR reports perform the role of management tools for businesses, providing a systematic approach to CSR [Pavlik, Bělčík, 2010]. Companies, that decide to publish these reports, can be alerted by CSR reports already in the process of their preparation, by highlighting areas that need attention.

The problem, which is often associated with the evaluation and reporting on corporate social responsibility is authentication of "the truth" written in these reports, as well as explicit declaration of the criteria that should be monitored.

The main aim of this paper is to find out how is business sector in the CZ responding to the CSR reporting challenges mentioned above.

2. CSR REPORTING AND ITS MEANING

More and more companies in developed market economies draw up a credible non-CSR report, which includes most of the three basic areas of corporate responsibility - economic stability and performance, responsibility to the environment and social development.

The reason for this action is often not only that non-financial CSR reporting is an important aspect of responsible corporate behavior, but also that it is one of the key tools for communication between the company and its key interest groups, among which besides customers belong shareholders, employees, surrounding communities, the public, state and local authorities and the media.

It should be noted that non-financial reporting is not only "message for stakeholders", but its process and the primary data, including their evaluation, are an important managerial tool, whether for internal company use or benchmarking.

Benefits and effects of non-financial reporting CSR especially in management and marketing can be summarized in the following [Kunz, 2012].

Internal knowledge management and the benefits of non-financial reporting:

- Management tool for monitoring and management ("trend book", along with the annual reports provide the most comprehensive overview of the activities).
- Change in strategy, corporate culture, the need for wider communication with employees.
- They can also become an important step to initiate dialogue with key stakeholders.
- Support for internal communications (including new corporate publications).
- Source of information to other periodicals and press releases (The report is a guarantee of homogeneity of published data).
- The need for a suitable set of information in a context that will be accessible to trade unions, employees, their families or representatives of municipalities.
- Creation of a quickly mobilized team that can find an extensive range of data (monitoring and reporting keeps you in constant collaboration and communication with research or other data collecting institutions).

The benefits of non-financial reporting in marketing (customers) and other groups of stakeholders:

- Support for rebranding.
- Support the introduction of new products and marketing practices.
- Support for the emancipation of customers (changing conditions, change in legislation, etc.).
- The ability to achieve ethical standards.
- Support ongoing work with the supervisory authorities and state and local governments.

2.1 Global Reporting Initiative

Many initiatives in CSR reporting have been established during recent years. They were created by various governmental and non-governmental organizations or agencies. Among the most used, important and also recognized international initiatives for example belong The UN Global Compact, The Global Sullivan Principles and in particular the Global Reporting Initiative. These international initiatives are guides to a certain extent, because they make recommendations for the management of CSR while creating checks and balances in the field of measurement and the subsequent publication on the state of corporate responsibility organizations.

In particular, the methodology of the Global Reporting Initiative (GRI) has undergone a general expansion all over the world and is considered to be the most sophisticated system that enables professional inspiration for practice, especially high-quality, standardized assessment and reporting own activities in the field of CSR.

Global Reporting Initiative (GRI) was founded in 1997 as main initiative of American non-governmental organization called Coalition for Environmentally Responsible Economies (CERES) supported by United Nations Environment Programme (UNEP).

GRI was established in order to improve the quality, accuracy and usefulness of reporting on sustainability, thereby contributing to reports on economic, social and environmental performance of organizations, so they were and at a comparable level as reports on financial performance.

International Initiative GRI provides instructions and rules, serving organizations worldwide as a guide to as objectively as possible build their CSR reports. One of the most important benefits of GRI is a list of the basic indicators (social, economic and environmental) that must companies issuing the report in accordance with GRI hold to or explain why they failed to do so. The indicators have both quantitative and qualitative nature. Especially in qualitative indicators is necessary to correctly set the measurement and data processing for the highest quality capture results.

Although GRI was intended to be used by business organizations, nowadays it may be used organizations of all sizes and types, operating in different areas, including government agencies or nonprofit organizations.

Global Reporting Initiative defines what should be included a report. In addition to vision and strategy as conceived in view of sustainable development, there should not be missing profile of the organization, management methods and information about the company preparing the report (criteria, time periods, etc.). In another part of the

report are indicators showing the impact of firms activities in the economic, environmental and social area. Respectively, their fulfillment describes its socially responsible performance.

GRI is working on continuous improvement and the worldwide applicability of the concept. In 2000 was issued first concept called Guidelines 2000, the second version called Sustainable Reporting Guidelines was released in 2002 and the latest version of the directive, called the G3 Guidelines, was published in 2006.

2.2 Analysis of CSR reporting in the CZ

For the actual analysis of the state of CSR reporting in CZ were at first selected separate CSR reports, which were in recent years issued by companies doing business in the Czech Republic.

Subsequently, the CSR reports of these companies were compared with the CSR reports of companies that also operate in the CR, but use CSR reports of their parent companies abroad.

All analyzed CSR reports were evaluated according to the evaluation of selected indicators based on guidelines G3.1.

Chosen were following indicators and their perspective format:

- A1 Relevant laws, regulations, voluntary agreements or international strategic importance, both for the organization as well as stakeholders.
- A2 Description of stakeholders to whom feels the organization responsible.
- A3 Disclosure of how the organization understands sustainable development and how it derives from the objectives and available information.
- A4 Description of how are the themes of sustainable development related to long-term strategy of the organization, risks and opportunities of the organization.
- A5 Description of the supply chain.
- A6 Positive and negative issues and results.
- A7 Comparison with reports from previous years.
- A8 Using indicators of GRI guidelines.
- A9 The scope and degree of external verification.
- A10 Application level according to GRI.

The main results of the analysis are summarized in the following two tables. Table 1 describes the situation for enterprises in the CZ, issuing their own reports on CSR. In Table 2 are analyzed companies in the CZ that use CSR reports of their parent companies abroad.

From both tables it is clear that companies issuing their own reports in CSR (the Czech report) reporting fall behind after companies that use reports of their multinational parent companies (the foreign report).

The analysis showed that the Czech reports often either lack basic information on the legislation, which is governed in its activities, or only include the standards of the ISO, which can today be regarded as standard. In foreign reports are often references to relevant laws and regulations used around the world.

Table 1 Analysis of companies issuing own report on social responsibility and sustainable development

Corporation	Criteria	Year	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
ArcelorMittal		2010	X	-	X	-	-	-	X	-	-	-
Czech Coal		2010	X	X	X	X	X	X	X	X	-	A
Česká rafinerská		2010	-	-	X	-	-	-	-	-	-	-
Česká spořitelna		2010	X	X	X	X	X	X	X	-	-	-
ČEZ		2008-09	X	-	-	X	-	X	X	-	-	-
ČSOB		2010	-	-	X	X	-	-	X	-	-	-
Heineken		2010	-	-	X	X	-	X	X	-	-	-
Holcim		2010	-	-	X	X	X	X	X	X	-	B
Johnson & Johnson		2009-10	-	-	-	-	-	-	-	-	-	-
Kooperativa		2009	-	-	-	-	-	-	-	-	-	-
Mero		2010	X	X	-	-	-	-	-	-	-	-
Plzeňský prazdroj		2011	X	X	X	X	X	-	X	-	X	-
Škoda Auto		2009-10	-	-	X	X	X	-	X	-	-	-
UNIPETROL		2010	X	-	X	-	-	X	X	-	-	-
Vodafone		2009-11	-	-	-	X	X	X	-	-	-	-

Legend: X (Yes)

Source: Authors self creation

Table 2 Analysis of companies issuing a report on CSR - companies that use reports of their parent multinational companies

Corporation	Criteria	Year	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
ABB		2010	X	X	X	X	X	X	X	X	X	B
Geberit		2010	X	X	X	X	X	X	X	X	-	A
Henkel		2009	X	X	X	X	X	X	X	X	-	B
Horiba		2011	X	X	X	X	X	X	X	X	-	-
Ikea		2011	X	-	X	X	X	-	X	-	-	-
ING		2010	X	X	X	X	X	X	X	X	X	A+
NWR		2010	X	X	-	X	X	X	X	-	-	-
Samsung		2009-10	X	X	X	X	X	X	X	X	X	A+
Shell		2010	X	X	X	X	X	X	X	X	X	A+
Skanska		2010	-	-	-	-	X	X	X	-	-	-
Telefonica		2010	X	X	X	X	X	X	X	X	X	A+
Unilever		2009	X	X	X	X	X	-	X	-	X	-

Legend: X (Yes)

Source: Authors self creation

While foreign reports often describe all stakeholders, which affect the company's activities, in the Czech CSR reports are mentioned mainly employees or organizations, which have been receivers voluntary projects or which were given gifts.

Social responsibility is not just about providing positive information. In order for companies to be treated with respect, it is necessary to take into account the need to report negative information. The Czech reports contain significantly lower percentage of negative information than the foreign reports.

Sustainable development and related strategies are often not included in the Czech reports. This result may derive from the fact that the Czech reports are more focused on social responsibility than on sustainable development.

The supply chain is increasingly becoming essential for corporate social responsibility. If the companies do not behave correctly to its suppliers then they can not be considered as socially responsible. Description of the supply chain is located in all foreign news. Only in 40 percent of the Czech reports include such information.

Some Czech reports are missing important criteria in comparison with previous periods. This comparison is in all foreign reports.

While indicators of the GRI guidelines are used in reports only by Czech Coal and Holcim, in foreign reports they are used by two thirds of companies. One third of the foreign reports reach the highest application level A+. Only one Czech report (Pilsner Urquell) is externally verified. A half of the foreign reports are externally verified.

3. CONCLUSION

We believe that implementation of the principles of social responsibility in business means to include it into the basic corporate values, business strategies and processes at all levels.

CSR Success can come in the long run only if the implementation is ongoing and is supported also by top management. It is a systematic and elaborate procedure, which must contain a clear internal logic and expects synergies of many sections.

Top management plays an important role right in the early stages of the process either through a clear definition of CSR principles in the corporate mission (primary mission), vision and corporate values or setting policies and procedures that will help institutionalize CSR within the company.

In CZ are not voluntary international reporting standards yet known and much used, although most of them comply with inter-sectoral approach and may be applied to companies operating in various fields and areas of its operation.

In recent years in CZ have been especially starting to emerge large companies (such as CEZ, Czech Coal) which try to provide regular and transparent information to the general public not only on their economic performance, but also performance in social and environmental area.

Also in the future can be expected in CZ that this situation will gradually change towards the better and the companies will naturally fully inform the public about the condition of its social responsibility, as well as the public will perceive negatively if their company will not provide such an information.

The creators of the reports should base their development on corporate strategy and vision, they should set goals for future periods, and then address them in other reports to assess cases where the targets were not met or have been met only partially.

To ensure adequate and balanced presentation of performance the reporting company must decide what it should report on. It should take into account the purpose and business experience, reasonable expectations and interests of stakeholders.

The contents of a report on CSR should not only include information that increase companies their prestige on the field of public relations. Attention should finally be paid to the appropriate form of CSR reporting, especially if the company only prepares a printed version of the CSR report, or whether it also places electronic version on its web site.

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