

# DEVELOPMENT OF THE CORPORATE SOCIAL RESPONSIBILITY CONCEPT IN SMALL AND MEDIUM-SIZED ENTERPRISES

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## Abstract:

The paper presents results of the research conducted in the area of CSR in the Czech Republic in 2013/2014. We focussed on small and medium-sized enterprises (SMEs). Correlation between the size of the enterprise, awareness, commitment and the number of used CSR activities is evaluated. The paper follows the involvement of SMEs in specific activities within the social, economic and environmental pillars and suggests possibilities for further development of the National Action Plan (NAP) for SMEs. The results of the statistical analysis show that engagement of organizations in the CSR activities grows with the size of the organization. Only 30% of micro and small enterprises in the Czech Republic know and make use of the CSR concept comprehensively and are active in all three pillars of CSR. Approximately 30% are involved in only one pillar - mostly in the economic one. 30% do not apply the CSR concept within their business at all. SMEs are not sufficiently engaged in activities primarily in the environmental pillar and activities aiming towards outside the organization.

**Keywords:** small and medium-sized enterprises, pillars of corporate responsibility, activity, government policy, national CSR strategy, research

**JEL Classification:** M14, A13, H59

## 1. Introduction

Corporate social responsibility (CSR) is a widely discussed topic in recent years. The globalization of our economic world has remarkably increased the productivity of enterprises. Low-cost productions allowed multinationals to augment their profitability tremendously. Simultaneously, they have been more and more scrutinized regarding negative externalities, such as social and ecologic damages caused by outsourcing productions (Schüz, 2012).

However, not only the requirements of today's globalized and well informed world force managers to think about CSR. Managers are aware of the fact that the implementation of CSR activities into corporate activities can constitute a significant competitive advantage for the company.

The competitive advantage that stems from social responsibility can be seen through the direct influence on its resources as it creates an improvement in reputation and image, keeps exceptional people and motivates employees. (Milton de Sousa Filho *et al.*, 2010).

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Involvement of companies in CSR has a significant impact on the performance (Foote, Evans, Gaffney, 2010). Porter and Kramer (2011) move the CSR even further, they talk about the new era of capitalism and develop a new concept of CSV - Created Shared Value. Shared value holds the key to unlocking the next wave of business innovation and growth. It will also reconnect company success and community access in ways that have been lost in the age of narrow management approaches, short-term thinking, and deepening divides among society's institutions. Shared value focuses companies on the right kind of profits—profits that create societal benefits rather than diminish them.

Jackson and Apostolakou (2010) emphasize that CSR does not operate in a social vacuum. CSR practices are more likely to be adopted and become effective as long as they are embedded within particular sets of institutions. Authors see the CSR as one possible alternative mode of economic governance alongside more formal institutions, such as state regulation.

Within the European Union the corporate social responsibility is one of the major themes, too. European Commission Communication (COM (2011) 681) emphasizes the importance of the CSR policies at the national and lower levels, and encourages the Member States to develop or update their own plans to promote corporate social responsibility in the partnership with business and other stakeholders that will address topics dealt with this Communication (COM, 2011).

Simultaneously, one of the priorities of the European commission making recommendations where to direct the attention in the area of the CSR in research and development of this concept is focusing attention on small and medium-sized enterprises - particularly "CSR and integration in SMEs" (European Commission, 2009). The reason is that there are always fewer works focussing on SMEs within the support of the social responsibility and attention in the CSR research (Hsu, Cheng 2012).

The paper focuses on the influence of the size of the organization on its engagement in the CSR activities. Based on the analysis of the research results conducted in the Czech Republic in the period of 2013/2014, the main objective is to verify the hypothesis that size of the organization has a significant influence on the knowledge of the CSR concept and its engagement in the particular pillars of the CSR.

## 2. Theoretical Framework

Many definitions of corporate social responsibility are formulated. Schüz (2012) defines corporate responsibility as the following: A manager/company acts responsibly, when he/it is responding for the consequences of his/its actions, towards authorities – economically for being profitable to shareholders, socially for getting along well with all stakeholders, and ecologically for acting sensibly and respectfully towards nature or being.

The European Union defined the CSR in 2001 as the voluntary integration of social and environmental aspects into everyday business operations and interactions with business stakeholders. The corporate social responsibility is based on three basic pillars that a socially responsible company or organization should fully respect (Kunz, 2012). These three pillars are consistent with the system triple-bottom-line, which was defined by Elkington (1997).

Kuldová (2012) complements this finding with the view that the company should strive even beyond its obligations under the legislation and voluntarily apply some of the principles within the three pillars - economic, social and environmental.

The Strategic document National Action Plan of Corporate Social Responsibility in the Czech Republic (NAP) provides this definition of CSR: “In the current approach CSR represents a coherent set of activities and practices that are an integral part of the control strategy of the organization in the social, environmental and economic area, the organization provided them beyond the legal obligations and with motivation to contribute to the improvement of conditions in the society.” (MPO ČR, 2014).

As regards the implementation of the CSR activities, there are two areas of differences in the implementation of CSR activities. We observe a significant difference in the implementation of CSR activities among countries. Differences are evident between “Western” and “Eastern” countries. Enterprises in “Western” countries are in the implementation of CSR concept and its activities in the corporate strategy much further than those in the “Eastern” countries.

Chih, H. L., Chih, H. H. and Chen (2010) in their research of 520 financial firms from 34 countries conclude that firms in countries with more cooperating employer-employee relations, higher quality management schools and better macroeconomic environment are more CSR minded. Zhao (2012), among other issues, also studied the involvement of Russian, Chinese enterprises and multinationals from OECD countries on the territory of Russia and China into CSR activities and their level of involvement in various CSR political legitimacy strategies. He states that multinationals from OECD countries are much more active than the pure Russian and Chinese companies in this area. Jurajda, Stancik (2013), who measured the performance of enterprises in the Czech Republic, in his conclusion states that owners of companies with foreign capital participation introduce new organizational and management skills to domestic markets with an emphasis on corporate culture and responsibility.

But it depends also on the level of state involvement in the economy. Firms from more liberal market economies of the Anglo-Saxon countries score higher on most dimensions of CSR than firms in the more coordinated market economies (CMEs) in Continental Europe (Jackson and Apostolakou, 2010).

Second important area of differences in the application of CSR activities is associated with the company size. Georgescu (2012) examined the ethical values in Romanian companies. The author concludes that the implementation of ethical values is connected, through the organizational culture, to the size of the enterprise. Big companies are more likely to elaborate written ethical codes within a strategic vision and their employees acknowledge this aspect, compared with small enterprises and their workers. A similar conclusion is made also by Pedrini and Ferri (2011). They conducted the research in 100 Italian firms. They analysed data on the implementation of 39 typical CSR actions in each firm and stated that the responsibility for the implementation of CSR activities in small and middle-sized enterprises is taken mostly by the company owners, whereas the growing role of managers specializing in the CSR implementation relates to large enterprises. In this case the implementation is clearly easier. Also results from financial firms show that with larger sizes of companies the involvement in CSR activities increases (Chih, H. L., Chih, H. H., Chen, 2010). The authors also emphasize that the link between the corporate financial performance and CSR is insignificant. The research results among 136 enterprises in Taiwan prove that increasing size of the company measured by annual revenue positively affects the willingness of SMEs to engage in the CSR (Hsu, Cheng 2012).

SMEs have a worse position, less knowledge and lower involvement within the CSR concept. But even for them engagement in the CSR activities can bring significant strengthening of their performance. Aya Pastrana and Sriramesh (2013) conducted the research among small and medium-sized enterprises in Colombia. The perceived benefits of CSR activities by SMEs are: improved organizational culture, attracting and maintaining best employees, improving image, reputation and customer loyalty.

Already engagement in one of the CSR pillars can bring a competitive advantage for the organization. Flammer (2013) analysed value of the environmental CSR, notably whether shareholders are sensitive to corporations' environmental footprint and if they react positively to the announcement of eco-friendly initiatives. Her results show that a company's positive engagement with the environment generates new and competitive resources for the firm. Furthermore, CSR brings advantages also in the field of finance. Cheng, Ioannou a Serafeim (2014) investigated whether superior performance in the CSR strategies leads to better access to finance. They discovered that firms with better CSR performance face significantly lower capital constraint. They provided evidence that both better stakeholder engagement and transparency around CSR performance are important in reducing capital constraints.

### 3. Methodology

The subject of this paper are SMEs in the Czech Republic. Data for the analysis are based on the results from the research conducted in the Czech Republic in the period of 2013/2014. In the paper we evaluate correlations between company size and engagement and knowledge of the CSR concept and the number of activities of SMEs in the field of CSR.

Individual pillars of the CSR are analysed in detail as well as the SMEs' engagement in the specific activities under the pillars.

In line with similar research works as Georgescu (2012), Pedrini a Ferri (2011), Chih, H. L., Chih, H. H., Chen (2010), Hsu, Cheng (2012) a Aya Pastrana a Sriramesh (2013) we formulated the following hypothesis: the size of the organization has a significant influence on the knowledge of the CSR concept and on the organizations' engagements in the particular pillars of CSR. This paper has for objective to verify the above mentioned hypothesis in the environment of the Czech Republic.

Based on the research results, we suggest practical implication for the areas to which the SMEs pay insufficient attention. These areas should be strengthened and developed in the relation with the Strategic document National Action Plan of CSR in the Czech Republic (NAP)<sup>1</sup>. This can be found in the conclusion.

1 In response to the recommendations of the European Commission also the Czech Government issued the strategic document National Action Plan of Corporate Social Responsibility in the Czech Republic (NAP) at the beginning of April 2014, which contains the strategy on the national level to develop and promote the concept of CSR in the Czech environment. This document contains ten key areas, priorities and activities the government within corporate social responsibility plans to pay attention to. The strategy is designed for organizations from the private and public sphere, without distinguishing differences between organizations, their areas of operation and size. However, some objectives of the NAP are specified with narrow specialization on SMEs. As a part of the document the lack of knowledge of the concept among small and medium-sized enterprises is also mentioned. NAP is an open document, which the platform of stakeholders will continuously update and develop (MPO ČR, 2014).

As regards the definitional framework of the CSR, for the needs of the research work there are three important aspects: Three pillars of social responsibility, voluntary aspect and activities that go beyond that legal obligations.

The primary research was conducted in companies throughout the Czech Republic. Respondents of the research were large, medium, small and micro enterprises from the whole Czech Republic. Classification of enterprises was conducted according to Commission Recommendation 2003/361/EC (European Commission, 2006):

- Large enterprise - over 250 employees,
- Medium enterprise - 50 to 249 employees,
- Small enterprise - 10-49 employees,
- Micro enterprise - 0-9 employees.

The data collection was carried out in the period from September 2013 to February 2014. At that time, 1,013 companies were involved in the research. The research emphasis was put on the fact that companies were represented from each region of the Czech Republic at least in the number that corresponds to 3% of companies active in the region. Moreover, the distribution of respondents among large, medium, small and micro companies was chosen to correspond the representation of these enterprises in the Czech Republic.

For the purpose of spreading the information on research, the website [www.csr-konkurenceschopnost.cz](http://www.csr-konkurenceschopnost.cz) was created. The questionnaire was placed in an electronic form for direct filling. Respondents were surveyed using the cooperation with chambers of commerce of each region, the Association of Corporate Social Responsibility and Business Leaders Forum.

The primary objective of the research is to map the current level of knowledge and use of the CSR concept in relation to the size of the organizations in the Czech Republic. However, economic data as profitability or market share of the organization were not of the primer concern of this research.

Statistical processing of the obtained data used Analysis of Dependence, combinatorial sorting, Pearson coefficient,  $\chi^2$  test.

Analysis of dependence can compare the relation between the verbal signs and measure their interdependence. The combinatorial classification is a classification with verbal characters resulting in a contingency table supposing that at least one of the characters is a plural (Minařík, 2006).

The analysis of contingency table is based on the fact that for each table cell we can determine the frequency which would be there in case that both characters A and B are independent. This frequency is called frequency calculated and is determined as follows:

$$n'_{ij} = \frac{n_i \cdot n_j}{n} \quad (1)$$

For each contingency table field there is a pair of frequency - the observed frequency  $n_{ij}$  and the calculated frequency  $n'_{ij}$ , that can have different numeric values (Hindls, 2003), (Minařík, 2006).

An indicator, which measures diversity of both frequencies in each field for the table as a whole, is called squared contingency. This indicator is denoted as  $\chi^2$  (chi-square) and is identified as:

$$\chi^2 = \sum_{j=1}^s \sum_{i=1}^r \frac{(n_{ij} - n'_{ij})^2}{n'_{ij}} \quad (2)$$

The results of the independence test are formulated based on the transformation of the testing statistics into the probability scale, the so-called p-value. P-value determines the lowest possible level of significance for rejection of the hypothesis: if  $p < 0,001$  the result is statistically highly significant, if  $p < 0,01$  the result is statistically significant, if  $p < 0,05$  the result is not statistically significant (Budíková *et al.*, 2010, Blašková, 2012).

Within the social, economic and environmental pillar companies were asked about the implementation of nine activities that are for statistical processing marked with letters A - I.

#### 4. Results

Research results show high dependence in all observed areas. There are significant differences between the application of the principles of social responsibility in companies of different sizes measured by the number of employees (Table 1). Knowledge of the concept of CSR, involvement in the concept and the total number of used activities were always higher in the large enterprises with the number of employees over 250.

The value of  $\chi^2$  test criterion in case of dependence between company size and knowledge of the CSR concept was 66.0988, p-value  $< 0.001$ .

Small and medium-sized enterprises in the Czech Republic have less knowledge of CSR concept than large enterprises. In percentage terms – among companies with more than 250 employees 79% of them knew the concept of CSR, while among the micro companies to 10 employees only 36% of them knew the concept. The larger the enterprise the higher the knowledge of CSR concept. Regardless of company size, the overall knowledge of CSR concept in the Czech Republic was 47%.

According to the size of enterprises there are also significant differences within the commitment of each pillar of social responsibility. When the dependence of the number of administered activities in individual pillars on the size of the enterprise was tested, the value of  $\chi^2$  test criterion was 105.2214 for economic pillar, 131.0748 for social pillar, and 123.3907 the environmental pillar; the p-value for all mentioned combination was  $< 0.001$ . In case of economic, social and environmental pillar the number of performed activities is significantly dependent on the size of company.

The research also monitored the situation in corporate culture and CSR strategy. It was examined whether there is a written form of document related to corporate culture in the enterprise and whether the company has prepared CSR strategy in writing. In both cases, a high level of dependency on company size was demonstrated. The value of  $\chi^2$  test criterion in the case of corporate culture was 138.7612, in case of CSR strategy 122.2923, the p-value for both combination  $< 0.001$ .

**Table 1 | The Results of Depending Test in Contingency Table - Dependence between Size of Organization and the Observed Variables**

Variables	
<b>Economic pillar</b>	105.2214***
<b>Social pillar</b>	131.0748***
<b>Environmental pillar</b>	123.3907***
<b>CSR acquaintance</b>	66.0988***
<b>Corporate culture and ethical behaviour in written document</b>	138.7612***
<b>CSR strategy in written form</b>	122.2923***

Note: \*\*\* p-value < 0.001, \*\* p-value < 0.01, \* p-value < 0.05

Source: Own research

The Table 2 shows the percentage of involvement of enterprises according to the size in the CSR pillars. Out of micro enterprises only 28%, and out of small businesses only 36% use the CSR concept comprehensively and are active in all three pillars of social responsibility. Medium enterprises are involved more than micro and small - 47% of them are involved in all three pillars of social responsibility.

Nevertheless, they are still below the involvement level of large enterprises with more than 250 employees - 65% of large enterprises are involved in all three pillars of social responsibility.

Conversely, only 12% of large enterprises conduct no activity in the area of CSR. This percentage, however, increases with the decrease of the company size - 24% of medium enterprises, 26% of small enterprises and even 35% of micro enterprises do not perform any activity.

Some companies are involved in only one or in only two pillars of social responsibility. Only two pillars of social responsibility are always involved in about 10% of companies from each group. Only one pillar is involved in 26% of micro enterprises, 25% of small, 14% of medium and only 12% of large enterprises. If the enterprises are involved in only one pillar of CSR, in 90% of cases it is the economic pillar.

**Table 2 | Pillars the Organizations Fulfill with Activities (%)**

Size of organization (according to number of employees) / Pillars	3 pillars	2 pillars	1 pillar	No activity	Total of the category
<b>0-9 (micro)</b>	28	11	26	35	100
<b>10-49 (small)</b>	36	13	25	26	100
<b>50-249 (medium)</b>	47	15	14	24	100
<b>250 and more (large)</b>	65	11	12	12	100

Source: Own research

## Social pillar

Out of 1,013 enterprises involved in the research 67% of them realized at least one activity in the social pillar.

Regardless of the company size, most activities of social pillar are carried out in the area of corporate ethics and corporate culture (B), in the health and safety of employees (F) and in the care of training and retraining of employees (C). The activities that are most often implemented are mainly activities that are well known, widespread, focussed inside the organization, supported by laws and that bring back benefits for the company in the social pillar. Conversely, activities such as assistance with further application of redundancies in the labour market (I) and work-life balance (H) were significantly less supported by companies - see Table 3.

**Table 3 | Activities Implemented within the Social Pillar**

Code	Characteristic of activity	Rate of use in organization altogether (%)
A	Compliance of equal opportunities (gender, ethnic minorities, the disabled and the elderly), diversity in the workplace (ethnic minorities, disabled people and older people)	58
B	Business Ethics and Corporate Culture	67
C	Care of the education and retraining of employees	63
D	Corporate philanthropy, sponsorship and volunteering, support of volunteer activities of employees	37
E	Listening and dialogue with stakeholders and parties (suppliers, customers, banks, creditors, shareholders, ...)	48
F	Health and safety of employees	66
G	Support the surrounding community (working with schools and non-profit organizations, local governments)	44
H	Balance of work and personal lives of employees - the work-life balance (providing sports and cultural activities for employees, reducing overtime)	25
I	Help with finding work for redundant employees, retraining them (outplacement)	6

Source: Own research

Assessing the level of implementation of the various activities within the social pillar was also carried out with regard to the company size. Large companies most fulfill the activity - Care for education and retraining employees (C) up to 91% of them. Other activities are carried out by at least 47% of large enterprises; the exception is the only activity Help with finding work for redundant employees (I) - this activity is carried out by only 15% of large enterprises. Nevertheless, the number of large companies involved in this activity is still



higher compared with the implementation of activity (I) by SMEs (micro enterprises 3%, small enterprises 5% and medium-sized enterprises 10%). An interesting finding is that the most realized activity in micro enterprises is the activity related to Corporate Culture and Business Ethics (B), 63% of micro enterprises carry out this activity, regardless of the fact whether it is an unwritten rule or a written document. Small and medium-sized enterprises are most engaged with health and safety of employees (F) (74% of small enterprises and 79% of medium-sized enterprises) - see Table 4.

**Table 4 | Activities Implemented under the Social Pillar with Regard to the Size of Enterprise (%)**

Activity / Size of organization (according to number of employees)	0-9 (micro)	10-49 (small)	50-249 (medium)	250 and more (large)
A	47	60	72	76
B	63	67	67	88
C	49	67	75	91
D	32	36	42	62
E	46	48	40	53
F	50	74	79	89
G	33	45	55	74
H	18	25	29	48
I	3	5	10	15

Source: Own research

### Economic pillar

In the economic pillar 69% out of all enterprises involved in the research realized at least one activity in the Czech Republic (Table 5).

Regardless of company size the most used activity within this pillar is - Rejection of corruption, fraud and unfair competition (A). Conversely, less than half of the companies perform activity E to I - Protection of intellectual property, Fair trade, Providing information to stakeholders, After-sale customer service and Creation of employment opportunities in the region in which the company operates - see Table 5.

The results of assessing the level of implementation of individual activities within the economic pillar, with regard to the company size, show that the large companies mostly fulfill the activity A, B, C, D. More than 90% of large enterprises carry out these activities. All other activities of the economic pillar are carried out by at least 55% of companies surveyed in the group.

**Table 5 | Activities Implemented within the Economic Pillar**

Code	Characteristic of activity	Rate of use in organization altogether (%)
A	Rejection of corruption, fraud and unfair competition	69
B	Maintaining of good relationships within the supply chains	64
C	Loyalty to the company, correct relations with the owners of the company	56
D	Transparency of company activities and results of its business	50
E	Protection of intellectual property	47
F	Fair trade	46
G	Providing information to the stakeholders (customers, suppliers, banks, ...)	42
H	After sales service for customers	43
I	Creation of employment opportunities in the region in which the company operates	36

Source: Own research

**Table 6 | Activities Implemented within the Economic Pillar with Regard to the Size of Enterprise (%)**

Activity / Size of organization (according to number of employees)	0-9 (micro)	10-49 (small)	50-249 (medium)	250 and more (large)
A	65	68	64	100
B	61	64	56	94
C	42	60	60	96
D	40	48	59	91
E	41	48	48	71
F	44	46	42	55
G	33	43	52	71
H	43	40	38	57
I	19	41	50	78

Source: Own research

Activity A (Rejection of corruption, fraud and unfair competition) and activity B (Maintaining good relationships within the supply chain) are the most realized activities among SMEs (formed by micro, small and medium - sized enterprises). Likewise among large enterprises, among small and medium-sized enterprises activity C (Loyalty to the

company, correct relations with the owners of the company) and D (Transparency of company activities and results of its business) also follow. On the other hand, micro enterprises prefer activity H (After sales service for customers) and F (Fair trade) as another activity.

Activity I (Creation of job opportunities in the region in which the company operates) is the least implemented activity among micro enterprises (19% of them); for small enterprises it is activity H (After sales service for customers) (40% of them) as well as for medium- sized enterprises (38% of them) - see Table 6.

### Environmental pillar

Within the environmental pillar of social responsibility in the Czech Republic there were 68% out of the total number of enterprises involved in the research which implement at least one activity (see Table 7).

Regardless of company size, the first two activities of the pillar are the most frequent ones - activity A and activity B - Waste reduction and total waste management, recycling, use of recycled paper waste and Reduction of consumption of materials, energy, and water. These are activities that bring benefits and cost savings to enterprises and are widely used and supported in the society. Other activities of the environmental pillar (C and I) are realized significantly less in practice, compared to the social and economic pillar - less than one third of companies in the Czech Republic carry them out - see Table 7.

**Table 7 | Activities Implemented within the Environmental Pillar**

Code	Characteristic of activity	Rate of use in organization altogether (%)
A	Waste reduction and total waste management, recycling, use of recycled paper	68
B	Reduction of consumption of materials, energy, water	61
C	Education of employees in the field of environmental protection	28
D	Ecological products or services	22
E	Ecological modes of transport	19
F	Use of renewable natural resources	17
G	Reduction of CO2 emitted into the atmosphere	16
H	Protection of used natural resources	16
I	Determination of the origin of exploited resources	11

Source: Own research

**Table 8 | Activities Implemented within the Environmental Pillar with Regard to the Size of Enterprise (%)**

Activity / Size of organization (according to number of employees)	0–9 (micro)	10–49 (small)	50–249 (medium)	250 and more (large)
A	60	68	77	91
B	54	60	67	83
C	16	31	35	59
D	21	17	28	39
E	17	17	21	30
F	13	18	18	32
G	9	15	21	40
H	12	12	21	36
I	10	8	15	25

Source: Own research

Results of the company (with regard to the company size) involvement in individual activities within the environmental pillar correspond with the total results. Again, activities A and B are the most realized activities in all four groups of enterprises. On the other hand, activity I (Determination of the origin of exploited resources) is the least preferred activity in the group of small, medium and large businesses. The exception, though negligible (difference compared the activity I is only 1%), are the micro enterprises – there is activity G (Reduction of CO2 emitted into the atmosphere) the least implemented activity in this group. Percentage of companies involved in activities C to I is significantly lower concerning SMEs than in the large enterprises with number of employees more than 250 (Table 8).

## 5. Conclusion

As a main conclusion we can say the correlation between company size measured by the number of employees and all monitored variables was confirmed as statistically highly significant.

Micro, small and medium - sized enterprises in the Czech Republic have less knowledge of the CSR concept and lower involvement in all three pillars of the social responsibility, SMEs also less frequently formulated corporate culture, or the overall CSR strategy, into a written form. These results confirm and extend the findings by Skýpalová, Kučerová (2014). Even the sample of 696 companies from the Czech Republic proved the interdependence between the knowledge of the CSR concept and its use in business practice.

In terms of involvement in the activities of individual CSR pillars (Table 2), micro and small enterprises are basically divided into three groups of approximately 30% of companies - 30% of companies use the CSR concept comprehensively and are active in all three pillars, 30% are involved in only one pillar - mostly in the economic one and 30% do not use the CSR concept within their business at all. The remaining 10% are just enterprises embracing the two pillars of social responsibility.

Regarding medium-sized enterprises, the situation is better - almost half of them (47%) are involved in all three pillars of social responsibility, less than 30% are divided equally between one and two pillars, no activity is carried out by 24% of medium-sized enterprises.

In contrast, 65% of large enterprises with the number of employees over 250 perform activities in all three pillars of social responsibility and only 12% of them do not apply CSR concept in their business at all.

The research results correspond with the results of Mádlová (2012). Out of a hundred large Czech companies (company size was evaluated with regard to the amount of income tax paid to the state budget in 2010), 71% knew the CSR concept and 54% integrated the CSR concept into their strategic business management. With declining profit decreased the range of activities conducted within corporate social responsibility. Based on her own research, Kašparová (2008) proves that company size and the origin of the business owner affect the choice of activities in the area of social responsibility. KPMG survey (2008) and (2013) confirm the large rise in interest in CSR and its reporting at large corporations.

In terms of the use of specific activities, SMEs are lagging behind large enterprises especially in the environmental pillar. Although SMEs use similar activities as large enterprises, their use (as percentage of enterprises that carry out the activity) is significantly lower. Very rarely used (carried out by less than 30% of enterprises) are in fact all activities D to I of this pillar - Ecological products or services, Ecological means of transport, Use of renewable natural resources, Reduction of CO<sub>2</sub> emitted into the atmosphere, Protection of used natural resources, Determination of the origin of exploited resources. Micro enterprises have also a problem with activity C - Education of employees in the field of environmental protection, which is performed by only 16% of micro enterprises.

Most fulfilled pillar with specific activities with regard to SMEs is the economic pillar. Activity I (Creation of employment opportunities in the region in which the company operates), H (After-sales service for customers), F (Fair trade) and G (Providing information to the stakeholders) are less frequently used in the group of SMEs, though the percentage of use is high. Only activity I (Creation of employment opportunities in the region in which the company operates) is carried out by just 19% of micro enterprises, other activities A to H are performed by at least 33% of SMEs.

Within the social pillar of social responsibility both in the SMEs and large enterprises activity I is insufficiently used (Help with finding work for redundant employees, retraining them (outplacement)). Only 15% of large, 3% of micro, 5% of small and 10% of medium-sized enterprises deal with this activity. SMEs have low involvement also in activity H (Balance of work and personal lives of employees - the work-life balance (providing sports and cultural activities for employees, reducing overtime)) - less than 30% of these enterprises. Significant difference between SMEs and large companies in this pillar is possible to observe on activity D (Corporate philanthropy, sponsorship and volunteering, support of volunteer activities of employees), only about 30% of SMEs perform this activity, whereas 62% of large enterprises are involved.

The research suggests that most of the activities that SMEs prefer are activities that have an impact inside the organization. On the other hand, the least used activities are directed outside organizations and enterprises and thus are considered less important. Similar conclusions concerning SMEs in the Eastern Slovakia are claimed also by Ubrežiová, I *et al.* (2013). Findings from both surveys prove the tendency to focus on activities inside organizations, which is found beneficial for the enterprises.

### Practical Implications

Based on the research work we can formulate the following implications for the government of the Czech Republic. It would be appropriate to move the distribution of SMEs involvement in the CSR concept towards the condition found by the research in the group of large enterprises – *i.e.* to at least 2/3 of SMEs involved in the CSR concept as a whole.

The Czech government should use the NAP mainly for the support of activities, which are not in the centre of attention and which focus on issues outside the organization. With regard to two important points related to the essence of the CSR concept - voluntariness of the involvement in the concept and performing of activities beyond the law - authors of this paper suggest involvement of the state in the form of positive voluntary motivation and promoting information.

An important recommendation has been stated for the Czech government in the development of NAP towards SMEs arising from the own research results, but also from the results of research formerly carried out in the Czech Republic. Firstly, there is a need to promote the knowledge of CSR concept among the enterprises, but also in society in general, because this knowledge significantly affects business involvement in the activities of social responsibility. Secondly, it is important not to increase administrative demands and complexity in supporting the application and development of the CSR concept. Researchers Srpová, Kunz, Mísařová (2012) as well as the Business Leaders Forum (2008) and (2012) and the Society for Business Research (2012) confirm that Czech firms expect the transmission of information in the field of CSR by the government. According to them the driving force are changes in the tax policy. The main barriers to development of CSR they see in the lack of involvement of state and government and in adverse legislative and tax environment. According to companies the support should have the form of promotion and motivation and should not in any case lead to the increase in the administrative burden.

The international studies conducted in the field of CSR also confirmed this recommendation. The research by Hsu, Cheng (2012) in Taiwan shows that the characteristics of compatibility has a strong impact on the willingness of SMEs to engage in CSR, which means not only that managers' personal values and morality and managers' support from the CSR drivers, but also that current corporate culture is consistent with CSR. On the other hand, the complexity has a negative impact - the complexity in their research meant time costs, lack of guidance or benchmarks. Jackson and Apostolakou (2010) found out that the degree of institutionalized coordination amongst stakeholders has a negative influence on CSR in general. This effect is related to the social and environmental dimensions of CSR, rather than the economic dimension of CSR, which captures overall transparency and measures against corruption.

The authors find the support of social responsibility on the part of government very important, since, as the Kanji, Chopra (2010) state - the government, business and society

should work together more closely to improve human accountability. Corporations can achieve both maximization of profits and social responsiveness.

### Limitations and Future Research Directions

The research examined the correlation between the company size, concept knowledge, involvement in the concept and number of CSR activities used in the individual pillars. It examined four groups of enterprises (micro, small, medium and large) with regard to the size measured by number of employees and examined the situation in the surveyed enterprise group in general. Further research in this area would be appropriate to focus in more detail on different groups of SMEs, their specific needs and problems with the implementation of CSR concept. It would be also interesting to see the difference between the actual and declared CSR activities, which is recommended *e.g.* by Schüz (2012), and also whether declared CSR activities are really CSR activities and not only misperceptions of legal obligations as - for example, in the case of the activity within the social pillar Health and safety of employees.

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