ETHICS AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

STUDY MATERIALS FOR PART-TIME STUDY

ETHICS AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

doc. et doc. PhDr. **Kateřina IVANOVÁ,** Ph.D.

PhDr. **Dana BERNARDOVÁ,** Ph.D.

Author: doc. et doc. PhDr. Kateřina IVANOVÁ, Ph.D.

PhDr. Dana BERNARDOVÁ, Ph.D.

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Introduction

CSR is a combination of moral behaviour of employers within the sustainable development of society as a whole and action with respect for individuals within their societies. CSR is not a standalone concept, but as most authors prove, it is a subset of business ethics. This means that general ethical principles, standards of business ethics, and the ways and procedures of manager's moral decision-making represent the philosophical grounds of CSR. For this reason, this text discusses ethics and CSR all together.

The first part of the text, i.e. the section on ethics, shows general moral bases of society, especially of Euro-American societies. These societies derive from historical roots based on the ancient times, Judaism and Christianity. These are followed by periods of Humanism and Enlightenment, and current philosophical-ethical directions dealing with the issue of individualized society. Another area the text follows with are the ethical basics of business ethics. These mainly concern ethical decision-making and the major ethical principles on which such decision-making should be based. The application of ethical principles into managers' practice and their connection with CSR is shown in the third chapter. The text shows what influences the specific decision-making of each manager, what supports such decision-making and what "stands in its way". It also discusses how these principles should be embedded in the ethical codes of individual organizations. The last subchapter explains the importance of moral values, their connection with the culture of the whole society and individual organizations. This is followed by the link between morality and CSR, which emphasizes the advantages of such behaviour, but also the possible obstacles. This chapter merely introduces the issue of CSR whose detailed anchoring, measurement and meaning is explained in the second part.

The second part of the text, i.e. the section on Corporate Social Responsibility (CSR), introduces different definitions of this concept. The concept, defined and having its roots in

the USA, gradually moves to Europe, where it is redefined. It retains its characteristic features and significance for organizations that voluntarily opt for responsible business. The transfer of the CSR concept and its gradual development is described in the chapter devoted to the history of CSR. The chapter describes the beginnings of the concept in the USA, a gradual transition through theorists' interest in the concept to the UK and with business ethics by EU activities throughout Europe. The key CSR theories that have contributed to the current form of the concept help to understand it well. A separate chapter is devoted to the tools that standardize and spread the concept of CSR to other countries and organizations. In this text, the tools are divided into methodologies, standards and organizations operating transnationally or nationally in the Czech Republic. At the same time, the approach to CSR and the possibilities of its implementation are influenced by the type of organization, size of organizations is crucial. Small and medium-sized organizations typical of Europe have difficulties in accessing CSR. Therefore, governmental and non-governmental initiatives direct their activities specifically to these organizations. Towards the end of the text, a newly framed up self-awareness tool for the dissemination of CSR among all types of organizations and individual citizens is introduced.

Chapter 1

Moral Behaviour and Ethics

After studying the following chapter, you will be able to:

- explain key terms, such as ethics, morality and morale;
- characterize the individual types of morale;
- explain what a moral pre-understanding is;
- define the two key ethical principles;
- briefly describe the development of moral viewpoints and theories;
- highlight the importance of Christian moral principles for the present.

Key words:

Ethics, morale, morality, moral pre-understanding, good, evil, beneficence, non-maleficence, autonomy, justice, Socrates, Aristotle, antiquity, Judaism, Christianity, Ten Commandments, Buddhism, Confucianism, Taoism, Islam, Renaissance, Enlightenment, plurality.

1.1   Ethics, morality and morale

As a philosophical discipline, ethics define what is moral and immoral. It is a field of science where questions are asked, and answers are considered. The original everyday use of the word "ethics" in Greek meant what could today be described as a tradition or a custom. Customs are important because they formed the basis of norms of behaviour valid within the borders of tribal societies. These norms later became even more fundamental to societies as they laid the foundations for the formation of social institutions in human history. "In all societies, norms served as guidance to the individual in his decision making so he would be able to make the best judgement possible" (Payne, 1995, p. 38). It is worth knowing that norms emerged mostly anonymously during human ontogenesis. They were maintained by all members of a society who adhered to them and required others to do so as well. This led to some norms being legitimized (Payne, 1995, p. 38–39).

Therefore, ethics is the study of morality and moral principles that have emerged from traditions. Unlike morale, it conceptualizes and studies the motivational aspect of human behaviour. This means that through ethics, a person can reflect upon what *he is* as well as what he *should be*, based on the system of customs he is a part of (Ivanová, 2010, p. 15). The description of this phenomenon, which lead to the emergence of ethics as a *philosophical* discipline, is attributed to the Athenian thinker Socrates. However, it is Aristotle who is deemed the founder of ethics as a *scientific* discipline. In the second book of the Nicomachean Ethics he argues: "Moral virtues (éthiké) arise from traditions, from which it has gained its name, that is no different from the word custom (ethos)" (Eth. Nic. 1103a17 an.).

Other terms, that do not come from Aristotle, have a narrower meaning than ethics: the word "morale" emerged from a not so good translation of the Greek word "ethikos" to Latin and hints at the descriptive (normative) side of the problem, but does not capture the term in its full meaning (Bláha, 1990, p. 7). Even though Herbart and Masaryk leaned towards Aristotle and called ethics a "practical philosophy", the terminology is not entirely accurate. This is because the term covers a wider area than with which ethics is concerned. When Aristotle speaks of "practical philosophy", he does not mean only ethics, but also politics and economics (Horyna ed., 2002, p. 109).

Therefore, ethics is a theory of morality and can be thought of as a term superior to morale. It is only a part of practical philosophy as practical philosophy is a concept wider than ethics. The word itself (from Greek. éthos = custom,) has three different meanings

- Place of living, home or country;

- custom, manners, way of life;

- character, morality, morale.

Ethics can be divided into normative and non-normative. Non-normative ethics attempts only to describe, analyse and identify the roots of morality and morale without bias (Hiller, 1986).

Non-normative ethics include (although this is not the only valid way to conceptualize the term): *Descriptive ethics* – is concerned with an unbiased description of a studied phenomenon; *Analytical ethics* – represents a true search for an explanation of moral behaviour and thinking. Sociologists, anthropologists, psychologists and even historians examine moral codices, opinions and thinking; *Metaethics* examine the historical development of ethical terms and analyse the fundamental aspects of moral reasoning. It answers the basic question "Why is a certain act deemed as moral or immoral?" While descriptive ethics attempt to define what is concrete (real), metaethics attempt to define what is conceptually right. However, metaethics do not provide advice or guidance on how to ethically reason or behave. Metaethics partially converge with analytical ethics; however, its main function is not only to examine ethical terms, but to understand which of the key characteristics of morality transcend a person's individual life and become fundamental values of a society (e.g. justice, honour, loyalty and so on).

Normative ethics is based on descriptive, analytical and metaethics. However, it attempts, based on the types of ethics described above, to take concrete ethical stances and answer what behaviour can be considered as morally acceptable. It also attempts to define *when* and *how* are institutions or individuals responsible for their actions. Normative ethics aims to determine what *should* be, rather than what *is* (like non-normative ethics)*,* even though it respects existing norms. Normative ethics formulates and advocates for a system of fundamental (essential) ethical principles and rules. A key term relating to normative ethics is deontology (from Greek deon = duty). Hence, deontology is the study of duties, which are conceptualized in deontological codices. The normative aspect of ethics establishes the degree of validity of ethical postulates. Sometimes it is possible to come across the term "ethical law", but its meaning is different from the term "code of law" in the context of legal processes. Moral postulates respect disputable situations, whereas the code of law requires a specific solution. The relationship between ethics and the code of law can be summarized as: The code of law is the minimum of ethics. Very simply put, if someone behaves appropriately from a legal standpoint, it does not necessarily mean that he is behaving in an ethical manner (Ivanová, 2010).

Morals are a set of values and norms that influence human behaviour and can be thought of as the descriptive side of morality[1]. From a philosophical point of view, morals are based on judgements concerning whether our behaviour harms or supports the moral intentions (and interests) of others. The fundamental aspect of moral judgement is the belief that an individual, a group of people, society or a time period are all bound by the same moral norms. These norms are derived from the principle of the highest possible good, which, however, has a different form across time and societies (e.g. tribal cohesion, the highest god Sun, happiness and pleasure, God and the Ten Commandments, Allah, just society and so on). Sometimes the terms ethics and morals are used synonymously, which is a mistake. Simply put, morals consist of norms that exist within a society, while ethics is concerned with not only what factually exists, but also the justification and explanation of current moral norms, even the possible ideal of state of being, i.e. norms that should be respected (Steinmann, Löhr, 1995). The basic types of European morality, which have been described by important thinkers in the past include:

Hedonism (from Greek hedoné = pleasure/happiness) argues that the highest good and purpose of human life is the pursuit of pleasure. Aristippus of Cyrene (about 435 – 365 BC) is one of the most important representatives of this philosophy who deemed pleasure to be a positive, concrete, actual delight. He accordingly argued that the only good goal of behaviour is the pursuit of pleasure. Aristippus also highlighted that pleasure can be truly experienced only by someone who is free from passion and dependence and stands above the pleasurable experience. Another form of hedonism is so called epicureism or epicureistic morals. Unlike Aristippus, Epicuros (341-270 BC) does not see the meaning of life in reaching the highest number of immediate pleasurable experiences but seeks constant pleasure. In this context he speaks about so called *ataraxia* – state in which a person is freed of physical pains and spiritual unrest. Epicuros differentiated between higher (permanent, spiritual) and lower (temporary, physical) pleasures. The pursuit of spiritual pleasure is also defined as eudaimonism (Anzenbacher, 2001, p. 24).

Ascetic morality (from Greek askézis = training) represents a strict way of life linked to self-restraint in the name of self-improvement with the goal to reach moral purity. Asceticism can be thought of as the opposite to hedonism, because it calls for constant practicing of strong will, i.e. condemning

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[1] **Morality** is a mode of behaviour that is considered good, appropriate and correct by the majority of people

We call individuals who outwardly appear to behave correctly, but do not do so from honourable reasons, hypocrites. Moral is therefore such behaviour that we do for the sake of it, not for personal benefit. The summary of moral principles and opinions regarding what is good and what is bad is called morals. The science examining morals is called ethics http://www.zszidlochovice.cz/wp-content/uploads/2014/11/OV7.pdf

and controlling undesirable needs. An example of asceticism is Christianity that requires adhering to strict rules, most notably in the form of God's Commandments. Protestantism was particularly in strong favour of asceticism.

Altruistic morality (from Latin alter = other) represents a moral principle according to which the good of others is more important than our own good. A person behaves altruistically when he sacrifices his own interests in favour of others or offers them selfless help. The term altruism was coined by August Comte, who articulated the ethical requirement of "living for others" (Anzenbacher, 2001, p. 24). Comte argued that in the earlier stages of human development, instincts prevailed over altruistic feelings. Through the process of socialization, altruism emerged over instincts. An especially notable display of altruism is the help to the sick and disabled.

Utilitarianism (from Latin utile = useful) is an ethical theory characterized by emphasis on the value of behaviour. It means that moral behaviour is that which bares the highest possible usefulness. Therefore, the motivation or intention for the behaviour is not important. A classical utilitarianist is Jeremy Bentham (1748-1832), who was concerned with utilitarianism in a social context. He argued that in a "moral calculus, it is not only about the benefit to the individual, but the benefit of all that are affected by the behaviour" (in Anzenbacher, 2001, p. 33).

1.2 Ethical preunderstanding and basic ethical principles

Throughout their life, every person will reason along these lines: "What is the meaning of my behaviour? What is good? How should I act now? What is justice? What is valuable and what is not? Where is the line between good and evil? Where is humanity heading – and where am I heading?" The tradition of modern history thinking summarizes human existential search into three questions: *What can we know? What should we do? What can we hope for?* The second question is the basic question of ethics, which gives it the characteristics of a practical philosophy (Hartmann, 2002, p. 23).

However, the meaning of these questions changes when we ask from our individual perspective (and are worried about our own life) and when we ask from a wider perspective considering "us" and attempt to identify what is best for our communities. This is because ethical questions regarding own life and death are asked, unlike questions concerning the whole, in the context of a specific life or a life form (Habermas, 2003, p. 11). The basic ethical dilemma is the degree of "free will" of an

individual, i.e. the question of what influences, both internally and externally, the moral attitudes of an individual and consequently his moral selection. We assume this freedom even in situations where an individual chooses between acting in concordance with his conscience or going against it. Conscience "appeals" to an individual to make a certain choice but does not force him. Only pathological conscience containing obsessions affects the individual through "pressure" to behave in a certain way. The person then feels at the mercy of his conscience, regardless if he agrees to it or not (Balcar, 2006, p. 80-81).

There are many diverging theories evaluating human nature, but overall, they can be classified into two schools of thought: those who argue that humans are solely a product of upbringing and those who deem that humanity comes from an unchangeable biological inheritance (Murphy, 2001, s. 23). The first approach labelled "cultural determinism" assumes that a born individual is a blank slate ("tabula rasa"). It is the environment, society and culture which are responsible for who he is going to become. The process of "becoming" occurs through socialization and enculturation. These terms mean that already established values, cultural patterns and behaviours as well as social institutions and systems shape the personality of an individual (Kubátová, 2002).

The other side of the spectrum, "biological determinism" argues that humans are already shaped when they are born and have unchangeable innate dispositions that determine who they are going to become, regardless the environmental input. Proponents of this theory are not only convinced about the genetic determinism of an individual during ontogenesis, but also the entire human race during phylogenesis (Wright 1995). When it comes to an individual's stance towards ethical problems, it is reasonable to assume that both nature and nurture have an impact on it in a mutual interaction. In other words, we are determined by inherited genetic traits unique to Homo sapiens, but also our upbringing in individual societies and cultures (Ivanová, 2005).

We face the fundamental ethical question "What should we do?" in every moment. Each new situation we encounter posits the question again and during our life we must continuously answer, without ever being free of it. "To every question, that does not repeat itself in identical situations, the answer is always our behaviour, the true manner in which we conduct ourselves as every act we conduct in the world bares in it the decision we have made" (Hartmann, 2002, p.23). To answer the question of "What should I do?", it is important to know what is valuable. Some philosophers (Plato, Akvinsky, Kant and others) assume that before we develop the understanding of important ethical principles, individuals are characterized by natural pre-scientific understanding of moral realities. Individuals' attitudes and moral views are shaped and manifested through his/her behaviour (Anzenbacher, 2001, Ivanová, 2010).

Ethical (moral) preunderstanding means that in regular conversations, words describing moral principles exist, for example: good-bad, selfless-egoistic, noble-dishonourable or allowed,

forbidden, conscience, sin, guilt, repentance, virtue, loyalty and so on. These words are also often used in different pragmatic contexts, such as: "good" food, "bad" weather or "noble" animal, to name a few, and people generally find it easy to distinguish between when a word has direct moral meaning and when it does not (Anzenbacher, 2001, p.13). It is a terminology that is understood by everyone but is harder to explain to others. As a result, we rely on ethical preunderstanding and we assume it in others in everyday conversations. Without preunderstanding, no moral discussion would be possible, as we would not have semantic congruence between each other. However, it is entirely possible that upon closer inspection, our subjective understanding of the meaning of moral principles will appear as vague, inaccurate or wrong.

The most important aspect of preunderstanding is that we assign moral value to our behaviour and the behaviour of others. We deem behaviours as "good" or "bad" and we accept or reject them. We assume that every person in our society knows, in general, what is good or bad and that "good" should be pursued while the "bad" should be avoided. We also assume that people believe that they are unconditionally obliged to do good. This does not, however, mean that individuals always have the same exact attitudes to what they view as good or bad. (Anzenbacher, 2001, p.13). Preunderstanding can be also viewed as a natural moral law (moral laws tells us how to behave in order to be in line with our nature). They cannot be changed, because they are anchored deep within our humanity. "In regard to moral norms that forbid evil, there are no privileges or exceptions. We are all equal before the demands of natural law" (Jan Pavel II. in Příkaský, 2000, p. 41). One other aspect is important in moral preunderstanding and it is a so called "social consideration". It means that for human societies to strive, it is necessary for individuals to recognize each other as equal beings with needs and interests, just like the individual.

By looking at the development of ethical thinking and moral preunderstanding, we can lay down **basic ethical principles** that apply in general, but also in specific domains of human endeavour. A "principle" represents a piece of knowledge or an assumption which we use to generate additional understanding about the world, ourselves and our behaviour. The Old Testament's Ten Commandments or Rousseau's Social Contract (1762) are good examples of ethical principles. In all works presenting their ethical principles, we can see that they are underlined by the two key principles we have already talked about, without which human societies could not exist and they are: strive **towards good and avoid evil** (beneficience and nonmaleficience).

There is a difference between the approach to principles. It can be either *deontologic*, i.e. ethics according to thinking, which considers principles as assigned by a higher authority and when acting them out, the individual does not care about their consequences (especially when it comes to religious principles or ethical codices) or *consequentialist*, i.e. ethics according to responsibility, where good behaviour is the one that brings more advantages than disadvantages. It is derived from considering the situation as well as the utility and

consequences of the behaviour. Behaving this way allows more freedom in our actions, but also imposes more responsibility on us (Ivanová, 2004, p. 21).

Consequentialist uncertainty led philosophers in the 17th century to think about certain aspects of ethics according to responsibility. The most known theory is *utilitarianism*, which is based on a *hedonistic orientation*. Its aim best summarized by the quote "highest pleasure for all" was first stated by R. Cumberland and is usually assigned to J. Bentham. He was the one who developed the theory and his classical utilitarianism builds on the assumption of general egoism and its affirmation (Petrusek, Miltová, Vodáková ed., 1994, p. 51). Supporters of *utilitarianism* include C. Darwin or S. Mill. "Utilitarianism can be the basis of absolute rights and responsibilities…this approach assesses, in terms of utility, the rules, not individual acts…. a person then does not ask: How do I impact the overall fortune of humanity if I behave this way today? Instead he/she asks: What would happen, if all people behaved this way across similar situations? The belief that fortune is good and suffering is bad is not only a part of *moral thinking* that we all agree upon. It is becoming increasingly evident that it is the only *overarching principle*, upon which we all agree" (Wright, 1995, p. 352). In simple terms, we can say that the building blocks for new secularized principles are these premises:

- the freedom of the individual to choose their behaviour, as long as it does not infringe the freedoms of others;

- the freedom of the individual to decide their fate;

- uniqueness of the individual;

- understanding that not only individual fortune, but the fortune of all leads to a satisfying life of the individual;

- the responsibility of a society to set fundamental moral rules in order to allow for a stable co-habitation of all members of the society.

In their book about medicine ethics, Beauchamp and Childress (2001) described four basic principles from the view of modern liberalism. These principles, however, apply to all areas of human endeavour: ethics of science and research, ethics of teaching, ethics of journalism, IT and politics, as well as business, negotiation and human resource management. According to the authors, these are first order principles, i.e. the most important principles superior to other values during decision making:

1. *Principle of beneficence* – strive towards good – it means that everything we do should be done in the name of good for ourselves and others. It is derived from the principle "love your neighbour as you love yourself", which is has already been stated in the Old Testament that is a part of the Christian Bible. Beneficence represents the positive dimension of

causing no harm. It means to prevent harm, remove it and simultaneously promote good. This principle relates to the personal moral quality of an individual in regard to his relationship to others and the understanding of own value.

2. *Principle of causing no harm (nonmaleficence)* – move away from evil – it forbids to harm or kill others. This principle has precedence over the principle of beneficence. Humans should attempt to behave in a way where disadvantages are higher than advantages. Christianity describes both of these principles through the biblical saying "Do to others as you would have them do to you" (Luke 6:31).

3. *Principle of respect towards autonomy* – means respect towards the individuality and self-determination of others, as well as their independent behaviour without external interference. Autonomy assumes the individual's ability to consider and differentiate between alternatives and make an independent decision. Emphasis on autonomy reflects the rise of individualism which supports the creative endeavours of people and resists conformity (Ivanová, 2004). In the Czech Republic, this respect towards the personal freedoms of an individual is represented in the Charter of Fundamental Rights and Freedoms, which is part of the Constitution of the Czech Republic. It outlines that basic rights and freedoms are granted to everyone regardless their gender, race, skin colour, language, faith and religion, political or other opinion, national or social descent, membership in ethnical minority, wealth, ancestry or other social position (accessible at https://www.psp.cz/docs/laws/listina.html).

4. *Principle of justice*– is directly tied to resource distribution. Examples of resources include services and their right to use them, social support and the right to receive it, finance, material resources, personal resources, knowledge and information, time. The biggest ethical issue we face today in the context of the principle of justice is in the area of social policy. The way resources are distributed appears to be the most dilemmatic as there is a disparity between ideal and available possibility.

While the first two ethical principles come from Judaism, Antiquity and Christianity (4000 B.C.), principles of autonomy and justice come from modern age secularized thinking (17th century). First order principles are, according to their authors, independent of ethical theories i.e. they have superior validity regardless of what other ethical theory a person is in favour of.

1.3   Historical development of ethics

Cosmos is a Greek term that does not only mean the world, but also a decoration (e.g. cosmetics). This aesthetic aspect was the embodiment of how behaviour was viewed during antiquity, where the Greeks deemed anything healthy and beautiful as moral – beauty arrangement.[2]

The universe is an interpretation of the world dependent on a hierarchical structure - the order of organization, where the God is at the top (medieval times[3]) or more recently, reason (modern age)[4]. And finally, the post-modernist [5]view rejects to deem one interpretation of the world as superior to another – plurality of organization, it can also be coined as *diversum*. Throughout history, there was often a blending of individual cultures and therefore of ethical frameworks (Ivanová, Zielina, 2010).

<u>Antiquity</u>

Antiquity is a comprehensive time period of human history and therefore this text includes only the most known figures (Socrates, Plato, Aristotle) who had a significant impact on the anchoring and development of ethical thinking:

Socrates was born in Athens (approx. 470 B.C.). In his teachings he used argumentative dialogue (i.e. the Socrtatic method) and never recorded his thoughts. Details about his teachings were discovered mostly through the writings of his students, especially Plato and Aristotle. Socrates often called his way of teaching "obstetric" due to his mother's vocation. He argued that his task is not to create new thoughts in others but help them to do so themselves (i.e. be at the birth of a new though). Even during the beginnings of scientific ethics, Socrates understood that gathering new knowledge is tied with ethics as it allows for recognising good and evil and such recognition regulates a person's behaviour towards the highest moral ideals. This ethical principle can be summarized as: "Only through moral and thoughtful dwelling into my own self, my own inner world, self-improvement, virtue and a happy life can be realized" (Kessidi, 1980, p. 103 in Cakirpaloglu, 2004, p. 20). Morally conscious individual knows, what is good and accordingly selects the most appropriate way towards virtue. Socrates is considered a father of European ethics, not only as a philosopher, but also as a person, who, through the voluntary choice to die, elevated the authority

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[2] Every time period can be characterized by a motto as argued by Zielina (2010). The motto of Antiquity can be summarized as "To be great is the prerequisite for morality"

[3] The motto of medieval times can be characterized as "To be obedient is the assumption for morality"

[4] The motto of modern age can be characterized as "To be rational is the prerequisite for morality"

[5] The motto of the post-modernist view can be characterized as "To be yourself is the prerequisite for morality"

of individual values in a societal context. Socrates is an advocate of a so-called autonomous ethics that poses, that a person has his own organ of conscience, through which he can determine the ethical value of things. He also emphasizes the development of moral preunderstanding – see Chapter 1.2. (Ivanová, 2010).

Plato (427-347 B.C.) came from a significant Athenian family. He was a student of Socrates, who has greatly influenced his work. In 387 B.C., he founded a school in Athens known as Academia. Plato divides the human soul into three aspects: thinking, is stored in the head; feeling, stored in the chest; and appetence, stored in the underbelly. These aspects are organized in a hierarchal manner where thinking is at the top and appetence at the bottom. These individual virtues are part of the overall virtue of the soul. According to Plato, the soul has four basic virtues: overall virtue for justice, virtue of wisdom, virtue of bravery and restraint (Bláha, p. 13). Plato is also known for his teachings about ideas, that also expresses his view of ethics. In a so-called realm of ideas, the idea of highest good is superior to all other ideas and also serves as the ultimate goal.

Aristotle was born in 384 B.C. in Stageira, today's Greece. He was a student at Plato's academy. After the death of his mentor, he founded his own philosophical school, "Lyceum". Aristotle rejected Plato's teaching about ideas and mainly focused on observing the nature. He argued that humans share physical urges and lower mental processes with animals. There are also higher mental processes (thinking and understanding) which are unique to humans. According to Aristotle, these higher processes are of the highest importance and therefore their perfection is the highest human virtue. Aristotle deemed the beatitude stemming from appropriate use of human abilities as the goal of moral behaviour. The more noble the use of our ability, the more beatitude there is. Aristotle identifies virtues to ethical (moral), which is the prevail of human reason over physical urges and dianoethical (dianoia – reason), i.e. theoretical – the improving of reason. Aristotle refers to dianoethical virtues as higher than the ethical ones. Aristotle adds that not all application of our abilities is appropriate (virtuous). There are two ways in which our abilities can go astray – too much or too little. Therefore, Aristotle suggests maintaining a steady middle ground, because only that is virtuous. We can use the following example to illustrate the point: Bravery is the balance between foolish audacity and cowardice, generosity then a balance between extravagance and greed (Bláha, 1990, p.14).

Judaism and Christianity

Judaism – jadeitic ethic comes from the Tora - which are the Five Books of Moses, that comprise the first part of the Old Testament – and the Talmud, which is the summary of basic codices that underlie the behaviour of Jewish believers. Jadeitic ethics does not build upon rights, but rather responsibilities. Both the Testament and the Talmud command the rich to support the poor. It is not the poor who is granted the right to ask the rich for help. In a similar manner, a doctor is obliged to

heal a stricken person and carry out any intervention that he deems as necessary to save a life, even in the case of the person's refusal. The emphasis is placed on the doctor's responsibility to heal and serve, rather than the patient's right to be treated (Munzarová, 2005).

Judaism is a monotheistic religion, which means a belief in a single God (the Lord, Jahve). Monotheism is unconditionally binding to the Jews: "You shalt have no other gods before me" (Bible, 2ⁿᵈ Book of Moses, Exodus 20,2). The most known and at the same time the most important moral message of the Old Testament is summarized in the Ten Commandments, that were revealed to Moses by the Lord on the mountain Sinai, as written in the Bible (Exodus, 19 – 20) and that are recited during the morning prayer. The Ten Commandments contains statements regarding the relationship with God and then the relationship to others. This duality is represented through the motif of two stone slabs on which the Ten Commandments are inscribed (Ex 32,19; Dt 5,22). In the European culture, even outside of its religious context, the Ten Commandments are deemed an important" ethical minimum".

 It is admirable when we recognize how deeply rooted the principles of everyday life were in religion as long as 4 000 years ago. The system of values was reflected in the rules that guided everyday behaviour (e.g. hygiene habits) as well as behaviour in exceptional circumstances (sickness, birth of a child, death). Today, we search for the rules of an appropriate lifestyle with difficulty (Ivanová, 2010). The Jews deem the right for life as one of the highest values and do not compromise in this manner. This means absolute rejection of euthanasia, assisted suicide or abortion. More liberally leaning rabbis may approve of abortion in the case of serious damage to foetus or rape. However, even in this case the justification is the responsibility to attempt the preservation of the psychological well-being of the woman.

Christianity came from Judaism, meaning that it also is a monotheistic religion. From the time perspective it can be argued that the origins of Christianity blend with the end of Antiquity and already developed Judaism. Christians were at first deemed as one of the Jewish sects. Christianity has been recognized as its own religion approximately between the end of the 1ˢᵗ century and the start of the 2ⁿᵈ century. Because Christians reject pagan gods and the worship of an emperor, they were ruthlessly persecuted. It was in the year 313 when the emperor Constantine the Great proclaimed the Edict of Milan and allowed for free declaration of Christianity (Čapek, Pátek, 1993, p. 51). The essence of Christianity is the belief in the Messiah, who descended to earth in the form of Jesus Christ. Jesus was a Jew knowledgeable of the Testament and the Books of the Prophet. He stated that he is not here to destroy the law, but to fulfil it (Matthew, 5, 17). In many aspects the Christian and Jewish morality coincide. However, for the Jews, the Ten Commandments apply only to the nation that has emerged from Egyptian slavery, but Christians deem their contents as universal. Today, the Ten Commandments are derived from a shorter text than what is written in the Old Testament. It was first used due to catechetical reasons by St. **Augustin and is stated in the**

current Catechetic of the Catholic church (Hymnbook of the Archdiocese of Olomouc, 1999, Ex 20, 1 – 17):

1. You shall have no other Gods but me.
2. You shall not make for yourself any idol, nor bow down to it or worship it.
3. You shall not misuse the name of the Lord your God.
4. You shall remember and keep the Sabbath day holy.
5. Respect your father and mother.
6. You must not commit murder.
7. You must not commit adultery.
8. You must not steal.
9. You must not give false evidence against your neighbour.
10. You must not be envious of your neighbour's goods. You shall not be envious of his house nor his wife, nor anything that belongs to your neighbour.

In Europe during medieval times, all of culture, education and moral principles were heavily influenced by Christianity. Christian medieval philosophy can be defined through two key periods: the patristic period (1.-8. A.D.), i.e. the teaching of ecclesiastical fathers (pater = father) and the scholastic period (9.-15. A.D.) (schola = school).

The most notable figure of patristics was *Aurelius Ugustinus* (354-430), also known as *St. Augustin*. He is considered as one of the founders of Christian philosophy. He converted to Christianity when he was forty years of age and consequently was ordained a priest and appointed a bishop. Augustin argues that the Lord is the highest good and therefore he considers him to be the basis of ethics. According to Augustin, the highest moral value is moral will. He connects to Antiquity by adopting Plato's four virtues (justice, wisdom, bravery, restraint) to which he adds three Christian virtues (faith, hope, love).

The most important figure in scholastics is Thomas Aquinas (1225 – 1274) and his work. Scholastics originated as education and the upbringing of members of monasteries. Since the 12th century, this philosophy has been taught at Universities, however, it never was a unified system. The main aim of scholastics was to rationally explain the truths of faith and therefore, in medieval times, was deemed to be a servant of theology – ancilla theiliae (Störig, 2000, p. 179). Important spiritual dogmas were supposed to be justified by theology. The basic sources of scholastics were the Holy Writ, but also the works of Plato and Aristotle.

Thomas Aquinas was raised by the Order of the Benedictines and then moved on to study at Neapolitan University and in Paris, where he met his mentor, Albertus Magnus. He became a teacher of theology, in which he excelled, and was also called "angelic teacher" (doctor angelicus). In his teachings, Aquinas speaks about a natural moral law, which is based on the reason of man. Like

Augustin, Aquinas mentions four virtues of antiquity, above which lay three Christian virtues. However, he considers the love towards God as the highest virtue. This love is not based on a natural moral law, but rather a so-called divine eternal law. Unlike Augustin, who bases ethics on feelings, Aquinas bases Christian ethics on reason (Hodovský, Sedlák, 1995).

Unlike antiquity and Judaism, Christianity is in direct touch with our history and has influenced European thinking even as recently as few generations ago. The life of ordinary people was not affected as much by the noble ideas of theology, but rather the practical aspects of religious practice. "In a time when practically all people believed in the Lord and lived in accordance with Him, the defining factor was their relationship towards Him. Therefore, through the intentions of Christian morals, a practical guide on how to live (ars vivendi) and also how to die (ars moriendi) emerged" (Haškovcová, 2000, p. 17).

In order to understand the situation in the Czech Republic, we must first divide Christianity to Catholicism and Protestantism. Both have their traditions in the history of the country. The ethical principles, especially those arising from Christianity, Catholicism, in particular, can be summarized as:

The principle of stewardship – human life is granted by God and the individual person is only its steward. He is therefore obliged to look after it and maintain it.

The principle of sanctity and inviolability of human life – the individual alone has no right to decide about his own life or whether life has meaning. Christians, without exceptions, reject abortions, euthanasia and suicides. The conception of life is deemed as its beginning. Discussions are allowed only to prolong life through technology.

Sexuality and reproduction – the objective of human sexuality cannot merely be pleasure, it needs to meet two standards: reproduction, raising children and a union of love of two people through marriage. According to the Christian dogma, these two purposes cannot be mutually exclusive. This is the reason why Christians reject artificial conception or contraception, as a person does not have the right to have a choice over the gift of life. If a marriage does not fulfil the first purpose, it should only fulfil only the second purpose. The reproduction aspect is held separately by Christianity. Although it is a function of the individual, it serves the higher good of mankind (Munzarová, 1995).

The principle of freedom and responsibility – it is important to consider the impact of our actions not only on ourselves, but also others. To be free does not mean to manifest free will in an absolute sense. Every display of freedom is right only if it stems from the intention of responsibility. The core of the word "responsibility" is "response". It is reasonable to assume that it is a response to responsibility.

The principle of fellowship and mutual help – greater good can only be reached through individual good. We must help everyone who requires aid. A key aspect of this principle is the responsibility to show mutual respect and acknowledge the dignity of every human being. The Church has built houses for sick and poor and preached mercy and help to those most miserable (Munzarová, 1995, p. 9, Ivanová, 2005, p. 42).

Protestantism lacks clear and straightforward articulation of its principles. It is because it builds on the individuality of its followers and their knowledge of the Bible. Protestants are members of the Church that rose from the reformation in the 16th century. The purpose of the reformation was to return to the purpose of the Evangelion and personal piety. The term "Protestantism" was derived from the protests toward reformation states at the Imperial Diet in Speyer in 1529. *Martin Luther* (1483-1546) and *John Calvin* (1509-1564) criticized the Catholic Church for claiming that it is the only mediator between the individual and God. On the other hand, the Protestants placed emphasis on the Bible and love towards others. Frugality, moderation and restraint comprise their basic moral values and accordingly, their system of ethics is deemed as ascetic ethics.

The most important Christian virtue in Protestantism is love (agape). Agape, in the Greek version of the New Testament, is love that gives and serves and that is not based on the congruence of the loving and the loved one, nor admiration. An approximate translation of the word to Latin means caritas (charity). One of the core activities of the Protestant Church is a so-called diakonia. It means a selfless practical service and help to those close to us with their individual and spiritual needs. The term is also used to represent organized care of those in need. Another important ethical virtue is a so-called Contract theory. The roots of this approach reach the contracts in the Old Testament (the principle of abiding to a contract is included in the Jewish conception of responsibility – people should abide to contracts in general).

Josef Fletcher, the founder of the modern conception of ethics, also deems agape to be a core ethical value. According to him, an affectionate act is the one that leads to the best outcomes. Therefore, each individual case is different and requires an individual approach (and love). This is called "situational ethics", meaning that the agents in the situation are determined according to the context of the situation and not according to predetermined moral and ethical norms. This approach often emerges in secularized theories but is scarce when it comes to religion and faith. Fletcher is, however, strongly criticized within some Protestant circles (Munzarová, 1995).

Buddhism, Confucianism, Taoism, Islam

Even though Antiquity philosophers had the biggest impact on the formation of ethical theories in Europe and North America, and consequently the values of Judaism and Christianity, it is important to mention moral values and attitudes of Eastern religious systems and cultures. Very often they blended and overlapped territorially (Europe, areas of Asia Minor, India, China and so on) as well as

ideologically (Judaism and Christianity, Judaism and Islam, Islam and Buddhism, Buddhism and Confucianism, Confucianism and Taoism) in addition to rivalling each other at times. Both blending and rivalry had an impact on the development of their key theses (Klos, 2004).

Buddhism – is one of the religions of the world and its origins can be traced back to India. Siddhartha (Buddha) is deemed as its founder. He was a son of a ruler in Kapilavastu (Himalayas) and was brought up to take reign after his father. However, instead of ruling he instead embarked on a spiritual search. He renounced his possessions and the right to rule because of this 7-year long journey at which's end he became Buddha (Awakened One). The core of his teachings are so called four noble truths: "All of living is suffering; all suffering comes from desire, from thirst; removal of this desire leads to the removal of suffering, interruption of the chain of new births; the path to this release is in true faith, proper thinking, attention and focus" (Störig, 2000, p. 41). The First Noble Truth is usually translated as "All life involves suffering" – birth, sickness, old age and death. The Second Noble Truth argues that the root of all suffering is attachment to a human's desire for happiness. The Third Noble Truth encourages to remove the desire which is the cause of suffering. The Fourth Noble Truth shows the path to this removal of desire. It is only possible through an orderly life. Then a human is on the path towards reaching absolute bliss – Nirvana. Buddha's practical ethics can be summarized in the Five Percepts (Störig, 2000, p. 46): refrain from taking life, refrain from taking what is not given, refrain from the misuse of the senses, refrain from wrong speech, refrain from intoxicants that cloud the mind

Confucianism – received its name after one of the greatest Chinese thinkers – Confucius. He was born 551 B.C. in a royal family. Confucius ran a school at his home where he taught not only history and poetry, but also good manners. The main tenet of Confucianism is social ethics and state-forming theory. Another important characteristic of Confucianism is the emphasis on the individual person and the conduct of his practical life. A person who oriented himself properly in the world and continuously self-educated oneself and improved his moral standard was deemed an exemplary person. He was not ascetic and did not reject tangible properties but was able to give them up in the name of moral values. Inner and outer side of a person should always be in balance: "A person whose contents prevail over form is uncouth; a person who's form prevails over content is a scribe. Noble is a person whose forms are in balance" (Störig, 2000, p. 71).

Taoism – is tied to another significant person of Chinese Antiquity, Lao Tzu, meaning "Old Sage". Lao Tzu was an author of a 2-volume book describing Tao (path through life) and Te (virtue). Tao is a central term of his philosophy. Tao can be labelled a foundation of the world, that cannot be grasped or understood. In order to realize Tao, we must let go of everything that leads us away from Tao. The core of ethics of Taoism is to aim for true balance, which after all is a hallmark of Eastern philosophy as a whole. Taoism also argues for a simple life, devoid of individual egoism. This way of thinking projected itself to the style of Eastern reign. The Emperor should not rule with unnecessary

words, restrictions and commands. "The more laws and restrictions there are in the world, the poorer people become (Störig, 2000, p. 77).

Islam – the basic principle of Islam is the faith in God, creator and ruler of the Universe, faith in the Last Judgement (however those who fall in the holy fight do not wait for the Last Judgement but are immediately accepted by God); faith in revenge. This posits that Allah is the lord of all beings and the creator of all that exists. Mohamed is the prophet of Allah. Key moral values of Islam are honesty, sincerity in words and actions. The worst qualities are then avarice and hypocrisy. Infidelity is also very harshly punished. Islam's moral code is anchored in the sacred Koran (Kárníková, 1997, p. 21): 1. Ascribe nothing as equal to God, 2. Honour your parents, 3. Be loving to your family, 4. Do not kill children (i.e. daughters); 5. Do not commit adultery, 6. Do not take life unjustly, 7. Do not deceive, 8. Abide to contracts, 9. Do not be proud, 10. Do not follow something you know very little about.

Renaissance period (14-16th century)

Renaissance can be characterized as a period of emergence of new scientific fields, opinions and culture that continue the traditions of Antiquity. The individual is put to the centre of attention; however, s/he also returns into nature, in which s/he searches for fundamental values. People are attempting to affect their lives and actively participate in Being. Attitudes towards education of masses change, there are attempts to increase overall education.

Erasmus Rotterdam (1466 or 1469 – 1536) was a representative of Renaissance ethics and a Catholic priest, that respected the personality of an individual and was against ascetics. He argued that the world was created good and beautiful and that every person is also beautiful. Moral is a person who adheres to Christ's moral commands. A person should be fulfilled by love not only towards God, but also to people towards which he should meet the duty of love and mercy (Kárníková, 1997, p. 33). Erasmus took into consideration the importance of sensory understanding of oneself and thus argues for an empirical approach when it comes to morality.

John Amos Comenius (1592 – 1670) was a protestant Bishop (and the last bishop of the Unity of Brethren) who considered morals an integral part of education. In "Obecná porada o nápravě věcí lidských" (*General Consultation on an Improvement of All Things Human*) he attended to moral questions the most. He divided ethics into four levels, organized along the degree of generality (Hodovský, Sedlák, 1995, p. 53): 1. Philosophy of morals, 2. Moral critique and reformation of society, 3. General theory of morals, general moral codices, 4. Specific moral codices (ethics of family, youth and education). Key ethical terms of Comenius were restraint, frugality, hard work, family, order and intentional control over life.

Enlightenment period (17–18ᵗʰ century)

Baruch Spinoza (1632 – 1677) is considered a founder of the so-called ethical naturalism. Every moral behaviour and its evaluation are only directly concerned with the individual. Spinoza's ethics are well summarized by the following quote: "An individual views as good what supports his nature, enhances his strength, ability to perform, fulfils him or reflects his orientation in the world. Bad is everything that makes him weak" (Fiala, 2001, p. 28).

John Locke (1632 – 1704) was one of the representatives of English empiricism. His most important work was *An Essay Concerning Human Understanding* (1689), in which he laid out the fundamentals of empirical philosophy. Locke was against innate moral principles and consequently argued that the only innate aspects of a human are the desire for happiness and distaste towards misery – good and evil is identical to pleasure and pain. He argued that all moral norms must be justified, and he accordingly divided codes of law into divine and civil. "Morality is the concern of every individual" (Fiala, 2001, p. 29). It is evident from the quote that Locke's conception of morality was very different from Christian morality.

David Hume (1711 – 1776) was another important empiricist. In his ethical reasonings Hume emphasized superiority of feeling over reason, which only has an instrumental function. Feelings are, according to Hume, the main motive for moral behaviour. Hume's morality is deemed as altruistic morality: "We praise and value people if they show a friendly attitude towards others and the society in general and attempt to benefit it and contribute towards their fortune" (Alzenbacher, 2001, p. 29).

Francois Voltaire (1694 – 1778) was a French philosopher who stood for morale that was independent of religion and philosophy. Like Locke, he rejected an innate moral law. However, he emphasized that people accept morality. He also spoke about morality as the true religion and defended democratic rights and freedom (Hodovský, Sedlák, 1997). His works include Treatise on Tolerance (Traité sur la tolérance) or Letters Concerning the English Nation (Lettres philosophiques).

Immanuel Kant (1724–1804) is the first representative of classical German philosophy. He was born in Königsberg, where he began to study theology and later pursued education in philosophy and natural sciences. He worked as a teacher after completing his studies – firstly he was a home tutor, then a University lecturer. Kant's most important works include: Critique of Judgement, Perpetual Peace, Critique of Pure Reason, however Critique of Practical Reason is most relevant to ethics. Kant's ethics are based on a so-called categorical imperative: "Act only according to that maxim whereby you can, at the same time, will that it should become a universal law!". Kant views moral behaviour as based on reason, not on feelings. He argued that a man's duty is not to conduct good, but that moral good is to conduct duty (Hodovský, Sedlák, 1995, p. 73).

Georg Wilhelm Friedrich Hegel (1770 – 1831) is another important figure of classical German philosophy. Hegel is considered an objective realist – he considers spiritual principles as the basis of everything. On the other hand, everything tangible is secondary. He defines three degrees of the spirit: 1. Subjective spirit – the psyche of the individual, 2. Objective spirit – society, 3. Absolute spirit – philosophy, religion and art. Hegel differentiates between subjective and morality, where the former is superior to the latter, i.e. general mora requirements of the society are placed above the moral feelings of the individual (Hodovský, Sedlák, 1995).

In the **19th and 20th century**, many schools of thought follow up on the thinkers mentioned above. Their plurality and diversity are summarized in the following list: Ethics of pragmatics – W. James, J. Dewey; Ethics of philosophy of life -. Schopenhauer, S. Kierkegaard, W. Dilthey; Ethics of socialist theories - Ch. Fourier, K. Marx, E. Bernstein; Ethics of re-evaluation of values - F. Nietze, M. Scheler, M. Heidegger; Socially critical ethics – M. Weber. J. Habermas; Ethics of decision making – J. Rawls; Phenomenological ethics F. Brentano, A. Meinoung, M. Scheler, N. Hartmann; Existentialist ethics - K. Jaspers, J. P. Sartre; Postmodernist ethics J. Carpa, J. F. Lyotard, W. Welsch; Evolutionary, psychoanalytic and anthropologic ethics H. Beggson, Teilhard de Chardin, A. Gelen, S. Freud, K. Lorenz.

Σ　　Ethics is a philosophical discipline establishing what is moral and immoral. Ethics can be divided into non-normative, descriptive, metaphysics and is a scientific discipline where questions are asked, and answers are considered. Ethics is only concerned with behaviour that is preceded by a choice. The founder of this scientific discipline was Aristotle, who followed up on a line of thinkers before him and maintained the continuity of this questioning until the present. The key ethical principles in Europe stem from Judaism and Christianity which influenced especially the practical aspects of life. Normative ethics with its contents is based on descriptive, analytical ethics as well as meta-ethics, but it also attempts to answer individual questions and determines which acts are morally acceptable. New Age thinking summarizes the human existential search into three questions: What can we know? What should we do? What we can hope for? The second question is a basic ethical question that gives ethics the characteristics of a practical philosophy. Ethical norms are not just flat suggestions, but rather sophisticated patterns of desired behaviour that cannot be understood without a historical context and links with other lines of ethical thinking. An overview of basic philosophical and sociological schools of thought (that reflect different ethical approaches) allows for a better understanding of ethics not only as a whole, but also its individual areas of interest.

1. What is the difference between morality and morale?
2. What is the basic assumption for ethical or unethical behaviour?
3. What are the two key ethical principles underlying every period of the development of Western civilization?
4. What moral principles did ancient thinkers put emphasis on?
5. What moral principles did Judaism and Christianity put emphasis on?
6. What moral principles did the Enlightenment period put emphasis on?
7. Which three ethical questions of New Age thinking summarize the human existential search?

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Chapter 2

Ethics in Business

After studying the following chapter, you will be able to:

- differentiate between aspects of general ethics and applied ethics;
- identify who is impacted by unethical practices of leadership positions;
- decide what are the contents of social and ecological ethics;
- explain the principles of distributive justice
- differentiate between the principles of justice for institutions and individuals
- name the differences between an ethical problem and dilemma;
- apply the basic ethical principles to the process of decision making;
- understand the differences in general ethical conflicts in decision making.

Key words:

Applied ethics, professional ethics, business ethics, distributive justice, libertarianism, egalitarianism, decision making, ethical dilemma, ethical problem, decision-making process.

2.1   Applied and professional ethics

Practical philosophy and ethics, as its integral part, want to serve the moral improvement of practice by describing and analysing human understanding and behaviour (descriptive and analytical ethics) as well as being (metaethics). In practical work ambition should determine the norms of appropriate behaviour (normative ethics). Being closely intertwined with life, the ethical discipline attempts to react to various aspects of life in its complexity (human rights, family, work, business, medicine, judiciary, but also ecology, sports, IT, media and so on). Ethics concerned with these individual areas are called *applied ethics*. It fulfils the part of practical philosophy by being oriented on "live" problems and case studies from everyday life (Fobel, 2002, p. 13–14). "No one would care about ethics if there weren't problems in life that incite us to portray and examine moral decisions and values" (Thompson, 2004, p. 13).

The structure of ethics as a whole and the relationship between metaethics, descriptive ethics, analytical and applied ethics can be graphically formulated in the following way:
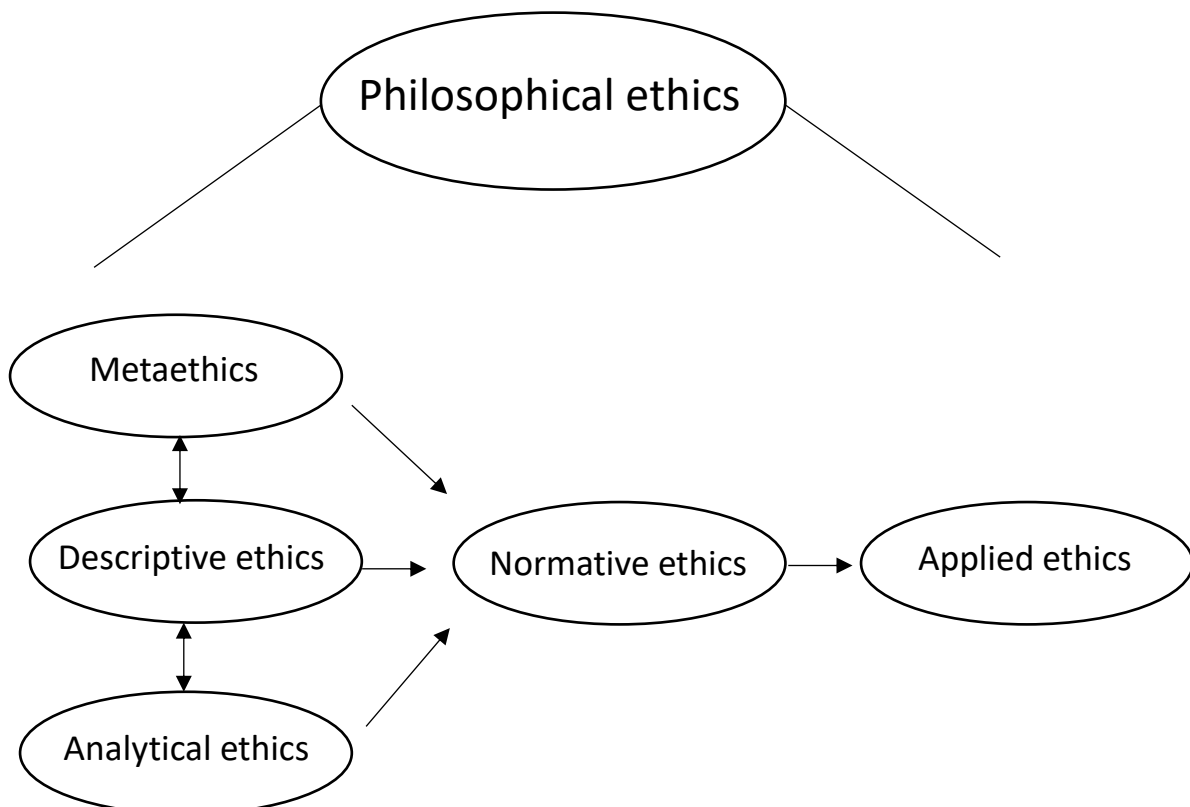

Figure 1 The relationship between metaethics, descriptive, analytical, normative and applied ethics

Applied ethics is based on ethical examination and *the main concern of ethics is the behaviour and actions towards each other, towards self and nature*. The relationships between individual people or teams are fundamental in management. *Social ethics* is concerned with this issue. Sociality is a basic human need and it begins with a relationship. From the viewpoint of view of social ethics, social relationships can be divided into acts of moral significance that reflect a relationship of value, such as recognition of the importance of others, their interests or dignity and those, which are merely ordinary activities. Therefore, at the centre of social ethics lies the moral evaluation of a social reality and the subject is a social relationship phenomenon. It is based on values, the most important of which is *justice*. (Hrehová, 2005, 13).

Business ethics is also related to social ethics and its expression in public policy (DesJardins, 2009). Social ethics introduces social responsibility to management, social responses and social sensitivity. "Socially responsible organizations are seeking (anticipating) opportunities to solve social problems. Progressive managers in this regard attempt to use the possibilities and resources of their firms in order to realize social repercussions – from building suitable housing conditions for young employees to creating promising employment opportunities" (Donnelly, Gibbon, Ivancevich, 1997, p. 131). A wide variety of phenomena can be considered unethical behaviour towards self: an unhealthy lifestyle, dangerous or reckless behaviour during engagement in a sport activity, transport or housework, to committing suicide. However, this also includes situations where individuals deceive themselves and allow themselves to experience life discomfort due to bad conscience (Ivanová, 2005).

Protection of live and inanimate nature is also becoming a very significant, in the present time perhaps an inevitable (planet preserving) topic of ethical acts and behaviour. Since antiquity, people have viewed nature in an anthropocentric manner, that is only from the perspective of how it can be of benefit to mankind. The constant threat of ecological catastrophes, including natural resource depletion forces humanity (especially since the 1960s) to put emphasis on ecological ethics. It appears that it is necessary to cultivate environmental consideration as socially shared norm of behaviour (Librová, 1994, p. 24). Sociologists call the contemporary society, which was previously known as developed modern society, a society of risk (Beck, 2004, p. 12). A value opposite of anthropocentric ecological ethics is non-anthropocentric ethics. It attributes individual inner value that exists independently of humans needs, experiences and evaluations, to living organisms (in radical cases also to inanimate nature). Its focus is not on "man in the nature", but on the correlation of all aspects of the biosphere (Keller, 1997, p.11).

Individual areas of applied ethics cannot be clearly separated from one another as when a person destroys the environment, he does not behave unethically only towards nature, but also self, other people and communities as well as future generations. The basis of applied ethics in any human endeavour is, therefore, metaethical and universal conceptions (see Chapter 1) that lean on the

constitutive role of culture and its importance for successful management of situations. Without culture, no presentation of the world, understanding of values and establishment of norms would be possible, as well as the expression of motives of specific ways of behaviour (Fobel, 2002, p. 29). Applied ethics differs from basic ethics (i.e. philosophical, theoretical and general) in the following ways:

- A lower degree of generality of moral judgements and norms that apply to a specific area or a single case;

- Greater emphasis is placed on the specific situation;

- It is more scientific in a sense of a narrower and immediate connection to other sciences, i.e. the current scientific understanding in a certain area influences moral behaviour

- In practice, applied ethics evaluates the validity and reliability of various general theses, principles, values and so on.

- Practical ethics serve as an intermediate justifying not only ethically valid values of its own, but also of generally applying ethical values and solutions based on wider ethical-philosophical standpoints (e.g. the problem of corruption, death penalty).

- The normative part of ethics is considerably more important in practice. The need for a fast and serious decision making with a strong moral accent (especially in situations where there is not time for prolonged thinking or consultations) and the eventual irreversible consequences of such decision making have an impact on the creation of clear, instructive norms (see ethical codices – Chapter 3.3);

- Applied ethics have a greater potential to influence legislative norms and have a greater operational impact on public opinion.

- Inventive and creative potential of practical ethics lies in proposing new and unconventional solutions

- This practical utility of ethics reinforces its general prestige in terms of understanding its usefulness and seriousness in the eyes of general public as well as the narrower vocational areas

Ethics can be applied to a specific case – casuistic; to a specific situation – situational ethics; to a specific problem – problem-oriented ethics; to individual social areas as well as individual human activities (Remišová, 1999, p. 233). This division is only a general overview of how ethics could be applied in a standard manner but does not provide us with a clear understanding of what and how to apply, i.e. what actually is the potential subject of application or what is the outcome of the application. The question of what is being applied corresponds with the question of significance and

purpose or meaning of the application. Applied ethics is meaningful particularly to those who it directly affects (Fobel, 2002, p. 77).

Professional ethics[6] is applied to specific fields of human expertise. It utilizes ethical understanding and principles in various industries, which have their own ethics, i.e. the norms of shared activities of employees. These norms or codices are there to maintain and promote a high standard of professions as well as to create alliances between industry members. The point is to have the workers of a specific field do their job as best as possible in order to benefit the whole community. Sociologists call this phenomenon a "professional ideology" (Callahan, 1988, p. 412). Of course, not everyone can always do everything according to instructions or norms, but they can attempt. However, if employees do not conduct their work according to written or unwritten ethical norms, management intervention is required. It is especially relevant if public interest or the reputation of the industry are at stake, in that case it is necessary for top management to respond to unethical behaviour by disciplinary sanctions. (Přívratská, Šimek, ed. 1997, p. 8).

As a part of professional ethics, *business ethics* attempts to answer three basic ethical questions (see Chapter 1.1): What should I do? What should I do (before I do something)? What can I rely on (when I decide to do something)? In other words, it specifies general ethical principles in a business environment. It studies and resolves situations that arise in such environment, especially when it comes to decision making, for the situations to be morally correct (Crane, Matten, 2010). This is important because any unethical decision and consequent unethical behaviour has an impact not only on direct stakeholders of the business (the leadership, employees, supplier, customers and clients, competition), but also indirect stakeholders (families of the direct stakeholders, the (social) environment and the society). Unethical decisions of large firms can even have a global impact. Crane and Matten (2010) argue that such impact can be quantifiable (loss of employment, pollution of a natural entity at a given moment etc.) but are mostly unaccountable (disappointment and problematic life of redundant employees, threat to their families, preservation of natural entities…).

Key entities in business ethics are, according to Crane and Matten (2010), firm management as well as the government and its share creating an ethical environment in a state, including legally binding (as well as voluntary) norms and regulations. The influence of the government is most emphasized in Europe, the USA, as well as China on the other hand emphasize big corporations as key entities. In Africa and Latin America, the bearer of ethical principles in business is a so called third sector, i.e.

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[6] Professional ethics include, for example: healthcare, policy, military, national economy ethics, ethics of religion, arts and science, ethics in the areas of upbringing, information, librarianship, mass media and physical culture (Hodovský, Sedlák, 1994, p. 3-6).

non-state organizations. Responsibility for ethical decision making can then be summarized as follows:

In Europe, the government and social control are responsible, in the USA the responsibility is individual and in the hands of the corporations while in Asia the responsibility is shouldered by top management that takes into consideration state regulation. In other words, ethical behaviour in Europe is anchored in legal norms, in the USA in ethical codices of firms and in Asia in managerial regulations. However, it is important to note that it is more complicated than, as outlined above, in a globalized society the individual approaches are intertwined.

2.2   The basics of moral decision making

Justice can be thought of as the key term underlying every moral decision making. It is one of the basic values of European tradition according to which everyone should receive what s/he deserves. Justice comes from religious ideas and the principles of Greek philosophy (Jandourek, 2001, p. 236). According to Aristotle, justice should be placed between injustice and suffering injustice because "to commit injustice is to have too much and to suffer injustice is to have too little…Justice is a virtue that a just person represents by acts of justice through which he shows his decision and divides good and bad things between each other and other people" (Aristotle, Nikomach's Ethics, Book 5, Chapter 8 in Thompson, 2004, p. 69).

Usually, justice can be formal (legal) and material (moral, political) and they do not necessarily have to be in mutual agreement with one another. Furthermore, there is distributive justice (that is concerned with resource allocation), corrective justice (punishment for a violation) and procedural (democratic rules such as witness protection) (Jandourek, 2001, p. 236-237).

The call for "unclear" justice hides the need (and the requirement) for recognition, i.e. to be recognized by other subjects. Taylor (p. 41 in Gutmannová ed., 1994) argues that the need for recognition today is put forward in the name of minorities or "subordinate groups" within various forms of feminism and in connection with what is now referred to as the policy of "multiculturalism". Therefore, the requirement of recognition is urgently emphasized as there is a link between recognition and identity. Identity refers to the self-understanding of people and the characteristics that make us human. "Failure to recognize or depreciation can cause harm, it can be

a form of oppression and can put the other to a false, distorted and reduced state of existence" (Taylor, p. 41 in Gutmannová ed., 1994)[7].

Distributive justice is the most controversial form of justice, it requires a "social agreement" that comes from the traditions of the society as well as the current expectations of the members of the society.

"Socially accepted distributive justice applies in a general manner to the allocation of rights, resources, privileges, opportunities and responsibilities" (Beauchamp, Childress, 2001, p. 226). Principles of resource allocation can occur according to the following:

- equal share to everyone,

- a person's needs,

- a person's efforts,

- a person's contribution to society,

- a person's achievements,

- the exchange of values in the free market.

Not all these principles are evident and concise and remain only a few out of a larger number of allocational rules, but all theories accept these 6 principles as valid (Beauchamp, Childress, 2001, p. 226).

The biggest issue when it comes to education and social politics is that they follow different rules than which apply to the rest of society. In the workplace, for example, "the principle of the exchange of values in the free market" applies, while in healthcare it is "equal share according to equal needs". The selection of guiding principles of a society cannot, however, be evidenced by empirical results. Through science we can evaluate what methods are appropriate (or inappropriate) to reach a particular goal; it is even possible to evaluate the chances and the extent of reaching our aim with selected methods. Based on our understanding of the current societal and historical situation it is

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[7] Acknowledgement is usually deemed as a matter of self-realisation and Fraser (2004, p. 52) urgently demands its understanding not to be based solely on distributive equality, but rather the overall term of "justice"… it is unjust when some individuals or groups are deprived of the status of a full-fledged partner in a social interaction solely on the basis of certain institutionalized cultural value patterns, on the formation of which they did not equally participate, and that make the specific characteristics of these individuals or groups (or the characteristics assignment to them) seem as contemptible.

also possible to criticize the establishment of aim as too difficult or unrealisable. Social sciences can also investigate the opportunity cost of an aim or examine the value relationships and thus the decision between alternative goals. Science can consider the means and consequences of behaviour. "However, to bring such evaluations to a decision is not a responsibility bared by science, but rather of the willing person: who, according to his conscience and personal views, considers and chooses between the values at stake" (Weber, 1998, p. 10 in Loužek, 2005; Weber, 1969, p. 55 a p. 246). In this context, Max Weber reminds that "there is no rational or empirical scientific approach of any kind that could make such decisions for us. Our strictly empirical science cannot claim to spare the individual from choice and should not even appear that it is able to do so" (Weber, 1969, p.136).

The selection of the principle of justice, i.e. the selection of the guiding principle when it comes social equality and inequality, in the Czech Republic is historically affected by two strictly differing schools of thought: liberalism and Marxism. Liberalism is based on the reasonings of A. Smith, a British philosopher and economist, who is deemed to be the founder of classical economics. The key terms in his work are economic growth, division of labour, technical progress, capital accumulation based on savings in a system of "laissez-faire" (abstention by governments from interfering in the workings of the free market). Smith's predecessors include John Locke a David Hume. D. Ricardo, J. Bentham, J. S. Mill are deemed to be his followers.

As a radical critique of capitalism, Marxism rose from the reasonings of utopian socialists, C. H. de Saint-Simon, F.M.C. Fouriera and R. Owen and an idealist dialectician, F.W.G. Hegel as well as materialistic philosopher L. Feurbach. Both schools of thought are a continuation of both Enlightenment rationalism and the ideas of the French and American Revolution. Marxism was especially inspired by the doctrine of equality and brotherhood (social solidarity) while side-lining freedom until the first two principles of justice are resolved. For liberalism, freedom, on the contrary, is the alfa and omega of its theoretical system (Machonin, 2005).

"Egalitarians[8] and meritocrats[9] can argue whether justice is higher when people are equal or when inequality remains as a result of the principle of resource allocation according to person's contribution to society. The point is that a homeostatic balance based on equality, usefulness and

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[8] "Egalitarians" means people who argue that everyone should receive the same regardless other factors (see below)

[9] Meritocrats advocate for meritocracy, that is predicated on the notion that performance factors (the efforts of the individual, his activity, abilities, performance, conscientiousness and interest) are more important than fixed factors (gender, age, nationality, race). Meritocracy (from Latin meritōrius = important and Greek κράτος / kratos = reign; reign of the able) is a form of government where rewards and positions of power are attributed according to one's abilities (Petrusek, 1996; Heywood, 2004). Meritocracy is the foundation of the theory of libertarianism.

merit should be continuously re-established in the context of changing social conditions" (Slejška, 1992, p. 72 – 73). The unification of principles of justice in a society with differing ideas is not entirely possible and therefore, it is necessary to find an appropriate degree of a guiding principle to establish in a society. P. Machonin, J. Večerník and M. Tuček with their teams examined the development of Czech society and its perception of social justice, i.e. equalities, inequalities and resource redistribution after a change in the economical-political system (Machonin, Tuček et al., 1996; Večerník, Matějů et al., 1998; Tuček, Friedlanderová a Median, 2000; Tuček et al., 2003; Tuček ed., 2006).

Today, practical philosophy is concerned with normative reasonings regarding justice. It mainly attempts to clarify the moral viewpoint, on the basis of which norms and behaviour are judged every time when it is necessary to determine what is in the interest of the individual and the society. The increasing prevalence of individualism in Western cultures causes people to lose a wider perspective as they focus only on their individual lives. Even though it is possible that the opportunity of "experiencing the self" is one of the unique achievements of modern civilization as we can choose our own way of living a make decision according to our best conscience, its negative aspect is that we are preoccupied with the self. It consequently flattens and makes the lives of modern people narrower as they detach from society and others at the expense of the self (Taylor, 2001, p. 10 – 11).

Therefore, when it comes to the introduction of public policy, most societies are guided by more than one of the outlined principles. They can be thought of as general guidelines that can only be individually applied to simple situations. In complex situations, like the distribution of social care, more principles apply, and they tend to be in contradiction with one another on top of that. The theory of justice strictly divides the principles of justice that apply for institutions and those that apply for individuals. (Rawls, 1995, p. 45).

- The term public institution encompasses a public system of rules that establishes public offices and occupations with their rights and responsibilities, authority and privileges etc. Some forms of behaviour are permitted while others are not. This includes rituals, trials and parliaments, markets, systems of ownership and social care in the broadest sense. Parliamentary institutions are defined by a specific system of rules that are summarized into one coherent whole. In a well-organized society that is effectively directed by a common conception of justice, a public consensus regarding what is fair and what is not exists. Principles for institutions are the following:

- Each person is to have an equal right to the most extensive scheme of equal basic liberties compatible with a similar scheme of liberties for others.

- Social and economic inequalities are to be arranged so that they are both (a) reasonably expected to be to everyone's advantage, and (b) attached to positions and offices open to all (Rawls, 1995. p. 47).

Slightly different rules apply in the creation or reformation of social conditions. In the best-case scenario, it should be rules that ensure people, driven by their dominant interests, act in socially desired ways that ensure achievement of socially desired goals. "The behaviour of an individual that is affected by their rational plans should be, if permittable, coordinated to obtain results that are – even though they are not intentional or expected – the best from the viewpoint of social justice" (Rawls, 1995. p. 46). In his "theory of justice", Rawls attempts to establish the opportunities of communities of the future and derive ethics from a new form of social contract that would, in a future society, ensure safety of its unprivileged members in a way that guarantees them a minimal living standard. Rawls argues that in such society, the principles of "freedom" and "diversity" should apply. Every person should have the freedom to live his own life and pursue differing goals (Robinson, Garratt, 2004, p. 126 – 127).

Rawls established two principles concerning individuals:

- The principle of fairness

- The principle of natural duties (Rawls, 1995, p. 48)

The theories of justice then differentiate from one another based on the degree of emphasis they place on the individual principles of resource allocation (distributive justice). Based on such emphasis, several key theories emerge - utilitarianism, libertarianism, communitarianism, egalitarianism:

Utilitarianism is a philosophical school of thought that deems "usefulness" (utility) to be the basis of moral behaviour, i.e. achievement of the highest degree of usefulness with the most efficient use of resources.

Libertarianism emphasizes the basic right of freedom and self-definition by the individual. It attributes a major role to market mechanisms in the management of the state and hence in public policy. The proponents of this theory argue that the right to solidarity does not exist in public services because if everything is intended for everyone, then someone has to pay for dispossessed members of the society, which collides with the right to uninterrupted holding of personal wealth (Tuckerová, Ivanová, 2004, p. 101).

Communitarianism emphasizes the principle of autonomy of communities. This school of thought is guided by material ethics that restrict practical commitments to specific social spaces of historical communities. Taylor (in Velek, 1997, p. 9) criticizes universal searching for united principles in the

current post-modern society, in which personal identity emerges within individual communities. He does not reject entirely liberal principles but conducts "communitarian critique of liberalism". He leans towards a change of abstract ethical universalism to new universalism, that is based on the model of reflective judgement of every individual – i.e. their authenticity. According to his theories of communitarianism, justice should come from the specific needs of individual communities (e.g. national, ethnical and other).

Egalitarianism is a theory of equality that attributes the right to a basic minimum and equality of opportunity when pursuing life goals to every individual. This theory highlights the importance of the state that should have a paternalistic position that allows it to enforce the fulfilment of the abovementioned rights. Equality can be conceptualized as individual equality, equality of opportunity and equality of outcome:

 The first equality is that one in front of God or personal equality. It is declared in a French motto "Equality, freedom, brotherhood" or in the American "equality, freedom, independence".

The American Declaration of Independence reads: "People are equal before God; every person is precious and unique. Every person has rights that no one can infringe upon. Every person has the right to put forward own goals and cannot be approached as means to achieving someone else's goals". There is no contradiction with the "freedom" in this case, as it is only a part of the definition (Friedman, Friedman, 1992, p. 132).

Another way that equality can be interpreted is equality of opportunity. It cannot be interpreted literally as children are born into different conditions. It can also be imagined as the opportunity to achieve a position corresponding to individual talent in personal hierarchy of values without barriers, especially bureaucratic ones. Even this equality is not in conflict with freedom. Quite the contrary. They are the two sides of the same value. Personal equality and equality of opportunity are important because people differ in their genetic as well as cultural inheritance and want to achieve differing life position (Friedman, Friedman, 1992, p. 132).

Equality in approach acknowledges that there are natural inequalities between people that are random, and a person is not responsible for them – race, gender, intelligence and national identity. If a society wants to be just, it must attempt to level the possible disadvantageous properties (for which an individual is not responsible) and allow equal opportunity for everyone. (Ivanová, 2006, p. 94 – 95).

Equality of outcome is a problematic principle. It is in a direct contradiction with freedom. Attempts to reach this form of equality are the main reason for the growth of the influence of the state and state restriction of freedom. When equality is conceptualized this way the term "equal" should not be interpreted as "identical". In reality, no one insists that every person, regardless their age or

gender or other physical features should have the same amounts of the type of food, clothing and so on. The aim of equality of outcome is "justice", that may be more difficult to clearly define. It should be thought of "equal share for everyone". This motto is derived from Marx's egalitarian resource allocation "everyone should do according their own ability, everyone should receive according their own needs" (Friedman, Friedman, 1992, p. 137).

Egalitarianism and libertarianism most affect the making of public policy in developed countries. The main topic of the discussion is whether to allow the right to social services, as well as the right to vote to everyone and assign the role of the coordinator to the state. In the Czech Republic, the basis of public and social policy is the egalitarian principle, even though signs of libertarianism appear to emerge. This process is accompanied by a societal discussion that should determine in what ratio these two principles should apply, i.e. where the boundaries of freedom should lie. While establishing these boundaries, it is important to determine between the possible and actual behaviour of the individual, between latent opportunity to self-develop by the individual and the degree to which he actually utilizes this opportunity under specific conditions. Tradition of thought is derived from Aristotle's term "essence" that interprets human development as a gradual development of its ideal form. The Renaissance thinker and humanist, Nicholas of Cusa who proposed the concept of "dormant" human potential, latent powers that reside within human beings; they manifest only under favourable social and economic conditions (Potůček, 1995, p. 45).

2.3 Principles of ethical decision making (and behaving) in business and management

Ethics applied to management and business is concerned with utilising ethical principles when it comes to ethical problems of individual professions or institutions. By knowing ethical principles, professional responsibility is strengthened as one of the aims of the study of ethics is to enhance appropriate decision making. Ethics applied in this manner determines that all decisions are bound to specific outcomes and that all moral choices have a range of implications. It leads individuals and managing teams to consider the impact of their actions and the possible reactions they might receive from a value standpoint. It inclines them to compare their immediate reactions with the reactions generated based on ethical reasonings, as well as learns them to differentiate between ethical *problems and dilemmas* from political and economic questions.

The term dilemma means an unavoidable difficult choice between two conflicting options. A certain paradox of moral dilemmas lies in that they do not have a straightforward solution, but nevertheless must be resolved in a straightforward manner. However, some ethical problems do not take on the form of divisive dilemmas. Therefore, the term "ethical dilemma" should not be used as a synonym to "ethical problem". Ethical problem represents and unresolvable question, an uneasy task or a complicated thing. But there exists a certainty that, a solution that will at least partly satisfy the involved parties, will be found in the future.

Tab. 1 Conflict as a problem - Conflict as a dilemma

CONFLICT AS A PROBLEM	CONFLICT AS A DILEMMA
1. It can be easily named 2. It lies outside a specific situation 3. There is an agreement that the problem is ethical 4. It establishes the claim of an individual participant 5. It is related to one correct and one incorrect value 6. It assumes that individuals can act right if they want to	1. It is difficult to name 2. Is anchored in a specific situation 3. There is no agreement that the conflict is of ethical character 4. It voices the opinions of multiple, often competing participants 5. It is related to multiple values that compete with on another 6. It assumes that individuals want to act right but do not know how.

(ROLNÝ, 1998, p. 20)

What makes ethics problematic are disingenuous postulates that drive the selection of solutions. We can for example discuss how should society approach euthanasia, that has its pros and cons in every alternative but in the end, it is either carried out or it is not. It falls under dilemmas with no straightforward solution that, however, must be resolved. The question is then on what basis should the solution be determined in management or business? The biggest problem when it comes to resolving ethical dilemmas appears to be the unification of theory and practice. Academical discussions led on a general ethical-philosophical level are often very remote from the harsh managerial reality.

It is advantageous when experts in specific domains (lawyers, economists, independent entrepreneurs, politicians, philosophers and sociologists) voice their opinions regarding the possible solution of a dilemma. Their reasonings are valuable because they are not merely proclaimed, but also argumentized. If it is a true dilemma, it is possible to derive every alternative solution in an ethical manner through the principles that were outlined earlier. It is the confrontation of ethical

principles that can contribute to the clarification of ethical issues and the standpoint of the public towards them. However, the results of public opinion surveys should not be taken lightly, even though it is debatable to what extent is the general public informed and has thought about those issues. For example, when it comes to the building of new factory complexes in an area, the voice of the locals should be taken into consideration, even thought there might be a difference among their opinions: some will advocate for ecological preservation while others will highlight the need for new job openings and enhancing the economic strength of the region with others arguing for the increase in the availability of education … Research focused on the analysis of ethical views could also prove to be useful. The aim is then to be able to orientate between the value standpoints of different population groups, including the general and professional public. Based on the results it is then possible to discover more general motivational and value orientations and identify the specific viewpoints they arise from (Srnec, 1995, p. 36).

Other basic ethical principles, relevant to business and management, include (see also Chapter 1):

Beneficence: the obligation to benefit your institution and those the institution servers (the society, the community, clients, customers and employees).

Nonmaleficence: the obligation not to cause harm to your institution and to those it serves.

Autonomy (respecting others): the obligation to take into account individual autonomy of those who are affected by the decisions of the management, especially clients, customers and employees and to preserve that autonomy.

Justice: the obligation to act in an honest, unbiased manner when making directive decisions whether they apply to the institution itself or those it serves (i.e. allocation of priority of service, responsibilities and rights, risks and costs).

Utility – is based on the theory of utilitarianism and it consists of the principle of utility for all participants of a meeting. The goal and guiding aspect of human behaviour is the pursuit of welfare, utility and benefit while limiting pain and suffering. It consists of 4 principles:

1. The principle of consequence – the outcomes, not the intentions are the measured criteria
2. The principle of utility – the attitude towards the outcome is not up to the individual, but the general accepted good (i.e. a "good" outcome is what the general consensus is, not what the individual thinks)
3. The principle of hedonism – good itself is individual happiness, pleasure and good fortune that is associated with meeting humanly needs
4. The social principle - we do only not pursuit individual happiness, but the happiness of everyone concerned, as well as social welfare in general. (Gladkij, 2004)

Ethical questions have a *dual nature*: they are either essential or procedural. Essential questions are concerned with moral principles and personal values. For example: How to honestly and morally manage an organization in a time of fierce competition? Should a service or a product be in accordance with the current expert knowledge as well as achievable through the organization's economic situation? The procedural part asks who should make the decisions. Classic procedural questions arise while solving everyday problems, for example: which employees should be made redundant first when forced to cut production; where savings should be made during a low profitability of the firm and so on. Essential and procedural questions can become ethical dilemmas. For a manager, moral and ethical dilemma is when opportunities or moral obligations require (or appear to require) multiple alternatives to be accepted while not all of them can be implemented. On the other hand, a conflict between moral requirements and the interests of an individual person create practical, rather than moral dilemmas, even though they can appear as such (Gladkij, 2004).

While resolving dilemmas (conflicts) it is desirable to rely on ethical principles, but in fact, the personal values of the person are reflected in the decision. Because personal values often affect the managerial decision-making process, it is advisable for managers to clarify their personal values from time to time. They should also understand their ethical responsibility while fulfilling the mission of the organization: when the personal values of the manager and the values of the organization differs, an uneasy situation occurs to say the least.

Generally, ethical conflicts can be divided into four broad categories:

1. Good against evil
2. Better against worse
3. Good against good
4. Conflicts of optimal allocation

Conflicts of good against evil: The least amount of ethical problems arises from deciding between "good" and "evil". These ethically clear problems are unfortunately very rare and often relate to deciding whether to willingly conduct a crime, for example.

Conflicts between better and worse: The decision between the two is not that easy. This especially applies in a case where the values of the variables differ from one another. The manager is exposed to such decision when, for example, s/he is determining the salary or benefits to their subordinates. If s/he gives a higher benefit to one, there is no conflict, but when s/he gives another worker half the benefit, s/he falls into conflict.

Conflicts of good against good: Sometimes it is necessary to choose between two mutually incompatible methods, services or solutions while both are grounded in ethically valid motivations and only one can be selected. Even though a "good" solution will be selected in the end, some

people might view it as bad due to the tendency of branding the "good" that differs from theirs as wrong. The conflict between good against good can also arise from the interference of assumed "good" with the established laws. Managers then do not have other option than to abide the law to avoid legal consequences.

Conflicts of optimal allocation: Brody (Brody in Gladkij, p. 106 -107 in Ivanová, Klos, 2004) defines this conflict as a principle of "we cannot have the cake and eat it too". One decision simultaneously discards another one. Most of these choices relate to time or money. In a time of lack of resources, managers often have to decide one project to commit to, one request or department from many others. By doing so, they allocate resources to one thing which are then not available to other things.

The four mentioned types of ethical conflicts represent a basic classification schema. Because ethical problems can be of very changing and unpredictable nature, an infinite amount of potential types of conflict exists. Therefore, it is necessary to place great emphasis on the process of conflict analysis. Pellegrino (in Gladkij, 2004) calls such process as the "*creation of ethics*".

Σ Ethics relating to the areas of human performance is called applied ethics. Professional ethics applies ethical understandings, principles and values to the practice of various professions. Business management and the government that generates legal norms and ethical recommendations are the two key actors in business ethics. Justice can be thought of as the key term of ethical decision making. Justice is one of the fundamental values of European tradition according to which everyone should receive what he deserves. The most controversial type of justice is resource allocation (distributive justice). Theories of justice differ on the amount of emphasis they place on the individual principles of resource allocation (libertarianism, egalitarianism, communitarianism and utilitarianism). A complete unification of principles of justice in a society is not possible and therefore a proper balance needs to be sought. Ethics is problematic because of ambiguous postulates on which solutions are based. An ethical problem means "only" an unresolved question, while in a dilemma we must select one of two contradicting (and often not very favourable) possibilities. A dilemma therefore always contains a conflict between solutions. Ethical questions have a dual nature they are either essential or procedural. The biggest ethical conflict in managerial decision making is the choice between good against good. The problem lies in the fact that each of the good choices discards the other.

1. What is the difference between applied and professional ethics?
2. Which three key questions are answered by professional ethics, including business ethics?
3. What are the two principles of justice for individuals?
4. What is the difference between equality of opportunity and equality of outcome?
5. Which differing principles are often in conflict with one another when it comes to public policy making in developed countries?
6. What are the four principles of utility?
7. What is the conflict of optimal allocation?

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Chapter 3

Manager(ial) Ethics and the Basis of CSR Values

After studying the following chapter you will be able to:

- name the principles and the process of ethical managerial decision making;
- describe the ethical values in dealing with others;
- analyse the structure of managerial ethics;
- understand why individuals violate the norms of ethical behaviour within an organization;
- build an ethical codex of a specific organization;
- know the difference between legal and ethical norms;
- explain the terms deontology and social ethics;
- state values that form the basis of social responsibility.

Key words:

Manager, ethical decision making, managerial authority, ethical self-awareness, obstacles to decision making, deontology, ethical norms, legal norms, codiceology, MVSO, value axioms, cultural patterns, general good, solidarity, subsidiarity, social responsibility, defining values of CSR.

3.1   Ethics of managers

Decision making affects all phases of the managerial process. In general, it is thought that the ability to make correct decisions is within the basic requirements that are imposed on managers at all levels of management. This ability is as equally important as the actual realization of the decision under given circumstances (Strnad, 2003). Managers, whose main responsibility is to make decisions, can ask themselves what the difference between contemplating ethical questions and other decisions they make is. Is there a difference in the methods, in the conclusions reached, in the assumptions used, or in all or none of this? A typical feature of decision making in the context of ethical dilemma or problem is that it comes from basic ethical principles as well as from justifications for those principles. The person who is making the decision then accepts the outcome, that arises from the decision, as part of his value orientation. For a problem to be considered an ethical problem, it should have the following characteristics:

The manager decides ethically when (unlike when it comes to the other types of decision making) they relate to an ethical rule, principle or norm. This means when the underlying reason for the decision lies in an ethical principle and not in a project, economic utility or own interest. For managers at all levels the understanding of ethical principles and rules allows for clear arguments for their decision. Managerial and business ethics gives meaning to moral responsibility and reinforces the link between ethical and personal behaviour. In addition, it emphasizes individual freedom in moral decision making. However, it does not mean that the problem will be solved after we apply ethical principles to it. It rather leads to a greater tolerance of individual differences and decreases the tendency to coin the choice of others as unethical or immoral.

It helps to resolve disagreements by further analysis (Gladkij, 2004)

- There must be a true choice between the possible ways of action and these alternatives must be wholly realistic. All possible alternatives must be, however, considered beforehand.

- Every possible solution (or their consequences) must carry a significantly different value. A leading worker in medical care has to be able to differentiate between various ethical values and understand that the decision-making process is often affected by personal and human values.

Not every managerial problem is a moral problem. Some are the conflicts between ethical demands and deeply personal interests. Considering unrealistic or even impossible solutions is not an ethical problem, either. Ethical dilemma arises when acting out one moral conviction denies another. These situations emerge often in the field of medical care. If such problem occurs, the leading worker

should consider why and to what extent is one plan of action morally "better" than then alternatives (Gladkij, 2004).

Managerial ethics is often simplified as "morals of directing". However, the dynamic development of science and technology places greater demands on managers. First, they should systematically develop their expertise and be ready to solve new problems that they have not encountered before as well as be able to identify new aims and objectives for their employees. The unity of managers and employees and their shared beliefs contribute not only to the growth of culture of the directed institution, but also develop the quality of production, sales or services.

Managerial ethics is desirable in all vocational areas where management is in place. Through his ethical standpoints and actions, the manager impacts the behaviour of his/her employees and motivates them to identify with the outlined aims of the organization. The manger's ethical standpoints significantly affect the effectiveness of leading as they are dependent on the level of interpersonal relationships as well as communication. One of the new features in leadership (that is close to ethical leadership) is so called "servant leader". This leadership style is based on respect towards subordinates and gives them opportunities to grow. In other words, there is a shift from the management of power to the management of the needs of employees. Currently, no guarantee of lifelong employment under one employer or automatic loyalty from the employee exist. The great respect towards a position of authority has also perished, i.e. managers do not gain the respect of their subordinates with their academic degrees. They must earn the respect of their employees. There is a gradual transformation from "macho management" to "maestro leadership" (Ramsey, 2004, p. 59).

Phenomena in business and public administration are often resolved on the basis of markers that are able to detect them, but only from a quantitative standpoint. The quality of development of directed phenomena cannot be portrayed through quantitative markers – but quality is the product of the manager's ethical standpoints and the culture of the entire directed object. The qualitative properties of directed phenomena are equally important as quality and quantity are two sides of the same coin. "If the manager decides to adhere to ethical standpoints, he first must personally identify with the meaning of the term ethics and understand, why the application of ethics became paramount in management. At the same time, it is necessary to understand the difficulties that he will encounter as well as the positives and securities that such decision will bring" (Bláha, Černek, 2015).

Not only economically, but also ethically justifiable decisions are expected from the manager. The development of managerial authority is necessary for that. Max Weber divides forms of authority to traditional, charismatic and bureaucratic (Weber, 1997, p. 63). Traditional authority originally related to hereditary functions, today, it is related to titles and traditionally worshipped functions.

Charismatic authority is tied to the loyalty to the mission of an organization, but mainly lies in the personality of the leading worker and his ability to motivate his colleagues and subordinates to specific desired performances. Bureaucratic authority (much appreciated by Weber) is a set of rights (but also responsibilities), that emerge from occupying a specific position in an organizational hierarchy. To lead in the context of a continuous ethical way, all three types of authority are necessary.

The purpose of motivating in practice is not only to achieve better work results (in terms of both quality and quantity), but also to strengthen teamwork, stability of workers as well as their willingness to increase qualifications. There are motives that create satisfaction and stability and motives that rather stimulate better performances (Bělohlávek, 2003). Vreise and Gander (in Králová, 2003) have formulated three most important ethical values not only in business, but also in interpersonal interactions as a whole after a decade's worth of consulting experience:

1. Justice – unbiased decision making, acknowledging the rights of others, i.e. "fair play"
2. Kindness - considering the other participant in the meeting, i.e. empathy
3. Responsibility – the understanding of duty and the willingness to bear the consequences of one's decision.

A manager who wants to direct in an ethical manner must ask themselves the following questions: Can they fulfil the individual prerequisites of implementing managerial ethics? How should they work on themselves to meet these prerequisites? How demanding it is for them? Can one do without managerial ethics? The manager should analyse their truthful answers and then evaluate whether they have the prerequisites laid out by managerial ethics in the areas of morality, erudition or qualifications as well as the ability of application in everyday practice. Manager can hardly come up with an instant "recipe" of everything they should do and how they should act in their individual conditions to successfully manage innovation in their vocation. Generating an organizational code of ethics (see Chapter 3.2). When asking if I, as a manager, am personally and personality-wise able to manage ethical behaving and decision making, I could follow the steps outlined below (Bláha, Dytrt, 2003, p. 42):

- The manager defines the term managerial ethics;

- they conduct an objective analysis (spectroanalysis) of own disposition to be able to fulfil the individual aspects of the system of managerial ethics;

- they ask the question if they have the strength and ability to overcome personal shortcomings in some areas, how they could proceed, how much time they would have to allocate to it and in what manner they could tackle it while conducting their managerial duties;

- if they could effectively use their good position in some of the parts of the subsystem of managerial ethics to not limit the start of the overall system due to their weakness in other part of the system;

- determine the methods and intervals under which they will monitor whether managerial ethics as an innovation of the existing system truly enhances the culture of the directed institution and the quality of care provided.

For illustration the structure of managerial ethics, represented by three mutually dependent areas that complement each other: morals, erudition (qualification) and degree of application in practice are outlined below:

Figure 2 Structure of managerial ethics
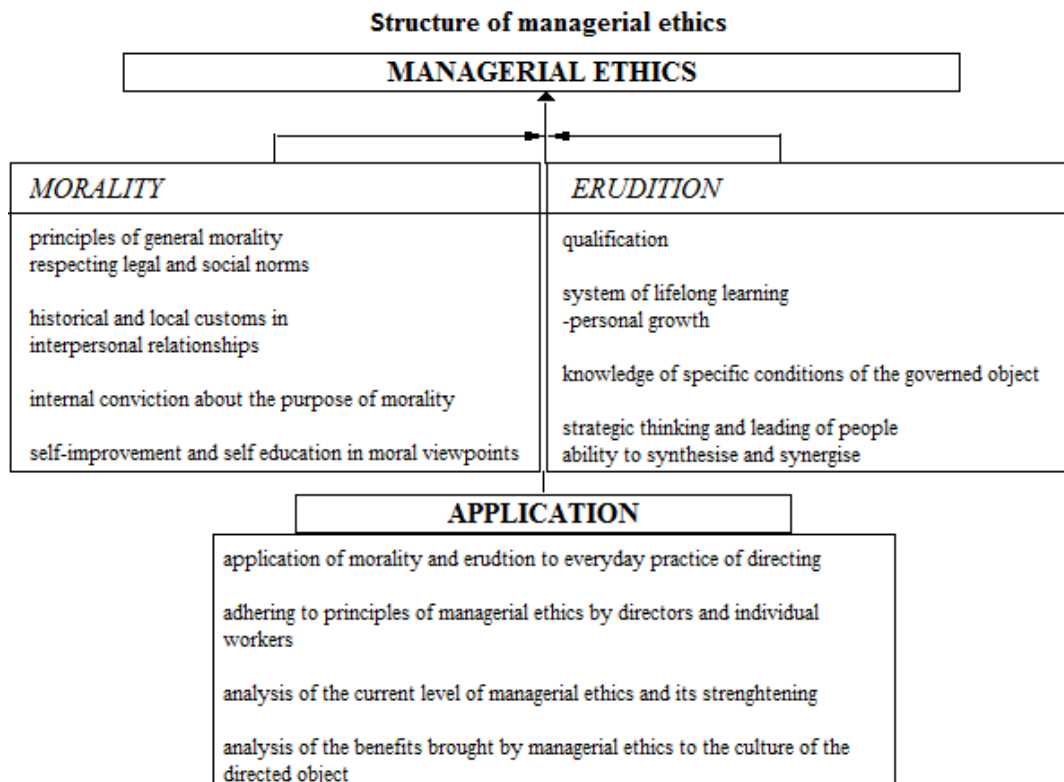
(source: Bláha, Dytrt, 2003, s. 44)

Králová (p. 187 in Gladkij et al, 2003) thinks about the subjective predispositions required for conduct of the managerial function and emphasizes that the "moral standard" is a dimension of personality that causes no problem to the person unless it is "undeveloped or crippled". Such people do not create, although it may initially seem that way, but rather destroy material and spiritual values in both psychological and social sense". According to William and Gibb Dver, there are six causes of violation of ethical norms within organizations by the individual (Rolný, 1998, p.30):

1. Lack of knowledge of ethical norms or underestimating their importance
2. Strong situational pressures
3. Undecisive and unproductive direct superiors
4. Unethical behaviour of immediate colleagues at the workplace
5. Omitting or not solving ethical violations by the organization, so called "quiet obedience"
6. Enormous orientation towards personal gain by individuals

When an individual is making a decision, it is extremely important for him to maintain the principle of autonomy. Every autonomous decision should have the following characteristics: (cf. Rolný, 1998, p.31):

- It should be reasonable, i.e. the person should be able to rationalize the problem

- It should respect individual hierarchy of values

- It should consider adequate information

- It should be free without restriction and coercion.

In the process of ethical decision making there is a process of clarification of values. During it, the individual comes up with his own answers (values) to different situations. The process of getting to know own values can be divided into three groups:

1. Understanding own belief system

   - Appreciation and protection of the belief system

   - Publicly acknowledging the belief system, if appropriate

2. Selection of belief and behaviour

   - Selecting from possibilities

   - Selecting according to consequences

   - Free decision

3. Behaving according to own belief

   - Own deed

   - Model, conscientious and repeated behaviour (Kozierová, Erbová, Olivierová, 1995, p. 128).

Attitude, conviction, opinion or a feeling become a value only when the above-mentioned steps are realized. By utilising them, every manager can not only clarify their own values, but also facilitate their personal growth. These steps can be applied to different situations of colleagues, subordinates

and patients/clients. Researches into varying types of organizations (Nutt, 1997 in Brooks, 2003, p. 33) indicate that the quality of decision making at the managerial level is often poor, mainly due to managers being rash in their decisions or are fixed to a certain way of decision making even though it has been proven that it is not effective. Bad decision making is often a product of focusing on short term goals only. The problem of inappropriate decision making is caused by favouring only a so-called rational model of decision making, which views deciding as a rational (reasonable), linear process with practical results. This model posits that if people are faced with a decision, they:

1. at first, they identify the problem that requires a decision;
2. then they summarize the information that helps them resolve the problem;
3. afterwards they come up with a potential solution of the problem;
4. and finally, through rational choice they select the best solution which they then apply; (Brooks, 2003, p. 33).

This simple decision-making model leads to an assumption that by relying on the model, all necessary information can be obtained, every possible alternative can be evaluated and success of each can be effectively determined. However, even though the first (and very important) step is to obtain as much relevant information possible, many ethical decisions are difficult due to the uncertainty tied to the limitation of information. Sokol and Pinc (2003, p. 129) argue that if there is one thing that a person of today has an abundance of, it is information. According to the authors, obsession with relevant information has its tradition in Plato: a plan of action will be safe if it clearly results from relevant understanding. However, it is usually after implementing the plan when we get to realize what information were truly relevant for its completion. Factual circumstances of a decision can be evaluated in terms of their absolute validity. The value aspects of the decision-making process usually cannot be fully reduced to facts, that could be empirically evaluated. It is important to realize that even decisions of ethical nature are not made in a stable environment with enough time to make a quality and thoughtful decision. Most decisions are made under pressure, especially when time is an important factor.

It then appears as evident to help managers with this uneasy task by creating a general model of moral decision making. The model represents a methodological approach of individual mental processes, that are based on the questions/manuals according to Rolný (1998, p. 32) and according to Des Jardins (2009, p. 17):

1. What are the facts? *Understanding of facts*
2. Where is the ethical problem? *Identification of the ethical problem (dilemma)*
3. Who are the participants in the situation? *Identification of all stakeholders*
4. What are the alternative solutions? *Consider the views of other stakeholders*
5. What are the moral impacts of these alternatives? *Understand the effects of decisions on individual stakeholders*

6. How should the situation be finally resolved? *Make a decision, monitor its process and learn from the results.*

Carroll (1990) was concerned with ethical standards and principles that function as a "ethics screen". Through this screen an individual considers if proposed behaviour is permittable or not. The ten most used principles in ethical decision making are outlined in the table below:

Tab. 2 The principles of ethical decision making

	PRINCPLE	NAME OF PRINCIPLE
1.	You should adopt a decision that bares the most benefit to the highest number of people in the organization	Utilitarian principle
2.	Maximize your benefit in a manner that does not intentionally harm others	Enlightened own interest
3.	You should only do what you can justify to a group of your business partners	Professional ethics
4.	Do unto others as you would have them do unto you.	"Golden rule"
5.	If you consider behaving in a certain way, ask yourself if your professional partners, friends and family would approve of it. If yes, you should do so.	Ethics of "revelation"
6.	Behave in a way that is loyal to the organization (i.e. behave in a way that benefits the interests of the organization, regardless the consequences)	Business ethics
7.	Behave in a way that meets your interests but does not violate norms and laws	Conventional ethics
8.	During decision making consider the consequences of the decision you are about to make and take responsibility for these consequences	Ethics of responsibility
9.	During decision making rely on your own intuition that will "hint" at what is good and what is not	Intuitive ethics
10.	Behave in a way that minimize the violation of right of a person or a group	Kant principle

(source Bláha, Dytrt, 2003, p. 66–67)

Decision making is made more difficult by so-called "cognitive prejudices". Wrong information can be sought, either due to overestimating one's own abilities and knowledge or the manager's tendency to pursue information that confirm his preferred choice (confirmation bias). "A common barrier in decision making is the illusion of having control over situation in which an individual believes that he can solve a complex problem while in reality he has no ability to do so" (Brooks, 2003, p. 34). Drucker urgently points out (2004, p. 185) that despite the information explosion, the communication gap within institutions and between social groups keeps on widening – to the extent that absolute misunderstanding is possible. He emphasizes that quality communication is more important than a large volume of information.

Current barriers in ethical decision making also include multicultural influences that are linked to the increasingly higher immigration and migration in general as a well as ethical diversity of the population (Ivanová, Špirudová, Kutnohorská, 2005). Another barrier in ethical decision making is the current emphasis of Western civilization on social ethics focused on individual rights rather than

responsibilities and duties. This increases the tendency to turn to courts and questions of ethical characters are solved in accordance with the law. This causes leaders to be very cautious even in situations where this is detrimental (Grohar – Murray, DiCroce, 2003, p. 110).

Every person (not only managers) is influenced when making a decision: by their own dispositions (psychological and physiological determination, intelligence, tendencies, temperament, gender, age…); the socialization process (upbringing, education, social role, life experiences…) and situational factors (role in the organization, structure of the organization, legality, frequency, complexity, seriousness, importance, time pressure…). From this default position the subject tries to incorporate the general view of an ethical issue. Both factors are part of the decision-making context as described by Crane and Matten (2010, p. 145): 1) Identification of the moral problem; 2) creating moral judgment; 3) confirming moral intention; 4) conducting moral behaviour. Should it truly bare general validity and the manager's authority, it is necessary to minimalize own subjectivity, and free oneself from the feeling of personal involvement (involvement, pity, fear, anger, jealousy, envy, avarice, avidity of all kinds). Only after distancing oneself and critically analysing, it is appropriate to make an ethical decision.

3.2   Codes of Ethics

Applied ethics should become an obvious part of professional qualification in many vocations that can affect proper behaviour. Undergraduate education should fall under this, as well as systems of lifelong learning that are aimed at knowing and understanding not only set ethical principles (see Chapter 1), but also ethical codices that are based on deontology (from Greek deon = duty), i.e. the study of duty. Ethical codices can be generally defined as systematic sets of norms and regulations that adjust the relationships between members of a society in a way that corresponds to recognized moral values. A common characteristic of ethical codices is their universal nature. In practice, this means that every ethical code should be applicable in a widest extent and to the highest number of involved individuals. The main attempt therefore is for clear and accepted rules to exist[10]. Codices

"organize" rules, instructions how to behave, norms in a way to be able to answer all three ethical questions: What should I do? What should I know? What can I count on? (Ivanová, 2012).

Codices are studied by codicology – it examines the properties of codices, clarifies their origins, function and includes them to the culture of a society. A code of ethics can also be individually generated for every organization or its operations[11]. New codices for differing professions keep emerging. Creation of a code of ethics is preceded by the process of codification, which means transfer of socially shared mental schemas into an interpretative form. This allows an individual from a specific culture to evaluate concrete situations, including instructions how to behave. The process of codification must come from general morality as well as ethics and traditions of the industry, for which the code of ethics is made. They need to be tied to one coherent whole. For a code of ethics to be clear and understandable, its creation must follow certain principles:

1. Code of ethics must be internally consistent and be relevant to the mission, goal, strategy and policies of the organization. It should include clearly defined priorities, obligations and understandable definition of ethical roles.
2. Code of ethics must be adequate. It cannot include everything, be overly detailed or too general and vague. Adequacy also includes the balance of rights and responsibilities, as well as expectations of employee behaviour within and beyond the organization.
3. Codes of ethics must contain a procedure to follow when resolving conflicts, its interpretation and application. The procedure should be clear and simple.
4. Code of ethics should also offer the possibility of setting exceptions, especially due to reasons of moral nature (reduced requirements from physically disabled, pregnant women, considerations for those who allergic…)
5. When building a code of ethics, there are two basic options:

   a. the Scandinavian model: here the emphasis is placed on the opinions of employees with which the contents and form of the code is discussed.
   b. American model: in this case the code is created by the managers of the organization (Bláha, Dytrt, 2003, p. 109).

In order to create a code of ethics according to the Scandinavian model, a larger group of workers of all levels is involved in the initial stages of its drafting, but the proposal itself is made by a smaller team. A code of ethics created this way should include:

[11] For example, there could be a Code of Ethics of MVSO Academic Staff based on and adhering to ethical standards corresponding with all other valid codes for academic staff, but, at the same time, it would also express specific conditions for academic staff resulting from a private, technically, economically and managerially oriented college, etc.

- a preamble emphasizing why the code is needed by the organization

- expected standards of behaviour

- rules underlying the use of the code in decision making and its validity.

The code should emphasize the key values of the organization, include principles concerning the mission of the organization and specific examples of ethical and unethical behaviour. It should also include examples of common conflicts of interests in the organization and its solutions. This way the code lays out answers to questions before they are expressed. The proposal of a code should be evaluated by selected workers and managers. Employees have two key roles in creation of the code:

- their opinions and views are the basis for the codex

- they participate in the final formulations of the code

Code of ethics can also be processed by consulting organizations, but only as a proposal. When drafting ethical codices, it is important to adhere to a few more rule according to Cahy and Urban (2017):

- Code of ethics should identify key ethical questions or dilemmas that the employees could encounter and propose guides to resolving them.

- It should not be too general and should not supplement other documents of the firm, instead, it should symmetrically tie to the relationship of the firm to their partners and employees of those partners, as well as employees within the firm.

- The process of drafting and implementing the codex is also important, possibly even more than the code itself

Requirements for ethical behaviour of firms and employees, business partners and the wider social environment are on a long-term rise. This increases the importance of an organization's code of ethics as a management tool as well as part of its culture. The significance of an organization's code of ethics is therefore far from being solely external, i.e. marketing. Adhering to principles of ethical behaviour makes work at any organization more pleasant and hence more productive. It also makes for easier acquisition and retainment of quality employees who are usually more sensitive to the organization upholding its ethical norms. However, the organization's code of ethics has sense particularly if it goes beyond the framework of general ethical principles and is generated for the specific needs of the firms. It should establish not only ethical principles regarding typical workplace situations or specific teams of the establishment, but rather directly identify key ethical questions or dilemmas that the employees encounter and formulate principles, or guides, how to proceed in

such situations (Urban, 2011, accessible at https://kariera.ihned.cz/c1-53354960-jak-vytvorit-eticky-kodex-organizace).

Code of ethics of Moravian Business College Olomouc is based on general values, accepts specific corporate culture and consequently specifies everything directly for the firm. Therefore, it meets all the requirements regarding the drafting of a code of ethics, as outlined above:

3.2.1 Value base

1. One's value base concerns:
a. the tradition of the Euro-Atlantic civilization – Christianity and Judaism, folk wisdom,
b. the college's mission, formulated by the founder in the college's mission and vision,
c. synergy between the academic and business environments

2. We are a public service company. The imperative is socially responsible behaviour.
3. Values are made and shared by the academic community, i.e. the MVSO staff and students

3.2.2 Corporate culture

1. Corporate culture of MVSO is anchored in the following pillars:
a. value frameworks determined by the cultural environment,
b. tradition and dignity of the academic environment
c. flexibility and social responsibility of the business environment

2. The **person** is key – student, client, employee, partner.

3. Values that we share and are reflected in the culture of MVSO include:
a. respect and support of the individual,
b. openness (transparency),
c. teamwork,
d. diligence,
e. thoroughness and responsibility,
f. focus on quality,
g. creativity,
h. involvement,
i. adaptability and constant improvement.

4. Principles that we shared are formulated accordingly:

    a. **"You reap what you sow"** ("First you give to the college, then the college can give to you.").
    b. "Every man is the architect of his own fortune".
    c. "Cooperation brings development and success".

5. Corporate culture is continuously developing, but it always follows the core value base.

3.2.3   Code of Ethics

Employees	Student
We honour, respect and create tradition.	
We honour academic traditions We attempt to set a dignified example for students in vocational and academic behaviour, the way academic results are obtained, personal development.	We respect the authority of our academic staff. We want to be a good example for our classmates.
We improve and grow.	
We continuously seek opportunities for improvement and Innovation. We approach assigned tasks in a creative manner. We are demanding towards ourselves, our colleagues and students. We are ready for changes.	We study to be successful. We set big goals for ourselves. We attempt to get the most knowledge, abilities and experiences out of our studies. We approach our studies in a creative manner.
We cooperate, communicate and are honest.	
We are a part of one team and mutually support one another. We share information and know-how. We are available to our colleagues, students and working partners, we go out of our way to meet their needs. We help each other. We realize intergenerational cooperation We communicate constructively and openly, we are constructive, honest and truthful.	We communicate with our classmates and lecturers politely and openly, we are trustworthy. We are caring and ready to help.
We respect the economic aspect of our activities.	
We work effectively and use our resources well. We approach tasks responsibly and in a way that minimizes costs.	We study in way so the investment is as effective as it can be. We save the costs, time and energy of ourselves, our classmates, lecturers and even family
We adhere to and respect legitimacy and authorities.	
We formulate acceptable rules and standard procedures. We are diligent in applying them to ourselves, our colleagues and students. We respect equal approach.	We respect norms and rules. We are honest and fair in our approach towards our studies and work. We always act according to agreed rules.
We represent our college.	
We are loyal. We spread the good name of MVSO through our work and behaviour. We are actively involved in activities of the college.	We spread the good name of our college through our behaviour, self-presentation and knowledge during studies and after graduation.
We are personally responsible for our success, as well as success of MVSO and the region.	

Norm: Q3-P05-VAVV-003-02
Version: 2; Valid from: 1. 6. 2012; Processed by: Mgr. Vladimíra Sedláčková, MVSO management;
Approved by: **RNDr. Josef Tesařík**, director

When studying ethical codices, it is important to understand the relationship between ethics and the law. Ethics is a normative science and establishes the range of validity of ethical laws. Ethical postulates respect dilemmatic situations, the law establishes clear postulates. Ethics state what should be, while the law states what should not be. Ethics solve transgressions by moral condemnation, the law does so restrictively (punishment). It is possible to argue that the law is the minimum of ethics, however it should be based on ethics. This is because the legitimacy of the code of law is determined by its alignment with moral norms.

3.3   Moral values and their importance for CSR

Values can be thought of as generalized norms. A single value can be the origin of various norms.[12] Values therefore precede norms. Values represent a priori dimensions, norms are then a specific output of a value, values last longer and preserve historical and cultural continuity as well as social cohesion of society. The range of matters that can become a value can be defined only in general terms. It can be the labelling of arbitrary material or ideal object, ideas, institutions, real or imaginary object that brings help or protection. These objects the elicit the feeling of pleasure, that counters the current distress, anxiety or uneasiness one might be experiences and replaces it with strength, permanence and balance (Rollo, 1993, p. 60). "Psychologists often emphasize desirability as the most important attribute of value" (Cakirpaloglu, 2004, p. 354). Every society legitimizes general values that exists within it, but every individual has his own access to the hierarchy of values.

[12] For example, loyalty is a general value and becomes a specific norm when it comes to marriage, patriotism, faith, continuous adhering to the norms of good manners, work norms, relationship to nature…

This is influenced by his character, specific socialization he went through and the current experienced situation[13] (Keller, Gál, Frič, 1996, p. 41).

There is no generally valid value theory, philosophers still discuss the nature of values. There are certain basic (also known as general) generally valid values and then partial (or secondary) values. Regardless its type, the value is always a prized immaterial or material phenomenon. There are values of moral type and other types and there are no clear criteria according to which they can be differentiated.[14] Two values are not compatible if they cannot be achieved simultaneously. There are also values commensurable and incommensurable[15] (Szawarski, 2004, p. 7-8). According to Raths (in Simon, Howe, Kirschenbaum, 1997, p. 24-25) value has three components – *emotional, cognitive and behavioural*. In this sense value can be differentiated from feelings, attitudes, goals, opinions, convictions (i.e. the markers of value). Values are the aspects of life that are so important that they influence the behaviour of individuals and entire social groups. A set of cultural values contributes to the development of identity in an individual through the process of imitation, mirroring, social comparison, fulfilling social role expectations or other processes occurring between the individual and the group.

Max Weber (in Loužek, 2005) differentiates between two types of social actions[16]:

1. Instrumentally rational – the person considers the relationship between the means and the end,
2. Value rational – behaviour is determined by conviction (value orientation) and disregard for the possible consequences of the behaviour.

Value orientation of an individual is the attitude to anything (material and immaterial) determined not only by one's genetic predisposition, social environment, culture of society and the current situation, but also by coming to terms with conflicts of life, faith and philosophy, education and

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[13] Keller, Gál, Frič (1996) posit that in sociological research of Euro-American civilisation it was found that the individual usually does not act according to general and abstract values, but is rather driven by their small personal expectations that are modelled by specific situations and pressures that act within them. This is supported by Librová (1994).

[14] There is no doubt that that justice, freedom, love and virtue all belong to the sphere of moral values. On the other hand, values like knowledge, power, wealth, performance, abilities and beauty belong to another sphere.

[15] Values can vary, but the most beautiful ones, brought especially by Christianity, are faith, hope and love.

[16] However, a key assumption is that such behaviours, their courses and structure can be fundamentally understood. It is the concept of CSR that should give organisations the opportunity to implement both types of behaviour in way where they complement each other.

especially by personal cognitive and emotional e0xperience (Říčan, 1989). The significance of values for human life is summarized by Prudký (2009):

1. *Values as building blocks of culture* – understanding values as one of the core defining aspects of culture means that the emergence of values and establishment of culture are inseparable and can merge with one another. Therefore, the understanding of values of a society can be used to comprehend the overall nature of the society.

2. *Values as being a part of forming the contents of social phenomena and relationships* – values and norms serve as the content basis of the entire social and personal system. Without differentiating accepted and shared norms we cannot understand the content of social activities of individuals as well se the organization of groups and communities

3. *Values as one of the defining characteristics of personality* – Research of values is often concerned with the relationship values have with the terms representing the contents of motivation, needs, personality, activities, behaviour, dispositions, talents, abilities and even temperament.

4. *Values as a source of motivation and behaviour* – Motivational structures of an individual are strongly intertwined with values. There is a narrow relationship of accepted values with relatively stable patterns of acceptable behaviour, i.e. with norms of behaviour.

5. *Values as a part of group, ethnic, fellowship or institutional identification* – The order existing within a community is created through negotiations about shared values and in this sense, shared values serve as sources of identity. In this case, identity is viewed as the acceptance of congruent values, motives, inspiration and ideals by the group or community.

6. *Values as sources of social and cultural bonding* – Among other things, value structure represents the content basis of social cohesion and the basis for motivation towards activities strengthening or weakening this social cohesion within a society or its parts.

7. *Values as sources of characteristics of stratification and hierarchization of society* – This function represents the influence of social localization of the individual, group, social class or other community on the nature and structure of accepted norms.

8. *Values as attributes of morale* – The function of values often plays a direct role in establishing morale, that is viewed as specific value-anchoring of the individual or community. Values as attributes of morale is the most common way in which values are viewed.

9. *Values as the basics of political philosophies and ideologies* – The function of values in a specific scientific field, especially value bases of political philosophies that are the most prominent expressions of particular value orientation in everyday life. Political philosophies are most evident on the analysis of value bases of philosophies of upbringing or the concept of education.

10. In conclusion, it can be said that values are the regulators of one's efforts and behaviour, they allow for the assessment of the behaviour of others and serve as the basis for

determining social usefulness of individual members of social groups. Values therefore determine the principles of the social hierarchy as well as the general rules for cohesive cohabitation and specific patterns of behaviour. Established patterns of behaviour within a culture then determine the nature in which the individual defines and solves certain situations in order to avoid conflict (Čihovský, Schneider, 1977, p. 38-39).

Patterns of behaviour formed on the basis of learned and legitimized values tend to fixate in a so-called *institution* during the process of human phylogenesis. A certain order can be seen in this process. The term institution comes from the Latin instituere (to institute) and represents the summary of patterns of behaviour, acts and relationships shared within a society from generation to generation. They can also be defined as ways of customary behaviour of a society[17]. A differentiated range of normative institutions that emerged from formal reasons always function in a society. The most significant include institutions of power, legal institutions, as well as moral and social institutions[18]. Institutions produce so called institutional fields, in which their general culture, system of meaning and structure function. At the same time institutional field respectively influences the general institutional environments through conformity and transformation (Hirsch, Lounsbury, 1997).

Value systems and the criteria that define them are set by culture.[19] Culture is made of values that people aspire and adhere to and tangible assets they produce. Culture is a uniquely human way of

[17] It is important to differentiate between an institution and an organisation, both terms often blend with one another. An organisation is a social system or an object with a certain number of members and with a clear border between its structure and other structures in the environment. The activities of members of an organisation are significantly formalized. An organisation is a self-regulating system that serves as a reduction of the complexity of the environment. It communicates and mutually influences the environment. An institution is a way in which people in a culture do certain thing, i.e. the way they resolve problems and an organisation is a way that coordinates such activities (Jandourek, 2001).

[18] When applied to the business environment, this means that society should ensure that the material and immaterial needs of its population, communities, families and individuals are met (in the past, this was ensured solely by family, but in today's individualistic postmodern era with detailed division of labour the family is unable to do so in its full entirety), institution is then the economic and social system, organisation is then the specific establishment that secures certain needs.

[19] Axiological (value oriented) interpretation of culture has its roots in antiquity. In the middle ages the term "culture" was not very often used as a description of cultivation of human values; the coming of renaissance and humanism did not only mean coming back to the use of the term "culture" as seen in antiquity, but also establishing its new function – to divide human and nature.

organising, realising and developing life (Nový a kol., 1996). Culture is the basis of human cohabitation and is passed on and maintained by evaluating behaviour as either acceptable or unacceptable[20]. Every culture is defined by roughly three aspects: Religious or ideological aspect (it is the widest), national aspect – the historically originated communities and the constellations of social subjects – families, schools, economic or other working organizations, professional organizations etc. Professional organizations have their organizational culture. Organizational culture emerges and disintegrates in a specific place, either in a traumatic way, i.e. it emerges as a response to a threat, or in a positive way, i.e. by fastening values and procedures that work and appear as good and can be a source of further development for the organization[21]. Organizational culture allows the external environment to understand the aim and mission of the organization. It has the function of self-affirmation[22], function of ensuring continuity[23], function of correcting individual's behaviour[24] and the function of self-identification[25].

Social ethics is a basic and default concept of ethical behaviour. It is concerned with moral behaviour of individuals and social groups in all social institutions (Ockenfels, 1994, p. 38). In general, this concept can be thought of as ethics of social responsibility that lays questions regarding the possible ecological and societal impacts of behaviour of agents in organizations. Social ethics posits three basic principles that orientate and coordinate social behaviour. These principles cannot be understood in isolation because they are internally related to one another: the solidarity principle, the subsidiarity principle and the general welfare principle. *The solidarity principle* adjusts the mutual relation between the individual members of society in a way that every individual is co-responsible for the society's welfare – we are all on the same boat – all for one, one for all. The subsidiarity principle organizes the relationship between the society as a whole and the individual or individual social groups. This process regulates the legitimacy of all social behaviour by giving priority to the initiative of individuals or groups. The general welfare principle is based on the premise that general welfare is the summary of requirements of social life, through which people

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[20] If you achieve something that your culture defines as success, it will contribute to positive self-perception and vice versa (De Vito, 2018).

[21] A positive model of fastening values within an organisation should be the correct process for implementing, maintaining and developing CSR.

[22] – Yes, this is us and this is how we do things, because we believe it has purpose and value;

[23] – And because we are convinced that because it has value, we pass it on to others...students, new workers;

[24] – I must do what corporate culture requires from me, even when I don't really want to sometimes;

[25] – based on the values we adhere to, others identify where we belong to (Ivanová, 2006).

can more easily and fully achieve their perfection. Maintaining the rights and responsibilities of a human being matters during this process (Ockenfelts, 1994 in Ivanová, Olecká, 2009, p. 405).

The ethics of duty is based on deontology (respecting ethical norms and ethical principles included in them) and social responsibility. The ethics of duty is anchored in "guilt" – if I do not behave in an ethical manner, I feel guilty. Sokol and Pinc (2003, p. 22 – 26) emphasize the ethics of duty in the current society. They divide it into *responsibility towards self* – ethics of honour and ethics *responsibility towards others* – society. The etymological core here is the word "response" – response to own conscience, to seeking one's own path and the consequences of choosing a path. In ethics of honour a key question is how I will evaluate a particular act; in the ethics of responsibility the question is how the act will be evaluated by others (especially those that could be affected by it). The structure of responsibility in business and its interconnectedness is presented in the picture below. Ethical responsibility should be the culminating (or also the default) level of CSR (cf. Schwartz, 2011):

Figure 3 The structure of responsible decision making and directing

Source: https://www.slideshare.net/aniket0013/csr-and-ethics

Economics and business are not areas that would be exempt of moral principles, like every other area of human endeavour it is subject to ethical evaluation (Ockenfels, 1994, p. 14). In economics and management behaviour is deemed as ethical if it brings fair payments, compensations and benefits. Berger, Cunnigham and Drumwright (2007 in Arinaitwe, 2009, p. 251) emphasize that CSR is a way of integrating social, economic and environmental interest, including their values, culture,

way of decision making and strategies. It presents itself through transparent and predictable behaviour, establishes proper practice within a firm, generating wealth and supporting the society[26] (in Olecká, Zielina, Ivanová, 2009, p. 409).

Responsible business means to be successful while considering social and ecological interests: include social and ecological aspects to endeavours that generate profit. CSR is not a separate concept as evidenced by Goel and Ramanathan (2014), but it is rather a subgroup of business ethics, meaning that the philosophical basis of CSR are general ethical principles, norms of business ethics and ways and approaches in moral decision making.[27] New globalized business making, based on the coordinated direction of knowledge, continuously set new evolutionary trends that increase the standard of general ethics and business ethics, but at the same time create a slowdown effect on the general ethical contents of a society. As evidenced by Cavalieri (2007), these contradicting effects emerge the most when it comes to the requirement of transparency, quality, cooperation and environmental protection.

Despite the contradiction between the natural competitiveness of the business environment and ethical requirements, many entrepreneurs themselves realize that they should do what is right: approach customers and partners in a professional manner, take care of their employees, cultivate good neighbour relations, protect the environment and other. Such behaviour will benefit the business as well. Other reasons for responsible business making are emerging in recent times, for example the pressure and expectations from customers, the local community, government bodies, banks, creditors and insurance companies. Many of small business "do the right thing". The behaviour of small and medium business usually reflects the moral values and principles the owner/directors holds. Practical implementation should include the following principles[28]:

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[26] A responsible business satisfies not only the requirements of its customers, but also other entities (physical and legal), that it cooperates with during its activities – for example employees, suppliers and the local community. It then positively impacts the entire society and streamlines its impact on the environment.

[27] Goel and Ramanthan (2014) emphasize that it is not possible to separate business ethics from CSR, even though the terminology can be misleading

[28] The same source identifies ethical gains from socially responsible behaviour: "Clear definition of corporate values establishes your stances and opinions; defining and spreading corporate values will make it easier for you and your employees to adhere to principles that you believe in; you will find it easier to build a good reputation for your business; you will be able to communicate your intentions and visions to your partners that you are dealing with. People like to cooperate with those who share the same values. This way, you can attract likeminded employees, customers, supplier and investors" Available from http://www.businessinfo.cz/cs/clanky/spolecenska-odpovednost-firem-pruvodce-7482.html#f6

- clearly define corporate values: they will be a clear and consistent lead to solving situations that bring dilemmas or conflicts of interests;

- ensure that the endeavour of your firm truly corresponds to the firm's values;

- lead by example;

- include other co-workers in the dialogue regarding corporate values;

- approach the interests and worries of your employees, customers, suppliers and the community in a positive manner;

- inform both externally and internally about your corporate values

- The interest in business ethics grows along with globalization of world economy. Putnová and Seknička (2007) deem 1974 as the year in which business ethics as a scientific discipline emerged. In the same year, at the University of Kansas, the first conference on this topic took place in cooperation with the Philosophy Department and College of Business. The point is to lead entrepreneurs to a greater responsibility including long term planning and strategic decision making while maintaining competitiveness. In 2001, a so called "Green paper" was published under the name "Promoting a European framework for corporate social responsibility", in which CSR is defined as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." (Accessible at https://ec.europa.eu/commission/presscorner/detail/en/DOC_01_9). CSR values from the responsibility towards stakeholders and society follow from the text outlined above. They include:

  - Beneficence and non-maleficence

  - Justice and respect towards others

  - Truthfulness and transparency

  - Duty and responsibility

  - Loyalty to principles and perseverance

- Focus on long term goals[29] and moral reputation

According to Ford (2007 in Arinaitwe, 2009, p. 251) CSR is a combination of moral behaviour of employers in the context of sustainable development and acting with respect towards the members of their firms. The significance of economic activities is weighted not only against of economic benefit, but also the degree to which they can have a negative impact, i.e. not only against economic feasibility. Behaviour is moral if it brings fair payments, compensations and benefits. Berger, Cunnigham and Drumright (2007 in Arinaitwe, 2009, p. 251) emphasize that CSR is a way of integrating social, economic and environmental interests of society. It manifests through transparent and predictable behaviour, establishes good practice within the firm that generates wealth and supports the society. Moral decision making of firms that meets the standards of CSR should include these typical factors: shared leadership policy, ethical programme, health, security, environmental protection program, respect and attention to people within the firm (including the interests of the community), loyalty to principles of fair competitiveness, anticorruption measures, readability, predictability, transparency and last, but not least the responsibility towards supplier relations (Arinaitwe et al., 2009, p. 253).

An often-posited question for many businesses remains: Why be socially responsible? What will it bring to the firm besides an increase in costs? Socially responsible firms offer a straightforward answer: An undeniable benefit of CSR is an increase in the long-term profitability, decrease in the need for government regulations in the region and improving the image of the firm. Many authors (Jaffe, Pasternak, 2006, p. 53, Arinaitwe, 2009, p. 255, Valentine, Fleischman, 2007, p. 658) evidence that only the integration of all aspects of CSR, generated and postulated on the basis of business ethics, brings the most benefit to firms and societies. However, if the introduction and support of ethical norms is not a substantial responsibility, strategy and interest, the benefits to the firm are not very high.

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[29] In the Czech Republic, there are several courses regarding managerial ethics and CSR. In these courses, the participants are warned about the dangers brought by the absence of ethics in interpersonal relationships at work and in a society with a consumer mindset and behaviour. Accessible at: https://www.google.cz/search?q=etika+a+CSR&ie=utf-8&oe=utf-8&client=firefox-b&gfe_rd=cr&dcr=0&ei=jVZYWvnXIe-E8Qen4ajYCw

Ethical behaviour that goes through all the firm's activities[30], however, bring competitive advantages. These lie particularly in differentiating from the competition. It can be assumed that advantages are enjoyed by firms that lean towards a relationship with environmental management through moral decision making and overall compliance as opposed to firms that aim only for competitive advantage. The emphasis on increasing moral sensitivity must stem from the centre must attempt to reach acceptance of declared values by all employees. Understanding the convenience of moral principles is not a part of humanity's newest discoveries, it is an old wine in a new bottle. Ethical principles in the social area are therefore included in the basic paradigms of society[31]. Not only economically advantageous, but also ethically justifiable decisions that can show the way to others are expected from the manager. The integration of ethical values and moral behaviour into organizations of all types is the basis of responsible approach to future generations. This approach will allow organizations to reach their expectations and success in both good and bad times (Ivanová, 2005, p. 54).

[30] In Ethical Global Index, the following principles are outlined: Our heritage – business – in the service of the company; Our aim – we are convinced that entrepreneurial thinking and innovative businesses are of key importance for making a better world.

Our vision – to provide first class service for our customers; Our basic principles – customers first, always try to understand how to provide them with true value; Commitment – we are personally devoted to the success of our customers and we are responsible for our deeds; Simplicity – we attempt to simplify what is complicated; Cooperation – we will achieve more cooperation. Available from: http://sebgroup.lu/about-seb/who-we-are/our-strategy-mission-and-vision

[31] *ISO 26000* summarizes ethical behaviour in point 4.4: The principle of ethical behaviour establishes that an organisation should always and under all circumstances behave ethically. The organisation's behaviour should reflect the recognized ethical principles or rules of fulfilling duty. It should also be based on principles or rules of integrity, honesty, justice and supervision. From these ethical rules stems an interest in others, the environment and consideration of the interests of the parties involved. The organisation should accept and apply the standards of ethical behaviour that are appropriate in regard to its purpose and activities. The organisation should generate structures for managing the organisation that help to support ethical behaviour within the organisation and its relationships with its environment. Organisations should actively support ethical behaviour by: inciting and supporting and giving consideration to standards of ethical behaviour, establishing and sharing standards of ethical behaviour that are necessary for workers, especially those that have the opportunity to significantly impact the values, culture, integrity, strategy and running of the organisation; minimising conflicts of interest within the whole organisation; establishing bridging mechanisms and components of management and enforcement of ethical behaviour; establishing mechanisms for easier reporting of cases where ethical standards were violated and that reduce the fear of repressions.

Σ

Management and business ethics solidify the sense for moral responsibility and strengthen the link between ethical and personal behaviour. By their ethical attitudes, a manager also directs the behaviour of their subordinates and motivates them to identify with the goals set by the organization. Not only economically advantageous, but also ethically justifiable decisions are expected from the manager. A director decides ethically only when their decision is based on an ethical rule or norm. Generating an organizational code of ethics that establishes ethical principles relating to typical working situations, identifies key ethical dilemmas and formulates approaches how to resolve helps in such decision making. In this way, the code answers questions before they are asked. A more general level of ethical and legal norms are values. Value is a valued material or immaterial phenomenon or mode of being. Values can be moral or of other nature than moral. Values define general rules of cohabitation and specific patterns of behaviour. Culture sets the system of values. Culture is the basis of human cohabitation and is transmitted and maintained through judging what is acceptable and inacceptable behaviour. Organizations have their own organizational culture. The basic and default concept of ethical behaviour in society and organizations (businesses, firms, non-profit organizations and public benefit organizations) is social ethics. It is a concept that asks questions particularly relating to the possible ecological and societal impacts of behaviour of those involved. Corporate social responsibility (CSR) stems from social ethics and is defined by transparency and predictability and it establishes good practice.

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1. What is the process of recognising own values?
2. What can make manager's ethical decision making more difficult?
3. What is deontology? What is the deontological difference between ethical and legal norms?
4. What does the Scandinavian model of making ethical codices emphasize?
5. What three principles are the concern of social ethics?
6. What are the two modules of strengthening culture within organizations?
7. Which values form the basis of Corporate Social Responsibility?

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Chapter 4

What is CSR?

After studying the following chapter, you will be able to:

- define the concept of corporate social responsibility (CSR);
- explain the origin of the term CSR and its meaning;
- name the characteristic features of CSR;
- explain the importance of socially responsible business;
- describe CSR in its structure;
- describe ambiguities in the concept of CSR

Key words:

Corporate social responsibility, stakeholder, European Union, organization, society, characteristic features of CSR, voluntariness, legal framework, CSR levels, CSR pillars, CSR segments, business ethics, criticism.

4.1   The definition of CSR

The topic to be described in the present part of this study material is Corporate Social Responsibility. The name is derived from the original English term Corporate Social Responsibility, it has an international abbreviation CSR. In the Czech Republic one can also find the abbreviation SOF, created from the Czech translation of the term (*společenská odpovědnost firem*), in this material, however, only CSR will be used.

In literature and scholarly articles, CSR is often discussed as social responsibility, sustainable development, corporate citizenship, business ethics, social behaviour, social perception, social performance or the principle of shared values. The meanings of these terms are close, complementary and partly intertwined (Pokorná, 2012). Nevertheless, they demonstrate the terminological inconsistency in the perception of CSR as well as its continuous development. Various information sources **define CSR in different ways**. The underlying idea is that any organization is a direct part of society in which it carries out its activities or generates its initial profit. However, activities or profit making should go hand in hand with the organization's responsibility to the society that enables it to carry out said activities or make profit. An organization is not an isolated entity but is part of a wider system of relationships in society, and its prosperity as a result depends on the health of the surrounding society as well as the society's perception of the organization. (Dytrt, 2006, p. 99; Napříč společenskou odpovědností firem, 2005, p. 25).

Classical definition of CSR by A. Caroll defines the concept as "…*the social responsibility of business encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time."* (Carroll, 1979, p. 497 – 505)

The European Union conceives **CSR** as: *"…a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis…."* (COM, 2001)

Not only from the source quoted we learn that a **characteristic feature of CSR is the acceptance of commitments that go beyond the legal framework**. Responsible organizations, thus, **voluntarily** decide to do what is not directly mandated by law.

The members of **Business Leaders Forum,** one of the leading CSR management authorities for the Czech Republic, use a unified definition of *"...voluntary commitment by companies to behave in its functioning responsibly to the environment and society in which they do business"* (Steinerová, 2008, p. 4). The same source extends the meaning of CSR to the concept in practice, where organizations that have adopted CSR voluntarily set high ethical standards, try to minimize negative environmental impacts, foster good relationships with their employees and the surrounding society, support the region in which they operate. Such organizations are positive trend-followers and help

to change the environment as a whole, differ from the competition, become the desired partner of like-minded organizations and an attractive employer or partner (http://www.blf.cz/aktivity/databaze.htm).

From the point of view of business ethics, CSR *"... is based on the assumption that the success of any organization depends on the ethical attitudes of the workers towards the employer and vice versa – on their expertise, quality of work and personal responsibility. Employee management has, therefore, gained particular importance above all by encouraging accountability and adequate work motivation"* (Dytrt, 2006, p. 102). In this sense, CSR is about a change in people's thinking and behaviour towards a higher degree of ethics in their relationships.

The definition of CSR by the stakeholder theory is also used. From the stakeholder perspective, CSR is presented as "... *to verify and show interest in stakeholders' views and attitudes not only inside but also outside the company*" (Trnková, 2004, p. 7 - 10). Following this interpretation, CSR organizations shall be responsible for their actions and for the consequences of their actions in relation to stakeholders. Stakeholders are influenced by the activities of organizations as well as they influence these activities. They are groups with different interests in the activities of organizations. In essence, these are groups of entities without whose support the organization could no longer exist. According to this theory, "one" first has to:

correctly identify stakeholders,

then find a way to satisfy and align their expectations.

Managers are not only accountable to the company's shareholders, but also to the wider community which are the following:

- all customers,

- suppliers,

- employees, local community (Freeman, 1984, p. 55) (see figure 5, chap. 5).

One of the **current definitions of CSR** states that *"The CSR policy acts as a self-regulatory mechanism by which the company monitors and ensures its active compliance with legal spirit, ethical standards and national or international standards."* (Rasche; Morsing; Moon, 2017). CSR is thus moving from a completely voluntary concept to the level of a continuously active **self-regulatory tool** for organizations. The concept and importance of CSR is clearly **moving towards its necessity for the sustainability of organizations**.

Based on examples of defining the notion of CSR it can only be stated that it is a constantly discussed and evolving topic with inaccurate definition. At the same time, it can be accepted that the

abstractness of the definition is in the interest of organizations wishing to maintain the scope for the widest and flexible application of the concept.

4.2   The importance and features of the CSR concept

Despite its imprecise definition, the concept of CSR **shows clear characteristic features that define it**.

CSR is seen as organizations' attitude, a way of fulfilling the **activities related to the main objectives** of their existence, such as investment in innovation and new technologies, ecological waste management, investment in education and working conditions of employees, etc.

CSR also serves to designate specific **activities outside the strategy** and focus of the activities of organizations that benefit the whole society. In this sense, these can be activities such as philanthropy, donation, volunteering days, participation in public collections, etc.

What is the **purpose** of organizations' CSR activities?

- it must always be about spreading good to the whole of society;

- at the same time, it is about spreading the goodwill of the organization, especially in its external environment, but also within its internal environment - employees;

- responsible conduct of key activities of an organization can maximize its resources and key values such as human resources, brand and reputation, social role in the market;

- the possibility that organizations try to maximize their profits through socially responsible action and strive to stay in the market in a challenging competitive environment, cannot be excluded;

- it is an effort to be in accordance with the requirements of the society, which dictates the conditions of the organization's existence, and thus the organization also tries to prevent further possible state interference in their activities by creating new regulations, imposing obligations and restrictions;

- organizations may also seek to recruit quality workers willing to perform more demanding work in relation to organizational culture.

The essential features of the CSR concept are the following (Bernardová, 2016):

- the key feature of CSR arising from the mentioned interpretations is that socially responsible activities **go beyond the legal obligations**, they are not a principle replacing the legal conditions set by the state or the achievement of goals;

- an essential part of CSR is the **voluntary** choice to follow this path (in the vast majority of countries[32]), it is a voluntary complement to publicly guaranteed and unenforceable activities in addition to the main objective;

- **long-term goals** are a necessary part of successful socially responsible action; emphasis is also placed on interconnection of CSR goals with a mission of an institution or a company strategy;

- some sources also add **openness** to the features of CSR which represents the reality of CSR. In such case it is not possible to specify its exact scope, nor can its boundaries be defined, and there are no standards for its implementation (http://www.newday.cz/csr/csr-v-praxi.php);

- CSR is an expression of the social responsibility of its founders, operators, owners. However, the key role of all stakeholders is held by managers, especially top managers, who decide on the organization's activities and incorporate CSR into their strategy.

4.3   Structuring of the CSR concept

When presenting the topic of CSR, authors and organizations use various designations, cues, and aids that **divide the content of CSR**. It is structured into different levels, pillars, areas or phases to help better understand the presentation of the content and the breadth of the CSR topic (Trnková, 2004; Dytrt, 2006; *Napříč společenskou odpovědností firem,* 2005; Putnová, Seknička, 2007).

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[32] *"Attitude to CSR is either voluntary or partially supported by a legal obligation in some countries. In a voluntary sphere, CSR is presented primarily at the European Union level, where its development is primarily linked to the Business Manifesto against Social Exclusion in 1995." "On the other hand, somewhat in contrast to the recommendations issued by the European Commission, some countries - the United States, the United Kingdom, France - have adopted legal norms that regulate some CSR principles after scandals such as Enron, WorldCom, Parmalat, etc."* (Putnová; Seknička, 2007, p. 116).

CSR is interpreted as a transition in the perception of organizations' own social roles from **"Profit only"** to the **three Ps – "Profit, People, Planet".** The three Ps require organizations to focus on:

1. their major economic activity *("Profit only")*;
2. their social development *("People")*;
3. environmental protection *("Planet").*

Another interpretation like three Ps is **"Triple-bottom-line Business".** Again, it is a sign of a threefold foundation of business or activity - economic prosperity contribution, environmental quality and social capital.

Various authors' concepts of theory and practice interpret CSR using the **three main areas of responsibility (or pillars)**:

1. **economic area** of activities such as transparency in business, rejection of corruption, loyalty programs for clients, local supplier preferences, selection of business partners according to their approach to employees and the surrounding area (see Figure 5);
2. **social area** of activities such as respect for equal opportunities, human rights, conditions for health and safety development, employee development and education, philanthropy, dialogue with stakeholders, work-life balance, involvement of employees in social activities (see Figure 6, 7);
3. **environmental part of the responsibility**, i.e. the environmental policy of organizations, reducing environmental impacts, protecting natural resources (see Figure 8).

Tab. 3 The Economic Pillar of CSR

CSR TOPICS	CSR ACTIVITIES	EXAMPLES
Corporate Governance	Transparency	▪ Disclosure of financial and non-financial information
	Code of Conduct	▪ Code of Ethics and its practical application
	Company image	▪ Monitoring and measurement of company image
Responsible approach to customers	Seeking feedback	▪ Satisfaction Survey ▪ Registration and handling of complaints
	Involvement in decision-making	▪ Collecting proposals to improve products and services ▪ The influence of customers on the nature of CSR activities of the company
	Customer service	▪ Loyalty Program ▪ After-sales service ▪ Barrier-free access to stores ▪ Website accessibility
	Quality of products and services	▪ Application of quality standards (ISO 9001, HACCP) ▪ Product designation of the Czech Quality program
	Customer education	▪ Training of preventive service activities ▪ Occupational safety training
Relations with suppliers and other business partners	Supplier selection	▪ Including CSR perspective in supplier selection
	Seeking feedback	▪ Satisfaction Survey ▪ Registration and handling of complaints
	Business relations	▪ Timely payment of invoices
	Dissemination of CSR	▪ Monitoring of CSR practices in the supply chain ▪ Involvement of suppliers in CSR activities
Marketing and Advertising	Product information	▪ Provide clear and accurate information about products and services
	Shared Marketing	▪ The use of marketing activities to promote the business and charity together
	Advertising Ethics	▪ Adhering to the Advertising Code of Ethics issued by the Advertising Council

Source: http://www.csr-online.cz/Page.aspx?home

Tab. 4 The Social Pillar of CSR: Local community

CSR TOPICS	CSR ACTIVITIES	EXAMPLES
Community Support	Corporate donations	▪ Financial or material support, providing services at a discount or free of charge, lending of business premises
	Corporate volunteering	▪ Employees perform voluntary work during working hours (manual work or transfer of knowledge)
	Corporate investment in the local community	▪ Long-term strategic involvement in the local community or partnership with non-profit organizations
	Commercial activities in the local community	▪ Shared Marketing ▪ Sponsoring
	Own corporate projects	▪ Own public benefit projects
	Fair-Trade, ethnocatering	▪ Use of Fair-Trade products and ethnocatering at company events, banquets and breakfasts
Cooperation with Schools	Cooperation with students	▪ Student internships, internships or excursions ▪ Diploma theses consultations ▪ Support for student activities
	Teaching Support	▪ Lending or donating equipment ▪ Participation in lessons
Involvement of Stakeholders	Involvement of employees	▪ Corporate volunteering ▪ Matching fund ▪ Benefit events with employee participation
	Customer engagement	▪ Customer engagement in CSR activities of the company
	Involvement of business partners	▪ Involvement of business partners in CSR activities

Source: http://www.csr-online.cz/Page.aspx?home

Tab. 5 The Social Pillar of CSR: Work Environment

CSR TOPICS	CSR ACTIVITIES	EXAMPLES
Involvement of employees and communication	Seeking feedback	▪ Satisfaction Survey ▪ Registration and handling of complaints
	Involvement in decision making	▪ Collecting of proposals to improve business performance ▪ Employee influence on CSR activities
	Internal communication	▪ Use of internal communication ▪ Informing jobseekers about CSR
Remuneration for work	Financial remuneration	▪ Adequate remuneration
	Non-financial benefits	▪ Sports and relaxation activities ▪ Cultural activities ▪ Social events for employees ▪ Increase in vacation and days off ▪ Personal comfort (laptop, car, mobile phone) ▪ Commuting allowance ▪ Employee shares
Education and Development	Education of employees	▪ Training, courses, mentoring
	Career development	▪ Career development plans
Health and Safety	Corporate policy	▪ Rules, measures, training
	Healthcare services	▪ Contribution to above-standard health care ▪ Vaccination
Work-life balance	Flexible forms of work	▪ Flexible working hours ▪ Home office ▪ Reduced working hours ▪ Shift work ▪ Job sharing
	Care for children, seniors or sick persons	▪ Babysitting allowance ▪ Psychological support
	Employees on parental leave	▪ Contact during parental leave ▪ Returning support
Outplacement	Support for dismissed employees	▪ Financial form of support ▪ Job search assistance ▪ Retraining and training
Equal opportunities	Anti-discrimination measures	▪ Preventing discrimination in the workplace, also when hiring new employees
	Diversity at work	▪ Promoting diversity at the workplace (women, ethnic minorities, disabled and older)

Local Community Support	Corporate volunteering	▪ Employees perform voluntary work during working hours (manual work or transfer of expertise)
	Matching fund	▪ The company will increase the resources gained among employees
	Benefit events	▪ Benefit balls, auctions, raffles

Source: http://www.csr-online.cz/Page.aspx?home

Tab. 6 The Environmental Pillar of CSR

CSR TOPICS	CSR ACTIVITIES	EXAMPLES
Environmental Policy	Management	▪ Environmental strategy ▪ Application of standards (ISO 14001, EMAS) ▪ Environmental audit
	Supply chain	▪ Environmental criteria of supplier selection
	Involvement of stakeholders	▪ Cooperation on environmental activities ▪ Proposals to improve environmental practices
	Communication	▪ Environmental training ▪ Information about company's environmental policy
	Climate changes	▪ Measures to reduce the carbon footprint
Energy and Water	Energy saving	▪ Energy saving measures and equipment (thorough insulation, energy saving technologies, heating control)
	Sustainable resources	▪ Use of solar energy, biomass
	Water saving	▪ Water saving measures and equipment
	Non-potable water	▪ Use of non-potable water in the production process for watering green areas or in toilets
Waste and Recycling	Sorting and Recycling	▪ Sorting and recycling of paper, plastic, toners, cartridges and other materials
	Minimizing waste	▪ Printing on both sides ▪ Returnable barrels for drinking water ▪ Production process optimization
Transportation	Transfer of employees	▪ Supporting environmentally friendly travel to / from work ▪ Business travel restrictions (videoconference)
	Transport of goods	▪ Logistics optimization

Products and Packaging	Eco-friendly products	▪ Eco-labelled products or services
	Packaging materials	▪ Minimizing packaging materials ▪ Environmentally friendly packaging materials
Shopping	Eco-friendly purchase	▪ Recycled paper, environmentally friendly cleaning products, energy-efficient products
	Local suppliers	▪ Purchasing from local suppliers

Source: http://www.csr-online.cz/Page.aspx?home

With respect to the topic of CSR, there are **three levels** of implementation of activities creating an interconnected and inseparable whole.

1. **macro-level** represents a solution to CSR issues at the level of society - state - business. These are activities focused on the economic system, creating general conditions for business. CSR is based on the principles of respect for human rights, equal opportunities and solidarity among citizens. Solving CSR issues requires a transparent market system, building confidence in the economic systems of the countries where it is implemented. CSR solutions within the European Union (EU) can be assigned to this level;

2. **mid-level** represents a CSR solution at the organization level. These are activities focused on organizations, relationships with employees, management, owners and stakeholders or the local community. Organizational culture as a platform reflecting many elements of CSR or employee codes of ethics can be classified to the mid-level;

3. **micro-level** represents a solution to CSR issues at the individual decision-making level. An individual is any employee or citizen. Managers deciding on strategic activities in organizations are the core group. In the broadest sense, all stakeholders belong to this level.

The theory of CSR distinguishes between:

a. **the internal dimension of CSR** concerning employees of organizations in the form of investments in human resource development, health and safety at work, change management and environmental impact management.

b. **the external dimension of CSR** focusing on the environment of organizations, more specifically local communities, business partners, suppliers and consumers, including human rights and global environmental issues. (Den Hond, De Bakker, Neergaard, 2007; Pavlík, and Belčík, 2010).

CSR as a process taking place in practice, in the environment of specific organizations, CSR is applied on the axis: values - ethical reflection - decision of the organization's management - specific activities - success of the organization (Pokorná, 2012):

1. The continuum is based on **personal values** of managers, employees and other stakeholders;
2. there is an **ethical reflection** of reality in the organization, where values are reflected in the internal environment, most often in the form of a code of ethics;
3. those values are also reflected in in **organization's management decisions** on how to deal with particular situations;
4. and finally, they are displayed in the implementation of **specific activities**;
5. the **organization's success** is the culmination of the whole continuum.

Another possibility of segmenting the content of CSR is to identify the areas of activity used especially by CSR institutions. For example, the division into following areas:

- **marketplace** - an ethical way of doing business or fulfilling a mission without breaking the law, transparent communication of activity information;

- **workplace** - a working environment maximizing the quality of working conditions for employees, equal opportunities;

- **local community** - focus on the local community and cooperation with non-profit organizations, schools;

- **environment** - environmental friendliness in the form of resource and waste management, recycling;

- **CSR implementation** - consulting for organizations interested in the strategic effects of CSR;

- **CSR reporting and communication** - an integral part of the strategic approach to CSR and involves the creation and publication of specific documents (http://www.csr-online.cz/Page.aspx?home).

According to the definition of its content, CSR is closely linked to the issues of economy, management, ecology, human resources management, legal issues, public interests, and we can also find connections with business ethics (it is actually recognition of the ethical dimension in business (Pokorná, 2012).

4.4   Criticism and lack of clarity of the concept of CSR

The available sources on CSR reveal uncertainties about the meaning of the concept of CSR to different types of organizations. In managerial practice, the concept of CSR is directly linked to profitable organizations. The authors do not simply state whether the CSR concerns only business entities or all types of organizations. On the other hand, CSR is constantly linked to financial profit, market, customers, strategy, competitive environment, which is typical only for the business environment. In the 1990s, in the Czech Republic, CSR was originally translated as *social responsibility of companies*, in which case, the term of company refers only to organizations generating profit. Non-profit organizations and municipalities not referred to as companies were not explicitly associated with the concept. It was therefore unclear from scientific publications whether the concept applied only companies generating profit or to all types of organizations. But some authors mention it. Sokáčová, for instance, defines organization (enterprise) only as follows "*The enterprise is the basic unit of the economic system, it is a living mechanism in complex ties with various interest groups.*" ... "*Enterprises differ in the way they are set up, the way they are managed, the liability guaranteed, etc., but the common feature of all businesses is that they are located and operate in a certain business environment*"(Sokáčová, 2007, p. 41–42). In this sense, Jaromír Veber's concept is the most appropriate: ***"Although this issue should be focused primarily on business entities, nothing prevents it from being applied to all types of organizations, i.e. non-profit organizations as well as state and public administration institutions"*** (Veber, 2005, p. 28).

Unlike the mentioned definitions of CSR showing strictly social and ethical drive, there are also more clear-cut approaches **emphasising the economic connections of CSR with business**. According to one research conducted, Europe's leading entrepreneurs say, for example, that CSR is mainly about an organization's image [33]. Another source claims that CSR is an advantageous investment, both in terms of building relationships with employees and in terms of Good Corporate Citizenship, environmental protection, relation to competition, relation to the non-profit sector and the local community and Corporate Governance (Bláha, 2002, p. 31 - 39). Perhaps the most important

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[33] According to top managers in Europe, creating a good name is a major goal of Corporate Social Responsibility (CSR) activities. The results of UPS Europe Business Monitor show that half of the European managers surveyed (49%) need to improve their brand and company image with the strongest impetus for their CSR activities. Cf. Corporate Social Responsibility is mainly about the image of the organization, say the elite entrepreneurs of Europe. From the results of UPS Europe Business Monitor. Press Release [online]. Prague: Accessed February 27, 2007. http://www.mesec.cz/tiskove-zpravy/corporate-social-responsibility-je-hlavne-o-image-firmy-konstatuji-elitni-podnikatele-evropy.

historically known critical discussion of CSR in the above conception is contained in the article *"The Social Responsibility of Business is to Increase its Profits"* by Milton Friedman (Friedman, 1970) published in The New York Times Magazine. In this article, CSR is also referred to as an **effort to maximize the profits of business owners** and looking for adequate means, such as the implementation of activities and making them visible outside their business.

Approaching the concept of CSR from any direction, the possibilities of solving the issues of contemporary civilization cannot be sought outside the society, but in the society itself. In order to solve these issues, there is a natural requirement that companies, in addition to their direct business interests, pay attention and finance to the problems of the society in which they do business. *"However, business organization is a product of society and economy and either society or economy can liquidate any business overnight. Any business is merely tolerated by them and exists only as long as society and the economy are convinced that they do the necessary, useful and productive work"* (Drucker, 2002, p. 42). And that is essential and inevitable. Every initiative for the benefit of society is important and irreplaceable.

Σ

Corporate social responsibility (CSR) is defined by a number of scientific authorities such as A. B. Carroll and institutions such as the EU. The definitions explain CSR as a voluntary concept for organizations to conduct business with a consideration for the needs of society, especially in the economic, legal, environmental and social fields. Organizations carry out activities beyond their legal obligations. At present, the concept of CSR is defined as a self-regulatory tool for active compliance with society. The concept of CSR is also referred to as the fulfilment of the "Three Ps" - people, planets, profit, and as the "Triple Bottom Line". CSR has characteristic features such as voluntariness, limitlessness, interconnection with organizational strategy, activities beyond legal obligations, manifestation of belonging to society, manifestation of being a good employer. The concept of CSR can be described using various structures, such as the three pillars (economic, social, environmental), three levels (macro level, mid-level, micro level), two dimensions (internal and external), continuum (personal values – ethical reflection – decision of the organization's management – specific activities – organization's success), definition of terms such as Marketplace, Work-life balance, Local Community, etc. The concept of CSR still has its ambiguities. Since the 1990s, it remains unclear whether the concept of CSR applies only to profitable organizations or to all types of organizations. There is also doubt as to what role CSR actually fulfils. Milton Friedman doubts whether CSR is not just another way to reach higher profits.

1. What characteristic features are included in the definitions of CSR?
2. What roles do various groups of stakeholders play in the concept of CSR?
3. What activities do not belong to CSR?
4. How can CSR be defined? What are the definitions of CSR?
5. In what ways can CSR be defined using "three"?
6. What confusion or doubts does the concept of CSR raise?

    Choose any organization that declares CSR in its actions and characterize it in terms of the mentioned CSR characteristics.

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Chapter 5

The Development of CSR

After studying the following chapter, you will be able to:

- describe the origin and development of the concept of CSR in the world;
- describe the development of the concept of CSR in Europe;
- compare the features of CSR in the world and Europe;
- describe the role of business ethics in the development of the CSR concept;
- describe the main CSR theories influencing the development of the concept.

Key words:

Business ethics, European Union, European Commission, theory of CSR, historical development, Batism, USA, US, UK, UN, OECD Socially Responsible Performance (CSP), Green Paper, CSR Strategy. CSR Europe.

5.1   The history of the development of the CSR concept in the world

The history of the topic of CSR is relatively well described[34]. The topic of **CSR comes from the US in the 1950s** and is gradually spreading to other countries. The second centre where CSR is spreading rapidly is the United Kingdom (UK). The origins and development of CSR in the US are caused by the different cultural framework and thus by the scope of legislation that is significantly more limited in the area of human rights and employment benefits than in European countries.

The European interpretation of CSR arrives later, starting from the 1990's and it depends more on the requirements expressed by "Business Ethics", based on European ethical roots. The European Union and its policy bear the concept of CSR in Europe. As a result, however, the concept of CSR in Europe is organized in the same way as the concept of CSR in the US.

The differences between US and European interpretation of CSR are seen mainly in the development of a theoretical base that is more sophisticated in the US, while Europe is based on natural human solidarity (Putnová, Seknička, 2007).

Tab. 7 The differences in business ethics in the USA and Europe

USA	EUROPE
Unified terminology	Diverse terminology
Personal and corporate level	State and personal level
Less international	More international
Avoiding scandals	Economic justification
Normative approach	Social Sciences
Integrated into education	Partially, gradually
Extended counselling	Beginnings of counselling
Education of managers	Students
Research	Rather philosophical concept

(Putnová, Seknička, 2007, p. 135)

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[34] This part is based on Crane, 2008; Buciová, 2009, p. 23-35; Kowalíková, 2008, p. 16-17; Petříková, 2008; Putnová, Seknička, 2007; Carrol, 1999; Watrick, Cochran, 1985; Swanson, 1995; Garriga, Melé, 2004. The history of CSR is greatly complemented and developed by the CSR theories included, in a shortened form, in the present chapter.

CSR is part of the period of industrial development and the related issue of motivating employees in order to achieve the highest possible work performance and the issue of employing children and women. Especially the period of industrial revolution strengthens this topic. By the same token, **H. R. Bowen** is considered to be **the first author and "the father" of CSR** to introduce the CSR topic as a more comprehensive requirement or challenge to the then businessmen. In 1953, in his publication *"Social Responsibilities of the Businessman"*, he stated the first definition of CSR: *"It refers to the obligations of businessmen [and businesswomen] to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society."*(Bowen, 1953). This, according to theorists, crucial event was preceded by activities and events of the socially responsible business. For instance, Rolný considers Oliver Sheldon to be one of the first theorists to advocate socially responsible business. In his book *The Philosophy of Management*, as early as in 1923, Sheldon responded to the general public's demand for social commitment and responsibility in business (Rolný, 2001, p. 152). Already around 1950, companies were involved in the life of society through their philanthropic and donor activities. Nevertheless, it is important that in the following period, Bowen's feat is gradually formalizing, precising and defining these activities as a concept of CSR which is gradually expanding from the issue of employees to the issues of discrimination, urban development or pollution.

Professional and even scientific interest in the possibility of strengthening the responsibility of companies and the success of the procedures used can be observed in modern history in the world and in the Czech Republic as well. The elements of responsible business can be traced back to Henri Ford's business approaches (Crainer, 2000). In **1930s**, in the context of neo-paternalistic tendencies[35] of the time, **an extensive research into the causes of losses in industrial production was conducted in America** and the results were also intensively studied by the Masaryk Academy of Sciences (Verunáč, 1923). The research responded to the post-war demands to improve economic performance and identified performance problems, intermittent and limited production ranging from planning, through control, to working with workmen, their training and health. Proposals to eliminate losses in industry were then divided into areas of responsibility of the administration, workers, plant owner, public, cooperation of professional associations, government, engineers.

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[35] **Paternalism** is based on the concept of father and the exercise of his dominant role in social groups. Its position, authority and power are associated with the principle of paternalism. State paternalism is an attempt by the state to act as a guardian of its citizens. (*Velký sociologický slovník*, 1996, p. 758).

In the Czech Republic, **Tomas Bata's business in Zlín**[36] is a completely transparent period of business development connected with the history of CSR. The approach is called **"batism"**[37]. However, a closer study of T. Bata's approach to entrepreneurship in relation to society at the time, however, remains a question of whether his strongly paternalistic approach can be considered identical to the notion of CSR. Bata himself admitted that using his method of upbringing of young workers at Bata's Schools of Work he complicates or even makes impossible for them to get back to their original environment, especially for girls. Upon closer study of his speeches, reflections and ideas, his social policy motivation is evident, based strongly on the economic threats and problems of the pre-war era. Whether or not "batism" is a manifestation of CSR, its contribution to the development of social thinking in business and the exemplary implementation of these ideas, including the positive impact on those parts of society affected by Bata's business, cannot be called into question.

The development of CSR has gained **further interest during the 1970s:**

- The concept of CSR extends from the US especially to the UK,

- an intensive specification of what is CSR and what is not is held,

- CSR personalities such as Archie B. Carrol and Keith Davis are significantly involved in scholarly discussions; Carroll defines the four basic pillars of CSR according to society's expectations – "economic, legal, ethical and discretionary" (see the following CSR theories presented in this chapter),

- CSR issues reach the level of top management solutions in the form of strategic CSR planning, organizing and evaluating of CSR activities,

- The activity of the Committee for Economic Development (CED) from 1971 is seen as a significant step in clarifying the concept of CSR – in the publication Social Responsibilities of Business Corporation, members of the committee directly correlated the state of the society

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[36] T. Bata's connection with CSR is mentioned for example by Petříková, 2008, p. 138-167. Another example could be the title of the conference „*Strategické CSR, aneb Co věděl už Tomáš Baťa*" ("*Strategic CSR, or What Did Tomas Bata Know*") held under the auspices of US Embassy in the Czech Republic May 19, 2011.

[37] Bata's work philosophy and social work, also called "baptism", is based on "*...the spiritual incorporation of its collaborators in the sense of "public service" which it seeks not only through moral action, but above all by allowing direct interest in success. Here lies the true core of the Bata system".* His approach to entrepreneurship was also called Americanism, socio-economic education, and he relied on positivist, socially realistic methods of educating workers. The example of Bata's attitude to employees, the upbringing of young workers, his care of public affairs, "*culminates in the thesis that any business that does not knowingly serve the public must necessarily go".* For this reason, Bata was setting up boarding houses for young men, where vocational training was also conducted, making reforms in production to make the working environment a natural environment for workers to learn new things, to think differently. He seeks to influence the psychology of a working man by getting to know their nature (Vavrečka, 1932).

with the activities of companies and their business, thus stimulating the development of the concept of CSR towards the environment, occupational safety, customer care and public administration. (Bernardová, 2016)

In the following decade, **the 1980s:**

- The conception stakeholders formulated by R. Edward Freeman is accepted as an important tool in the interpretation of CSR (Freeman, 1984, see the following CSR theories presented in this chapter),

- more and more discussions are held on the level of theory,

- another CSR development stage appears, where the role of the manager in the implementation of CSR is perceived more significantly,

- personalities such as William C. Frederick, Michael E. Porter, and Peter Drucker enter the internal discussion of CSR theory. Critical discussions are also held, initiated by the paper by Milton Friedman "The Social Responsibility of Business is to Increase its Profits" (Friedman, 1970),

- a new scientific discipline, Business Ethics, is beginning to develop (see the following part of the present chapter).

Besides the term of CSR, different names are beginning to be used for the same content in the 1970s and 1980s, such as **Corporate Social Responsiveness** or **Corporate Social Performance**. In his work, William C. Frederick describes the development phases of CSR in an interesting way as CSR1 a CSR2, the present as CSR3, and future predictions of the development as CSR4 (see the following CSR theories presented in this chapter). His designation of CSR phases is adopted by other authors. From 1990, the discussions on CSR are joined by other topics such as sustainability and corporate citizenship.

Part of the CSR concept is also a developed practice of CSR reporting, in which companies present overviews of their activities, conduct mutual comparisons, communicate with stakeholders (see more in the following chapter).

Nowadays, CSR is so well-spread, conceptualized, and institutionalized so that is becomes a global phenomenon. Contemporary equivalent of CSR is the **concept of shared values** between organizations introduced by Kramer and Porter.

5.2   CSR and business ethics

Putnová and Seknička state that business ethics, as a discipline, emerged in **1974, at the University of Kansas** where, in cooperation with the Department of Philosophy and the College of Business, the first conference was held on this topic. Presented papers were then published in the conference proceedings with the title of "*Ethics, Free Enterprise and Public Policy: Essay on Moral Issues in Business*" (Putnová, Seknička, 2007, p. 17). In the current interpretation, these authors perceive business ethics as a science discipline as well as practical matter. According to Putnová, economic behaviour cannot be understood as morally neutral and assessing the attitudes and decisions that have been made at the level of a particular organization should not be avoided.

As for economically directed activities, there are two basic approaches: ethical and engineering. The ethical approach considers the ethical context, including issues of motivation, social problems, it reasons how to live, what is a just society, etc. Ethics is therefore an integral part of the internal system. DesJardis characterizes the nature of business ethics by saying *"doing good and doing well"* (DesJardis, 2009, p. 6) and beyond ethical theories applied to business, he adds ethical rules for a specific area of CSR, organizational culture and ethical leadership, the importance and value of work for humans, ethical regulations in the workplace, responsible employee relations, marketing ethics, environmental ethics, the issue of discrimination, and international trade ethics.

The importance of business ethics is growing along with the globalization of the world's economy. Multicultural organizations are facing several ethical dilemmas. If managers do not respect cultural specifics related to ethical decision-making, they threaten not only the reputation of their organization, but also the relationships and cooperation with their stakeholders. Otherwise, if we do not recognize the impact of cultural frameworks in organizational decision-making, we cannot fully understand their moral behaviour. In addition to ethical standards themselves, examples of different concepts of moral decision-making within different cultures include the perception of gender, religion, law and ethics, geographical location, the type of social consensus, political organization and control (Jaffe, *An Introduction to Business Ethics*, p. 53 - 63).

The mutual relationship between CSR and business ethics has been accurately described by Sokáčová: *"Business ethics requires an individual or organizations to behave strictly according to the rules of ethics, whereas social responsibility is an expression of how business entities can influence the interests of other groups in their surroundings by their activities. The above-mentioned statement shows that social responsibility takes the form of a social agreement by which the subject of business undertakes to comply with* [the requirements] *of its surroundings. On the other hand, business ethics is a broader field than social responsibility which is its inseparable part"* (Sokáčová, 2009, p. 32).

As follows from above, ethics, especially in the form of business ethics, can be conceived as the basis of organizations' social responsibility, especially in Europe. Business ethics put the following input to the concept of CSR:

- normative ethical approach,

- values: freedom, justice, responsibility, progress,

- tools of introducing ethics into a strategy and corporate practice - codes of ethics, social audits.

5.3   CSR in Europe

In the 1970s, the notion and the concept of CSR gradually spreads from the USA to other countries. The United Kingdom is the second world (and at the same time the first European) centre of CSR (hereinafter referred to as UK). The development of the conceptualized form of CSR remains in the US (Pokorná, 2012). The spread of the CSR concept in Central Europe is taken over by the European Union, mainly by the activities of the European Commission:

- **in 1995**, on appeal of the President of the European Commission Jacques Delors, **CSR Europe was established**. It associates partner organizations of member countries to develop CSR in theory and practice (for more, see the following chapter),

- **in March 2000**, the European Summit in Lisbon called for the central placement of CSR in organizations' business strategy,

- **in 2001**, the **Green paper** titled *"Promoting a European Framework for Corporate Social Responsibility"* was published introducing the first definition of CSR for Europe (COM, 2001). It is a set of recommendations by which the EU shall support CSR inside its member countries and at the international level; recommendations on how to make use of the knowledge and experience already gathered from the world in its member countries. The document calls for cooperation with the UN on global impacts and with the OECD on its key themes - freedom of association, the abolition of forced labour, the elimination of discrimination, the abolition of child labour. The Green Paper calls all types of organizations to employ CSR, calls for the development of a CSR model based on European values, its recommendations are based on a voluntary basis. It specifically calls for sustainable development.

Since then, CSR has been anchored in EU countries in the form of a series of documents and direct activities [38]. At international level, transnational and international organizations play a key role, mainly **EU and UN initiatives**, of which the **OECD's "Guidelines for Multinational Enterprises"** (OECD, 2008b; see more in the following chapter) can be mentioned as pivotal. Organizational activities aim to promote the idea of CSR, to educate and advise on the implementation of CSR, coordinate the activities of individual countries and create networks, formulate and enforce CSR principles.

In 2011 the EU published *"A renewed EU strategy 2011 – 14 for Corporate Social Responsibility"* (COM, 2011). The purpose of this document is to encourage EU Member States to develop their own CSR strategies. The mentioned document sees firms as the bearers of CSR. Again, it emphasizes voluntariness, but also creates pressure in the form of a proposal to supplement regulatory measures. It proposes mandatory compliance with certifications such as **ISO 26 000** (the only norm encompassing the whole concept of CSR), **"Global Compact"**, or OECD directives (see more in the following chapter). The Strategy raises debate in attempts to take a more direct approach in CSR implementation than full volunteering, even though, it is an aid to the sustainability process in the context of globalization (a similar idea is already published in **"Guidelines for Multinational Enterprises"**, asserting that some companies should be enjoined to abide selected measures by law). The discussion refers to the fact that CSR has its specific form in Europe and EU should let companies search for their own ways. The Strategy also called on EU countries to develop national CSR strategies. In the Czech Republic, it happened in 2015 (MPO, 2015).

At present, **government policy** towards CSR is very diverse. For European countries, volunteering is primarily maintained, and state policy is committed to spreading and supporting this trend. From European countries, for example, the UK has a sophisticated government policy down to the level of the Ministry for CSR. In France, the National Council for Sustainable Development was set up. A more comprehensive concept of government policy can also be found in Italy, the Netherlands and Hungary (*Across Corporate Social Responsibility*, 2005). **In the Czech Republic**, there is no key institution focused on CSR. Within the scope of its competence, the Ministry of Industry and Trade and other ministries in the Czech Republic focus on social responsibility. Also, **Czech Board of**

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[38] In parallel, there are many other activities in Europe. Initiatives such as the European Business Manifesto against Social Exclusion from 1995; a Business Marathon with 14 CSR conferences organized to spread the idea of CSR started in Athens in 2001; the Multistakeholder Forum has been established. Documents such as Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee, were published by the Centre for Excellence in Corporate Social Responsibility in 2006; the European Commission has published a CSR document – National Public Policy in the European Union. Luxembourg: Office for Official Publications of the European Communities. 2007–94 pp. Accessible at <http://ec.europa.eu/employment_social/index_en.html>.

Quality, and targeted non-governmental organizations such as Business for Society, Association of Social Responsibility, Business Leaders Forum, Czech Business Council for Sustainable Development, and Global Compact Czech Republic are engaged in CSR**.**

5.4   The key theories in the development of the concept of CSR

CARROLL, A. B., A Three-Dimensional Conceptual Model of Corporate Performance. *Academy of Management Review*, 1979, 4 (4), 497 – 505.

The author defines three basic aspects of Corporate Social Performance (CSP): 1. what does the field of CSR include, 2. what social issues organizations must address, 3. what is corporate philosophy or a model of social friendliness.

At this point, the author shows his most famous definition: … *"the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time"* (Carroll, 1979, p. 500).

According to the author, social issues or areas that organizations can fulfil cannot be enumerated. The author names at least the factors that influence their choice in companies: 1. they correspond to the social need and needs of the organization or its ability to help, 2. they are based on the current importance of social needs, 3. they reflect the personal interest of top managers, 5. they reflect the pressures of government and state.

The philosophy of companies is best described by the term social friendliness or sensitivity (the same as described by Frederick in CSR2, (see Frederick, W.C. *From CSR1 to CSR2,* 1994)). It is the ability of companies to see and respond to social problems. There is a need for clear desirable values and behavioural patterns to help companies respond properly.

The author builds the following CSP model:

Figure 4 The CSP Model
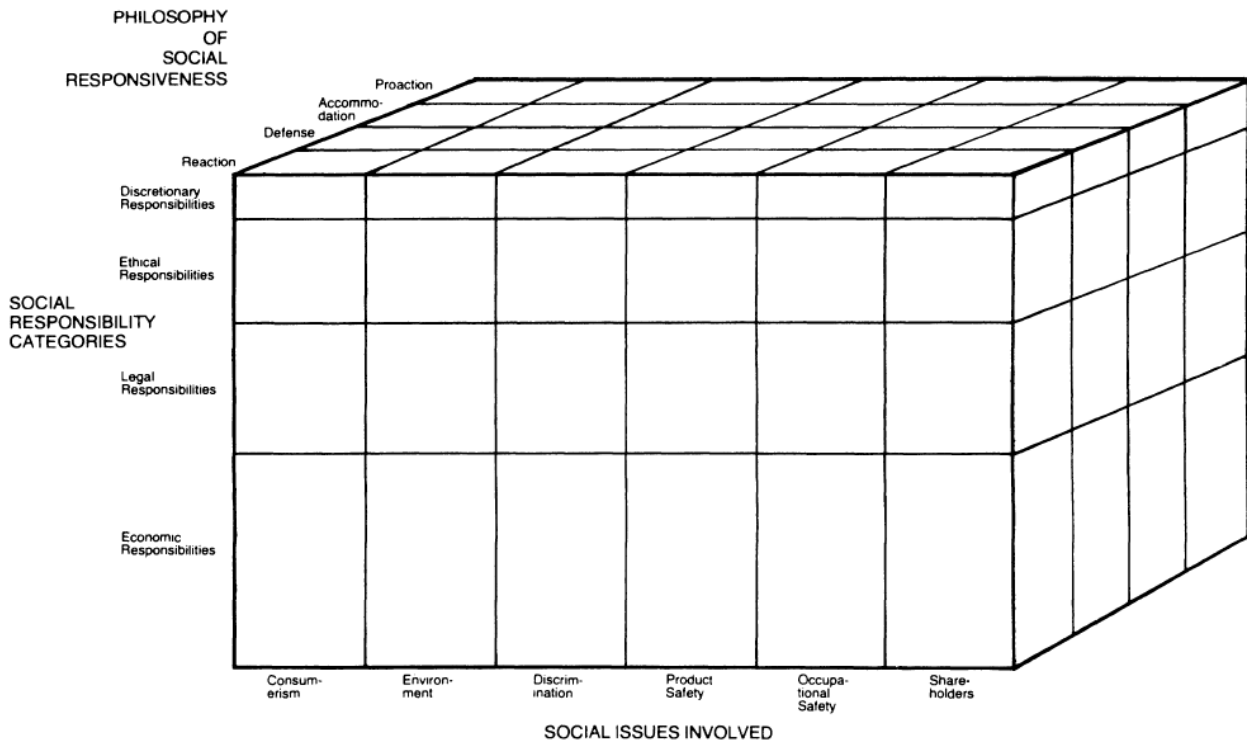
Figure 3
The Corporate Social Performance Model

(Carroll, 1979, p. 503)

WOOD, D. J., Corporate Social Performance Revisited. *Academy of Management Review*. 1991, 16, 691 – 718.

The paper defines CSP as a superordinate term for mutual interaction of the following principles: 1. CSR realized at the institutional, organizational, and individual level, 2. Social responsiveness of companies which includes environmental assessment, stakeholder management and problem management, and finally, 3. the outcomes of corporate behaviour interpreted as the social impacts of organizational behaviour, programs and policies. All of this must create a unified procedure, not a set of procedures. The described model is designed to manage the process of a) motivation b) behaviour c) observable results of corporate and managerial activities related to the relationship of the organization with the environment. The evaluation must always be carried out according to economic results of an organization, and economic and social performance shall not be separated. Nor can social performance be isolated as an independent activity of an organization.

Institutional level of CSR: Legality – society gives companies legitimacy and strength to do business. If organizations will not use their power in the way they have been authorized by society, they will disappear. At this level, obligations and sanctions are set.

Organizational level of CSR: public accountability – organizations are responsible for the results in both their primary business and their secondary involvement in society. At this level, the parameters of company behaviour are determined.

Individual CSR level: manager's judgment - managers are moral actors, in all CSR domains they are obliged to exercise their available powers, focusing on socially responsible results at the same time. This level of CSR is performed by individuals within an organization, based on their selection, choice, ability to seize opportunities, and personal responsibility. Managers have very few inputs for this activity. Ethical education and gaining experience motivating responsible behaviour is an aid.

Outputs (observable results) of CSP: social impacts of the organization's actions, social programs and policies of the organization.

FREEMAN, R. E., Strategic Management: A Stakeholders Approach. Pitman. Boston (MA). 1984.

The author consistently deals with groups engaged in business – stakeholders. He analyses the strategic management of organizations with full acceptance of stakeholder requirements. The essence of the author's communication to CSR is the structure of all groups forming shareholders.

All stakeholders of a large organization are formed by the following groups: owners, financial community, activist groups, customers, customer advocate groups, unions, employees, trade associations, competitors, suppliers, government, political groups.

Figure 5 Stakeholders of a large organization
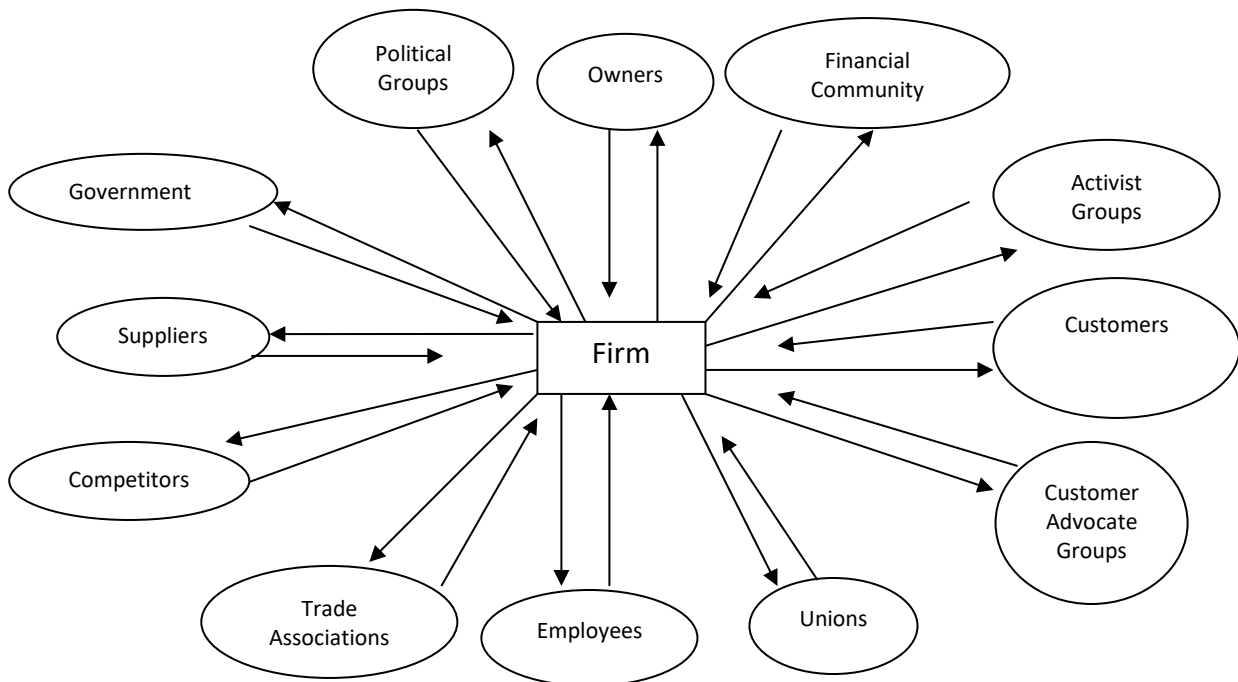
(Freeman, 1984, p. 55)

FRIEDMAN, M., The Social Responsibility of Business is to Increase its Profits. *New York Times Magazine*. September 13. 1970, 32 – 33.

The author raises a question of what the responsibility of companies is, since only people are supposed to have responsibility. While a company is a legal entity and may have artificially created responsibilities in this sense, it cannot be said that it may have responsibility as such. So, what does CSR mean and for whom? Probably it must be individuals, i.e. individual business owners or management.

In a company, the manager is the employee of the owner and they have direct responsibility towards their employer. S/he is an agent for individuals who own a business and who are the only ones who set organization's charitable goals.

A manager is also a person who has his/her own rights and his/her own responsibilities. They have their own conscience, feelings, faith. They may feel compelled to devote part of their duties and beliefs to higher interests. They may also decide not to accept these interests and leave the company.

From this perspective, the manager is not an agent of CSR, that is their employer. This means that a manager has responsibilities as an entrepreneur, that is, they act in a way that may not always be

in the interests of their employer. In any case, as part of CSR activities, the manager would have to spend other peoples' money on behalf of the entire society.

Further on, another argument the author leaves for consideration is that the manager is an expert on organization's functioning, production and service management, finance or product sales, but none of this expertise makes him an expert on inflation, the environment, the fight against poverty representing the very subject of CSR. In this sense, the CSR concept requires a schizophrenic nature of entrepreneurs.

DONALDSON, T., PRESTON, L. E., The Stakeholder Theory of the Corporation. Concepts: Evidence and Implications. *Academy of Management Review*, 1995, 20 (1), 65 – 91.

The authors further develop the stakeholder theory. It is a well-founded theory, advanced through three interdependent aspects: descriptive accuracy, instrumentality and normative validity. These aspects justify the correct choice of this theory. According to following theses, the stakeholder theory is described as:

Thesis 1: descriptive – it describes corporation as "constellation" of cooperative and well-founded competitive interests. This approach is used to describe and explain the behaviour and characteristics of specific companies. It reflects the past, present and future of the organization and stakeholders.

Thesis 2: instrumental – it establishes a framework for examining the connections (if any) between management practice, stakeholders and achievement of various goals of business performance. This approach is used to identify ways of linking as well as weaknesses in the interconnection of stakeholder management with business goals.

Thesis 3: normative – it includes the following premises: a) stakeholders have legitimate interests in business, b) stakeholders' interests bear intrinsic value, i.e. they deserve attention for their very cause, not because they were pushed through by power. This approach is used to identify the organization's function, including moral and philosophical rules of operation and management. This approach dominates.

Thesis 4: additionally, managerial – thus, it is also a recommendation of attitudes, structures, procedures that together form stakeholder management.

The authors give the following definition for stakeholders – *"...all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and there is no prima facie priority of one set of interests and benefits over another..."* (Donaldson, Preston, 1995, p. 68)..

Figure 6 The Three Aspects of Stakeholder Theory that are nested within each other

FIGURE 3
Three Aspects of Stakeholder Theory

Normative

Instrumental

Descriptive
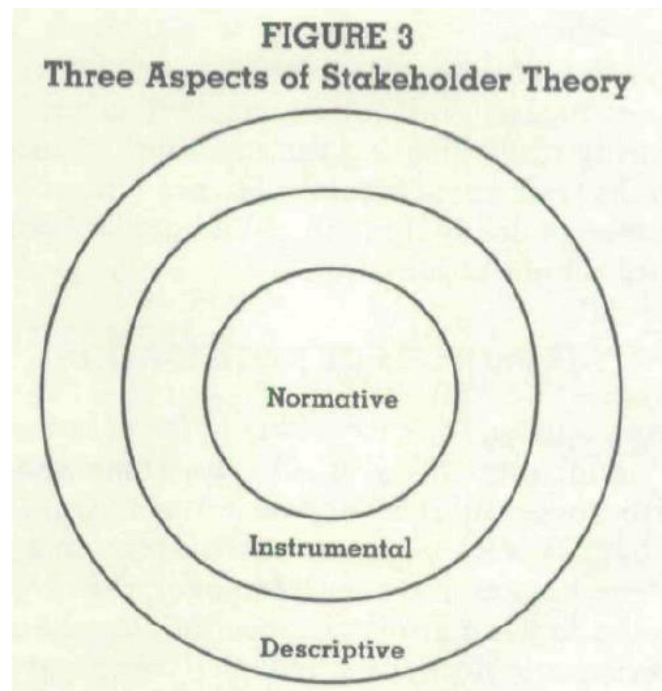
(Donaldson, Preston, 1995, p. 74).

At the core, there is the normative approach that is used most often and forms the real basis of the whole stakeholder theory.

PORTER, M. E., CRAMMER, M. R., Strategy and Society: The link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, 2006, 84 (12), 78 – 92.

The author claims that approaches to CSR are fragmented. CSR may include much more than for instance specific costs, limiting some impacts of organization's activities, or charity. CSR can also represent a source of opportunities, innovation and a competitive advantage. The author proposes a new way of looking at the relationship between organizations and society.

In the first phase of the development of CSR ideas, companies' approach was not entirely voluntary. Rather, organizations have responded to external pressures. Pressure was also created by government orders.

CSR proponents use four arguments (see below) for the following activities: moral obligation, sustainability, operating permits and good reputation. This concept means that organizations should meet the needs of society without compromising the ability of future generations to meet their own needs. In doing so, each organization needs the tacit or explicit consent of the government, the community and other stakeholders to do business. Organizations can then use good reputation to

mark their CSR initiatives, to improve their corporate image, strengthen their brand and even increase the value of their shares. However, according to the author, the four arguments are in fact used to create tensions between organizations and society more than for their interdependence. As a result of this conceptual fragmentation, many opportunities for CSR activities are wasted. It is, therefore, necessary to integrate companies and society.

Arguments for the integration of companies and society:

1. Successful organizations need healthy society – education, health care, equal opportunities are essential for a productive workforce. Safe products and working conditions attract customers, efficient use of natural resources makes business more productive, good governance, legality, and innovation. Healthy society guarantees an increase in demand.

2. At the same time, a healthy society needs successful organizations. The social programme cannot compete with the business sector. There would be stagnation, diminished wealth, and the loss of job opportunities. It is therefore necessary to focus on identifying the intersections of companies and civil society. In fact, virtually all business activities affect the community where organizations operate and create positive or negative social consequences. Conversely, no organization can solve all the problems of society or bear its costs. Each organization must address three categories of social issues:

   - generic social issues - social issues that are not significantly influenced or caused by the activities of companies, or substantially influenced by long-term competitiveness,

   - value chain social impacts - social issues that are significantly influenced by the activities of companies in the ordinary field of business,

   - social dimensions of the competitive context - social issues of the external environment, which significantly influence the basic management forces of the competitiveness of companies in the given business location.

3. Creating a social agenda. Social issues need to be assessed and categorized in order to create an explicit social agenda. The result of this theory is to propose a strategic approach to incorporate the organization into the life of society (see picture). The approach is based on the integration of input-output and output-input practices. It is an effort to invest so that the impacts on the social environment are minimal.

Figure 7 Corporate Involvement in Society: A Strategic Approach
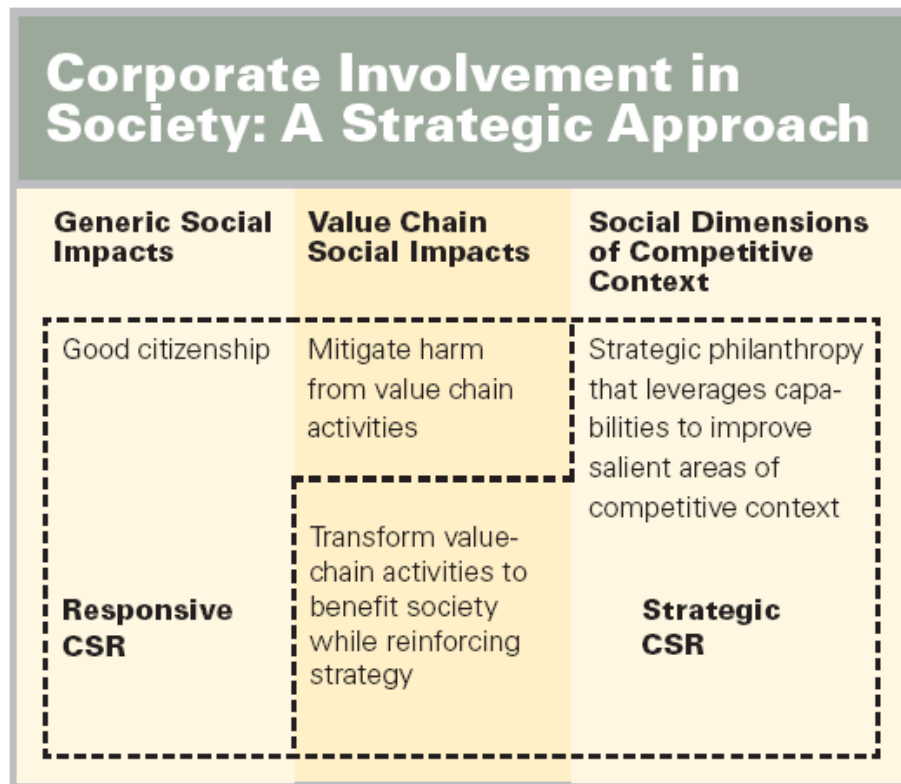
(Porter, Cramer, 2006, p. 89).

4. Creating the social dimension to the value proposition. The most strategic approach to CSR is when an organization adds a social dimension to its products and services. Thus, it increases its value by reducing the social impacts associated with production or consumption. But integrating business and social needs requires more than good intentions and strong corporate governance. It also requires changes in the organization of business activities, a shift from inconsistent defensive attitudes to an integrated positive attitude of the organization. It is a shift from the original emphasis on the external *image of an organization* in business to an emphasis on the essence of the business approach (it is necessary to measure the social impact of business). Organizations need to change the way they perceive themselves (they must see the moral purpose of doing business). All of this must be learned by organizations.

CARROLL, A. B., The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 1991, 34. 39 – 48.

The author examines the nature of CSR by looking at its parts. He puts his theory into the pyramid of CSR. In his theory, he works with the notion of stakeholders and differentiates between ethical and moral components of CSR.

The author distinguishes between four different parts of CSR: economical responsibilities, legal responsibilities, ethical responsibilities and any other arbitrary activities (philanthropic responsibilities). He puts these four categories in a pyramid.
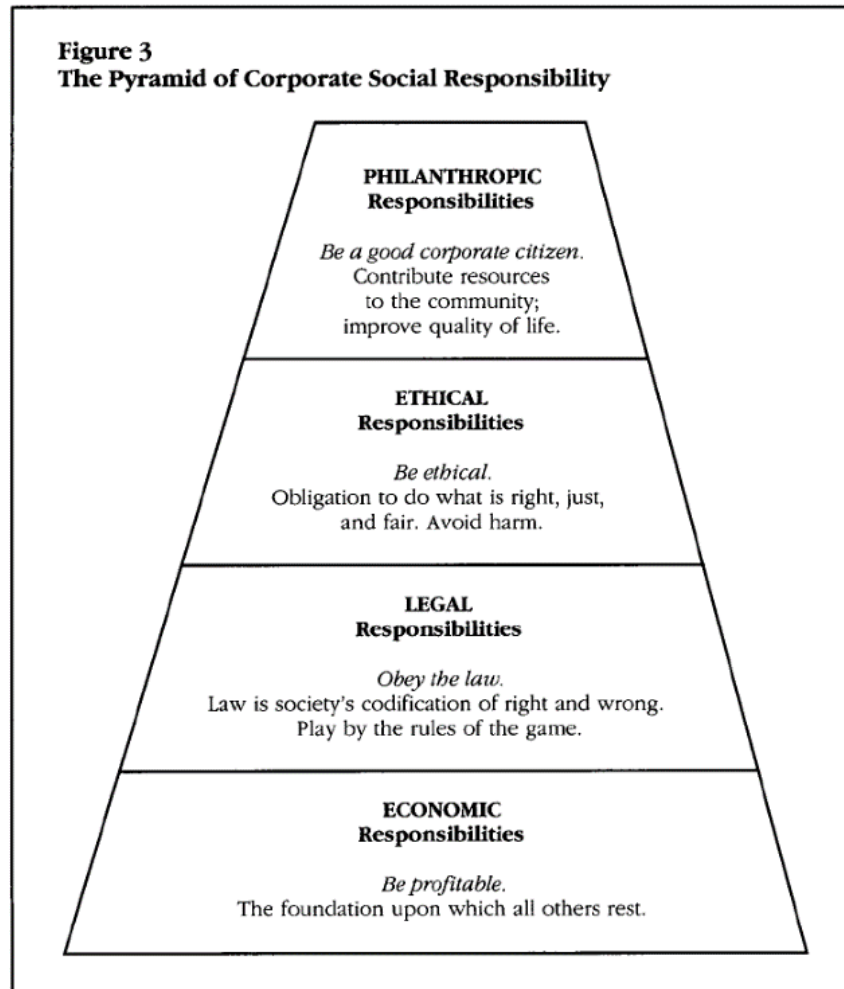
Economical responsibility includes the necessity of achieving the maximum possible profit. In this sense, it is necessary to achieve a strong competitive position in the market, achieve maximum efficiency levels and to achieve balanced long-term profit. This obliges the company to do business.

Legal responsibility includes the need to do business in line with government and law expectations. It include the necessity to respect diverse international, national and local regulations. Legal responsibility also represents the necessity to be a permanent good corporate citizen. It also covers the necessity to fulfil all legal obligations and operate services with minimum requirements for the legal system.

Ethical responsibility goes beyond pure obedience to the law. These responsibilities include the need to conduct business in accordance with the expectations of society's morality and ethical standards, the need to be aware of and respect new or evolving ethical-moral standards accepted by society. At this level, there is also a need to defend ethical standards from being challenged in order to achieve the organization's goals. Ethical responsibility includes the necessity of good corporate citizenship defined by what is expected morally or ethically from companies. It is also the need for the organization to realize that the integrity of the organization and ethical conduct goes beyond mere compliance with laws and regulations.

Philanthropic (discretionary) responsibility mean voluntary assignment of roles not even formulated by society as its clear expectations. This part is governed by social standards that managers perceive and voluntarily adhere to. It means doing business in accordance with the philanthropic and charitable needs of society, the need to promote the arts. It includes the necessity for managers and employees to voluntarily participate in charitable activities in the area of their local activities, the need to help private and public educational institutions, and voluntarily support projects that improve the quality of life and society. (This part is adequate for the outer ring area as defined by the CED.)

Figure 8 The Pyramid of CSR

Figure 3
The Pyramid of Corporate Social Responsibility

PHILANTHROPIC
Responsibilities

Be a good corporate citizen.
Contribute resources
to the community;
improve quality of life.

ETHICAL
Responsibilities

Be ethical.
Obligation to do what is right, just,
and fair. Avoid harm.

LEGAL
Responsibilities

Obey the law.
Law is society's codification of right and wrong.
Play by the rules of the game.

ECONOMIC
Responsibilities

Be profitable.
The foundation upon which all others rest.

(Carroll, 1991, p. 42).

Part of this theory considers the influence of stakeholder involvement. This eligibility may be legal or moral. The task of management is to decide which stakeholder groups will be taken into account in the decision-making process. Their influence on management efficiency and the power of the groups is decisive. For CSR it is important to: 1. describe the functions of stakeholders, 2. understand them, 3. analyse them and 4. manage them. This role is captured by five questions: 1. Who are the stakeholders? 2. What are their shares? 3. What opportunities and challenges are presented by stakeholders? 4. What social responsibilities do we have to stakeholders? 5. What strategies, actions or decisions must be taken to best address these responsibilities? The author lists five main stakeholder groups, recognized as a priority majority of companies in all industries, regardless of the size and location of the organization: owners (shareholders), employees, customers, the local community and society as a whole.

The author's last view of CSR is **ethical and moral**. He assumes that ethics and morality are essentially synonymous in the context of an organization, and the author speaks of immoral, amoral management or the type of managers. **Immoral** management is realized by managers whose

decisions and actions represent an active opposition to what is considered ethical. Decisions are inconsistent with ethical principles and constitute an active denial of what is considered moral. **Amoral** management is neither immoral nor moral, it is only insensitive to the fact that everyday business decisions can have negative effects on the environment. These managers have a lack of ethical perception or consciousness. They can also be careless or inattentive as a result of their actions affecting stakeholders. They think that ethical considerations belong to private life, not to business. **Moral** management strikingly contrasts with the previous. Managers not only recognize and act with a high level of professional ethics, but also inspire corporate leadership to ethical issues. Moral managers want to be profitable, but only within the proper legal and ethical rules, such as honesty, fairness and the right to a fair trial. Their goal is to do business with respect beyond legal obligations.

DAVIS, K., The Case for and Against Business Assumption of Social Responsibilities, 1973. The Case for and against Business Assumption of Social Responsibilities. *Academy of Management Journal*, 1973, 16 (2), 312 – 322.

According to the author, the concept of social responsibility cannot be defined in one word. The author inclines to the concept that it is a solution to the questions of economic, technical and legal requirements of society for organizations. It is the duty of companies to consider the impact of their decisions on the external welfare system in such a way as to bring social contributions along with the traditional economic benefits of the organization. This means that social responsibility begins where the law ends. Social responsibility in maximizing the profit of an organization means going beyond simple compliance with the rules of classical economics.

Arguments for social responsibility

- Long-run Self-interest – spending money on social programs can indeed result in more profit for the business.

- Public image – the organization can gain more customers, better employees and other benefits.

- Viability of business – it applies to the entire trading system, society has justified the business processes, and if the business fails to meet society's expectations, it can be cancelled. Therefore, business, in order to maintain its social role and strength, must respond to the needs of society and give society what it wants.

- Avoidance of Government regulations – regulations restrict flexibility of business and business decisions. If business becomes socially responsible on its own behalf, it can prevent the government from introducing new regulations.

- Sociocultural norms – cultural norms are strong determinants of action, as well as technical, legal and market constraints. As the societal standards change, entrepreneurial behaviour must

change as well. Entrepreneurs thus furtively and inevitably obey the same standards as society does.

- Stockholder interest – it is in the interest of stockholders to engage in a certain type of behaviour. Diversified business is beneficial for stockholders both from the point of view of securing profits and from the perspective of prudent sensitive behaviour on the market. Diversified business is also beneficial to society.

- Let Business Try – if an entrepreneur is successful in business, s/he has the chance to succeed in solving social issues. The challenging thing are thoughts such as "let's try it, maybe we will come up with new ideas", "it could be worse", or "we haven't tried everything yet".

- Business has the resources – resources of businessmen can be used for social problems. Organizations own talents, expertise and capital resources. Often, institutions working in the social field suffer from a lack of all these resources. Joining both entities can bring beneficial results. Problems may become profit. Business innovation capacity can be translated into social issues, which means that the traditional concept of business can be beneficial for solving social problems.

- Prevention is better than curing – business causes subsequent social problems. If a business focuses solely on the production of goods and services, it will have to deal with the social consequences of its operation over time. It is better to deal with them immediately.

Arguments against social responsibility

- Profit maximization – business function is economic, economic values are the only criteria for measuring success. Stockholders' money cannot be spent on activities for which the organization has not been established.

- Cost of social involvement – someone has to pay for social costs. These costs are not self-renewing, thus burdening organizations and leading them to economic inability.

- Lack of social skills – businessmen may have a lack of responsiveness and skills for social work - especially economists (social issues are not their field). In fact, we want economists and technicians to interfere in social affairs.

- Dilution of business's primary purpose – engaging business in social goals will dilute business emphasis on economic productivity, divide the interests of managers, weaken business in the market, and result in poor economic performance as well as the social role fulfilment of the organization. This will make society poorer both socially and economically.

- Weakened international balance of payments – if social programs are added to costs, then these costs must be repayable and added to the price of the products. This will lead to higher product costs. Such businesses will be in a competitive disadvantage with organizations that do not have these social costs.

- Business has enough power – business itself already has enough social power, so we should not take further steps to multiply it. Business has an influence in society, multiplying its power with socially beneficial activities would cause an excessive concentration of business power.

- Lack of accountability – businessmen do not have a built line of responsibility towards people and the wider community. For this reason, it would not be wise to give them this responsibility. Entrepreneurs should therefore not decide what is good for society.

- Lack of broad support – engaging business in social activities can divide society into incompatible groups. Businessmen who can also perform a social role will confront those who oppose this idea.

BOWEN, H. B., *Social responsibilities of the Businessman.* New York: Harper α Row, 1953.

By the very title of the publication, the author draws attention to one phenomenon in society which he disagrees with and which is, according to him, alarming - there are only men in management. The author sees the largest organizations as the centre of power in society and therefore its business affects the whole society. The author sets out the first definition of CSR (Bowen, 1953, p. 6). He refers to the obligation of entrepreneurs to implement the company's policy, calls on business to make decisions that also pursue the goals and values of the company at the time, and calls for business directions that are desirable in terms of the company's goals and values. In this way, he reacted to newspaper articles where the challenges to the "social consciousness" of managers (Bowen, 1953, p. 44) have been mentioned, who are to be held accountable for the consequences of their activities in a wider context than just profit and loss. Bowen deals with the doctrine of social responsibility as a modern, serious topic. While acknowledging that CSR does not solve everything, it does contain the heart of the truth and business, in the future, has to follow it.

FREDERICK, W. C., From CSR I to CSR II: The Maturing of Business and Society Thought. Working Paper 279. Graduate school of Business. University of Pitsburgh. 1978.

The author describes the transition from philosophical-ethical concept of CSR to actively oriented management concept of CSR.

CSR I interpreted as Responsibility is situated in the period 1953-1970 when the foundations of CSR were established. The basic idea is that organizations have a duty to work to improve the social environment. This can affect organizations' profits and operations positively and negatively.

CSR activities are based on volunteering but may also seem coercive due to government activities. It is a duty to work to improve a wide range of social resources, such as economic, social and political resources. The activities are also based on concerns about excessive government interference in corporate decision-making (the author states that if organizations meet the needs of society, government institutions will not feel the need to create regulations and business will be freer).

A characteristic feature of CSR I is that the content of the term and its importance for organizations is extremely vague. In this period, government interventions tend to assist in activities through subsidies, contracts, tax relief, planning. The focus is on corporations and federal organizations.

Organizations seek a compromise between economic goals and costs on the one hand and social goals and costs on the other. However, this ratio cannot be expressed with the necessary degree of accuracy. In this period, the moral foundations of the idea of CSR are neither clear nor agreed.

It is a period of the emergence of a new approach to business and its role in society.

The period of **CSR II interpreted as Responsiveness** begins in 1970 and continues to the present.

Organizations are already able to respond to social pressures, showing some social sensitivity. But there are questions as to whether organizations can afford it, whether they are capable of doing it, and to what extent they are able to do it, what the effects should be.

This period is carried out in managerial tone and attitude, with great attention being paid to the way of company management and relationships in companies.

It is a reorientation from a markedly philosophical CSR I to a significantly managerial CSR II. Abstract CSR I principles are replaced by CSR II focused on practical procedures in companies.

CSR II is the time when a group of scholars in this field is formed trying to understand the problems and perspectives of the specific conditions of CSR firms. CSR II forms an institutionalized policy for successful implementation of activities. Many regulations are being developed and organizations learn how to respond to them and how to use them. CSR II has two dimensions. The micro-level represents the dimension of the organization itself (attention is paid on one company and its ability to achieve a significant level of social sensitivity; the basic principles of organizational policy management are addressed). The macro-level has an institutional dimension and refers to all the institutional measures and procedures on a large scale that are necessary for the functioning of the micro-level.

CSR II puts emphasis on creating tools, techniques, organizational structures and systems behaviour for CSR needs. Scholars and practitioners are looking for concrete ways to respond to social needs. Social audit and CSR measurement techniques are being introduced, and empirical research on *business and society* issues is being developed. Managers seek help to comply with government

regulations and solve specific CSR objectives. For these reasons CSR counselling is being developed. CSR appears as part of managerial studies.

The meaning of CSR is still not properly clarified in CSR II, but the area of implementation is already better defined and more technically conceived than in CSR I. CSR II consciously avoids defining this term. The author calls CSR a "static theory" that says little or nothing, does not contain any specific values, does not support any specific set of values. This period lacks the ability to formulate CSR in clear moral commitments.

FREDERICK, W. C., Toward CSR III: Why Ethical Analysis is Indispensable and Unavoidable in Corporate Affairs. *California Management Review*. 1986, 28 (2), 126 – 141.

CSR III called Rectitude is presented as a challenge to address normative and ethical issues of the relationship between business and society, asks to anchor CSR in clear values in order to monitor the moral consequences of these values. CSR III is therefore a call for normativeness.

It is a task for scholars who specialize in business and society. Such generated values can then form the basis of a normative judgment on business conduct and behaviour.

CSR III calls for ethics to be at the core of CSR, the author points out the need to train managers to adopt ethics in their day-to-day work, the need to have tools to identify and manage the ethical problems of companies and their employees, and to reconcile current and future policies with the mentioned ethics.

Scholars should determine CSR values, recognize the process of corporate governance, managerial behaviour, organizational systems that underpin business success, and then align it all with the identified values. They should work more closely with philosophers and theorists. By this they will help create techniques that help businesses to level-up from CSR II to CSR III.

Managers should adopt the defined values, study existing models of successful internal CSR practices, join discussions on ethics with theoreticians and scholars, help transfer CSR teaching to business schools.

FREDERICK, W. C., Moving to CSR IV: What to pack for the trip. *Business and Society*, 1998, 37 (1), 40 – 60.

This paper serves as a challenge for the future, when CSR is to move to science, especially natural sciences. The author refers to CSR as **C=Cosmos (world), S=Science, R=Religion.**

It represents an idea that the concept of CSR must use the knowledge of the whole country, more precisely, the results of the exploration of natural sciences. However, scientific knowledge in the

field of social sciences is also beneficial. The author perceives CSR transformed into the field of science as a religion[39].

Σ

The concept of CSR originated in the US. Its spiritual father is Bowen, who defined CSR in 1953. However, the manifestations of corporate responsibility can be traced earlier, as early as around 1920. The concept is quickly moving to the UK, around 1970 the UK becomes the second world center of development CSR. The development of CSR comes to Europe mainly with the EU, by the activities of the European Commission, thus around the year 2000. Since the 1990s, there have been significant initiatives mainly by world organizations such as the UN and OECD. In Europe, the development and form of the concept are greatly influenced by the European culture ant the origin and development of Business Ethics, which gives the CSR concept a mainly humane dimension. Initiatives in Europe aim to spread the concept of CSR, education in CSR. The principle of volunteering is maintained, although the pressures to make it a mandatory concept are high. As a result, the governmental approach of European countries is to some extent diverse. The main tools for disseminating the concept of CSR are initiatives of non-governmental organizations such as CSR Europe, Business Leader Forum, CSR Guidelines, but also CSR methodologies and norms, of which ISO 26 000 is the key one. Key theories that contributed to the development of the concept of CSR were formulated by authors such as Bowen, Carroll, Davis, Crane, Freeman, Friedman, Porter. In their theories they have identified the main areas of CSR, pillars, the role of stakeholders in CSR, the development phase of CSR, the benefits of CSR as well as its disadvantages and risks.

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1. Where do you see the differences between CSR in the USA and in Europe?
2. What initiatives do you know about CSR dissemination in Europe and what is their philosophy for the benefit of CSR?
3. What role does EU and the European Commission play in CSR?
4. What are the challenges for the next development of CSR in Europe?
5. What specifically did key CSR theories formulated in the concept of CSR?
6. What is the role of stakeholders in CSR?

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[39] Frederick's designation of CSR I, CSR II, CSR III, and CSR IV is used by other authors as CSR1, CSR2, CSR3, and CSR4.

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Chapter 6

Standardization of CSR

After studying the following chapter you will be able to:

- distinguish among groups of tools standardising CSR;
- describe chosen CSR management methodologies in organizations;
- list the selected norms standardising CSR;
- describe activities of CSR initiatives worldwide;
- describe the activities of CSR initiatives in the Czech Republic;
- explain the importance of CSR standardization tools.

Key words:

Methodology, initiative, specification, international organizations, initiatives of the Czech Republic.

6.1   CSR standardization tools

CSR standards have become the main tools in developing and disseminating CSR; they can also play the role of an external CSR assessment tool in organizations. There is a number of reasons for introducing CSR standards into organizations (Kunz, Kašparová, 2013, p. 45):

- differentiation from competition,

- improvement of public image,

- stakeholders' demand for standards;

- efforts to demonstrate responsibility towards stakeholders,

- acquisition of new information and education of employees,

- risk prevention of implementing further legislation,

- business authorization maintenance,

- improvement of internal and external communication,

- productivity and product quality growth,

- crisis prevention,

- risk reduction of fines imposed by public authorities.

The result of this development nowadays is anchoring **CSR in international certification**, such as *SA 8 000 Social Responsibility*, *ISO 14001 Environmental Management System*, *ISO 26 000 Corporate Social Responsibility* and others. The selected standards, except for the standard *ISO 26 000*, address only a specific part of the processes related to CSR, such as human resources management, environmental management, or security and protection management. The question is, however, whether CSR is an appropriate content for standardization by norms and guidelines and whether to require CSR activities through standards to demonstrate free will and a particular visibility of the

organization's relationship with society[40]. In defence of standards in CSR, Krnáčová states that it is a *"tool for increasing internal cleanliness of company processes"* (Krnáčová, 2008, p. 8).

CSR reporting practices of individual organizations have been developed at both international and national levels, presenting overviews of their activities, comparing each other, and communicating with stakeholders. The most widespread reporting systems in the world are for example *AA 1000 Account Ability, GRI Global Reporting Initiative* and principles formulated in *OECD Guidelines for Multinational Enterprises, Triple-bottom-line Reports, Sustainable Reports*. Due to the freedom in this activity, reports cannot be evaluated objectively. Nevertheless, reports and rankings of organizations are created based on the content of the reports and the CSR level is also sought[41]. These initiatives are constantly a matter of expert discussion. What CSR organizations are currently doing is clearly the **role of marketing and PR[42]**.

Nevertheless, there are also other means of CSR standardization such as the following:

- Codes of Ethics, Ethical Audits;

- Measurement methodologies (benchmarking - **C**ommon **A**ssessment **F**ramework, Investors in People, SOF Standard…);

- Organizations, Standards Associations (**OECD** Guidelines, **G**lobal **C**ompact, **B**usiness **f**or **S**ociety, CSR Europe);

- Competitions (Top Responsible Company, European CSR Award);

- Reports (**G**lobal **R**eporting **I**nitiative);

[40] The voluntary nature of following the CSR standards is a subject of discussion of current practice. Businesses seek to maintain voluntariness, unlike NGOs, which aim for implementation of mandatory standards. An interim result of the discussion is an effort to set at least minimum obligations for the fulfilment of CSR requirements, which are at the level of faultless fulfilment of legal obligations.

[41] (Avshalom, Tall, 2008) A question arises, whether the publication of organisations' registers of CSR assessments according to the SRI methodology influences other organizations in their view of CSR and motivates other organizations to also be published in the CSR list. Research conducted among 100 companies evaluated in the register concludes that the published SRI index parameters create a market incentive to increase organizations' investment in CSR, and thus increase their social responsibility. However, they are not an incentive for organizations which are not interested in CSR to start investing in it and get into the registers.

[42] The tools offered for implementation of CSR in the countries of the European Union are sophisticated, ready to use. However, these documents also refer to the need for the European concept of CSR to be based on traditional European values.

- Measurement (**C**orporate **S**ocial **P**erformance);

- Standards, norms (**E**xcellence **E**uropean **F**oundation **Q**uality **M**anagement, **ISO 26000**);

- Rankings and registers;

- Indexing – lists following chosen criteria;

The criteria for classifying standardization tools are not unambiguous. In principle, one can distinguish between the following (Kunz, Kašparová, 2013, p. 47):

1. **specification** – definition of socially desirable activities and minimum standards of social behaviour;
2. **management standards** – descriptions of socially desirable activities and standards of behaviour, as well as the procedures to be implemented by CSR management organizations.

However, it is not possible to unambiguously classify all standards in the above categories. At the same time, the standards can be even distinguished by the following:

- a type of organization for which the standard is designed and appropriate,

- areas of the CSR covered by the standard (social, environmental, economic),

- whether it involves negotiation with stakeholders,

- CSR performance indicators which are used,

- whether regular reporting is required.

6.2   Selected CSR methodologies

GC – Global Compact. A voluntary UN initiative supporting the business initiative since 1999. In 2014, it involved 12,000 companies from 145 countries – the world's largest ones. For its members, the GC sets out 10 principles for the following areas:

- human rights – support and respect, non-violation;

- working conditions – freedom of association and negotiation, elimination of violent and forced labour, child labour, discrimination;

- environment – approach of prevention, initiative of greater responsibility in comparison to others, development and management of environmentally friendly technologies;

- anti-corruption measures – fighting against all its forms.

Involvement conditions: The director general (DG) publishes a statement actively supporting ten principles of GC, annual reports on the company's actions and progress in promoting the principles.

Criticism: excessive openness, membership of disputed corporations, inconclusiveness of the actual fulfilment of principles. https://www.unglobalcompact.org/

GRI – Global Reporting Initiative. It is an organization that has created rules and guidelines for corporate social responsibility or sustainable development. At the same time, it is a methodology for measuring and publishing information responsibility to stakeholders on the organization's performance towards sustainability. Publicly recognized and professionally required document. A total of 79 indicators are listed in the directive:

- economic indicators include direct and indirect corporate influences on the economic resources of individual stakeholders and the economic system at the local, national and global levels – **e.g. wages, money from customers or suppliers, taxes and subsidies.**

- environmental indicators monitor environmental impacts – e.g. energy consumption, greenhouse gases, emissions, recycling, waste and other dangerous substances.

- social indicators include the company's influence on its surroundings, and are divided into four categories:

- working conditions – work safety, employee training,

- human rights – forced and child labour, discrimination,

- society – corruption, competition,

- product responsibility – product labelling, marketing communication.

After completing the report, the author should publish the extent to which they respected the GRI reporting framework. They may accomplish this using the GRI Application Levels system. This system has two goals. The first one is to provide readers with information on the instructions that were used to process the reports. The second one is to provide authors with a vision or guidance for the subsequent deepening of the reporting framework (http://www.globalreporting.org/NR/rdonlyres/A492A397-3933-4E7E-895E-9C4B48C4FD44/0/G3_Guidelines_nalitytextcesky.pdf).

SRI – Socially Responsible Investment. It represents criteria for investment decisions, including not only financial but also social, environmental and ethical factors. For investors, the criteria of social responsibility serve as a guarantee of security and long-term sustainability of a company. The

company's ability to respond to environmental and social issues is also an indicator of its maturity level and quality management. Investments in socially responsible companies are considered less risky and capable of above-average appreciation. The initiative responds to current discussions on the financial viability and benefits of CSR activities. (Petříková, 2008)

CAF Self-assessment Model in Public Administration. The so-called Common Assessment Framework is a comprehensive method of increasing the quality of public sector institutions. A tool for improving the performance of public sector organizations by means of a given self-assessment framework + subsequent benchmarking of outputs. It is evaluated according to the following criteria:

Criteria – assumptions:

- management (orientation of an organization towards a certain direction);

- strategy and planning (interconnection of organization's activities with its performance);

- employees (employees represent organization's added value);

- partnerships and resources (planning and management of key partnerships);

- processes (identification, management and improvement of processes).

Criteria – results:

- citizens / customers (organization's results based on citizens' / customers' satisfaction with the organization itself as well as its services / products);

- employees (results based on employee satisfaction and their opinion on organization's image, work environment, organization management, professional development and products, productivity and employee involvement);

- social responsibility (organization's impacts and influence on society in terms of economy, social conditions, quality of life, environment and quality of democracy);

- key performance results (basic measurable areas determining the success of an organization in the short and long term). http://www.kvalitavs.cz/metody/caf/

Corporate Governance. Legal and executive methods and procedures that oblige primarily publicly traded companies to maintain a balanced relationship between a company and those who form it – stakeholders. For the most part, it depends on management, efficiency, transparency and accountability in company-wide decision-making. It is a system by which companies are managed and controlled. (National Property Fund of the Czech Republic. http://www.fnm.cz).

OECD Guidelines – a system of OECD standards with a broad thematic scope. The guidelines represent the only multilaterally agreed and comprehensive code that governments have committed themselves to uphold. According to the Declaration stated therein, the Guidelines are intended to express shared values of the governments of countries that serve as a source of most of the world's foreign direct investment flows and a seat of most multinational companies. The Guidelines are voluntary for corporations, binding on governments. They present an international code of ethics that is recommended to governments for multinational corporations, they are part of the OECD Declaration on International Investment and Multinational Enterprises. They are addressed to multinational corporations operating in or from the territories of the states whose governments have subscribed to these directives. They include commitments by governments to provide national treatment to foreign-controlled companies, to avoid conflicting requirements on multinational companies and to cooperate on investment incentives and barriers. They provide recommendations for responsible corporate behaviour regarding transparency and disclosure of information, employment and industrial relations, environmental protection, competition, the fight against corruption, consumer interests, science and technology, competition and the tax system. They refer to international agreements, such as the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The guidelines call for greater openness of companies and recommend that organizations provide more complete information, especially in the following areas:

1. company's financial results,
2. company's plans and goals,
3. ownership relations and voting rights,
4. a list of members of the board of directors and executive management and their financial evaluation,
5. foreseeable risk factors,
6. issues regarding relations to employees and other stakeholders
7. management structure and company policy. Petříková, 2008; OECD 50 [online]. 2011 [cit. 2011-11-06]. Organization for Economic Co-operation and Development. Dostupné z WWW: <http://www.oecd.org/home/0,2987,en_2649_201185_1_1_1_1_1,00.html>.

LBG – London Benchmarking Group. A measurement methodology which was created in the United Kingdom in 1994. The tool accurately measures funds spent on corporate donations and effects of their impact (Petříková, 2008).

The so-called **CSP methodologies**. Methodologies of organizations' socially responsible performance – evaluation of organizations' specific activities related with CSR. These methodologies are inaccurate, inconsistent, incomparable. In particular, they include the following:

- measurement based on content analysis of annual reports;

- comparison according to published pollution indices;

- measurement based on survey results;

- indices evaluating organization's reputation – PR, image;

- data provided by credit rating agencies: health and safety, labour and trade union relations, pollution prevention, innovation, benefits.

There is a number of other methodologies, such as **FTSE4GOOD index** owned by the London Stock Exchange and the Financial Times. It sets strict criteria for environment and ethics; **Down Jones Sustainability Index** – monitoring the financial management of socially responsible companies; **Investors in People (IIP)** – an internationally recognized British standard setting out principles in the field of employee training and development; **ETHIBEL Global Index; Ethical Global Index; EFQM Excellence Model; Forest Stewardship Council (FSC); Integrated Pollution Register (IRZ)**. (Petříková, 2008)

6.3   Selected standards

ISO 26000. A standard which was issued by the International Organization for Standardization in 2010; it is not mandatory but recommended. In addition to CSR standards, it also contains principles of implementing and managing CSR in organizations and recommends a method of measurement, it represents the involvement of all stakeholders in the processes and culture of the organization. The standard is a guide to social responsibility for companies and organizations of private and public sectors. Basic principle – maximum involvement of organization's activities in sustainable development.

Partial principles:

- responsibility,

- transparency,

- ethical behaviour,

- considerations of stakeholders' interests,

- considerations of interests of the rule of law,

- respect for international standards of human behaviour,

- respect for human rights.

Fundamental topics:

- human rights,

- practices of labour relations,

- environment,

- business ethics,

- consumer protection,

- community involvement and development (ISO 26000; https://managementmania.com/cs/iso-26000-spolecenska-odpovednost-firem)

SA 8000 Social Accountability. A globally recognized international standard; a reference standard for working conditions improvement. SA 8000 is based on International Labour Organization (ILO) conventions and recommendations and was issued by Social Accountability International (SAI) organization. (Petříková, 2008)

ISO 14001 Environmental Management System. It includes widely used procedures for environmental management and places great emphasis on the organization's attitude to the environment. The ISO 14001 compliant entity supports environmental protection and pollution prevention in balance with social and economic needs. The organization must commit itself to continuous improvement of its environmental performance. Certification according to this ISO standard can be performed by certification bodies accredited, for example, by the Czech Accreditation Institute. (Petříková, 2008)

AA 1000 AccountAbility. The standard was created in the UK in 1999 and the aim to create a structure for Corporate Social Responsibility Policy, dialogue between stakeholders, social, ethical and environmental accounting, audit and reporting and professional training. It contributes to strengthening organizations' credibility. (Petříková, 2008)

EMAS – Eco-Management and Audit Scheme. Designed for organizations in the EU. EMAS was first published in 1993. The eco-management and audit scheme represents a voluntary scheme for organizations that have decided to assess and improve their environmental profile. The organization that opts for this scheme also undertakes to provide relevant information to the public. The

organization's environmental statement must be verified by an accredited third party. (Petříková, 2008)

OHSAS 18001 – Occupational Health and Safety Management System. An international standard which was created in the United Kingdom in 1999. The content of the standard was created by a number of national accreditation organizations, certification bodies and consulting companies. The standard helps to eliminate or minimize risks for employees or other persons who would be exposed to risks in the company's activities. The standard helps to demonstrate compliance with legal requirements, and it is an important step in creating and maintaining an environment that is good for both employees and businesses. Certification according to this standard can be performed by certification bodies accredited, for example, by the Czech Accreditation Institute. (Petříková, 2008)

6.4   Selected international organizations

International Business Leaders Forum (IBLF). 'The Prince of Wales International Business Leaders Forum,' an international non-profit organization based in London, has long been dedicated to promoting corporate responsible behaviour in Europe as well as the rest of the world. Its president is Prince Charles. In 1992 the IBLF initiated establishing of BLF in today's Czech and Slovak Republic and it is still their partner nowadays. In 1990, the IBLF was founded by His Royal Highness Robert Davies, Prince of Wales, together with a group of international CEOs in response to the changing face of globalization, and, in particular, fears that trade was beginning to have a negative impact on society. The IBLF began operations in Central and Eastern Europe, where its activities contributed to the stabilization of society after the fall of communism, but it is currently operating in emerging markets around the world. This organization works with businesses and entrepreneurs to create unique solutions to sustainable development challenges around the world. It defends Corporate Social Responsibility and externally acts in a neutral manner, from a political as well as market point of view (http://www.iblf.org/en/whatwedo.aspx).

Business in the Community. Based in the UK. Today, it brings together more than 800 companies that have decided to strengthen their positive impact on society. An independent association of companies focused on the practice of CSR. It uses various possibilities of interconnection within the network of non-governmental organizations and cooperation. (Petříková, 2008)

International Labour Organization (ILO). The International Labour Organization is a specialized organization aiming to promote social justice and internationally recognized labour rights. It was

founded in 1919 and it became the first specialized body of the UN in 1946. The ILO formulates international approaches and programmes that contribute to the improvement of working and living conditions; or creates international labour standards that serve as a model for national governments in implementation of their own programmes. It also organizes a comprehensive technical cooperation programme helping governments increase the effectiveness of new strategies; and engages in training, education and research to make progress in the above-mentioned areas (http://www.osn.cz).

CSR Europe. European expert centre which was established by the European Commission in 1996; it focuses exclusively on CSR issues. The mission of the CSR Europe organization based in Brussels to promote responsible business at the European Union level. In this regard, it works closely with the European Commission. Its content is counselling, education, promotion, gathering suggestions. CSR Europe brings together 70 multinational corporations and 31 national partner organizations. Admission as a National Partner is decided by the CSR Europe Board of Directors composed of representatives of global corporations and member organizations, such as IBM, CSR Sweden, Sony, Volkswagen or Unilever. An association that brings together responsible companies at the national level and proves that it takes a comprehensive approach to CSR can become its national partner. The network of national CSR Europe partners provides knowledge on this issue, exchange of experience and the opportunity to implement joint projects. In addition, each national association of responsible companies that becomes a member of CSR Europe enriches the common platform with various approaches to CSR and different working practices. The Czech national partners of CSR Europe include Business Leaders Forum (since 2002) and Business for Society (since 2010). Membership in CSR Europe provides members of the Czech platform with an international information service, an opportunity to participate in international projects or information on measurements and current trends. (https://www.csreurope.org/).

Multi-Stakeholder Forum. It began to function in 2002 and, under the presidency of the European Commission, it brings together representatives of employers' associations, business associations, trade unions and non-governmental organizations. The aim of the forum is to promote transparency and innovation of the CSR concept and gradual convergence of existing initiatives in this field by means of:

a. enabling exchange of experience and good practice;
b. collecting and monitoring all existing CSR tools and initiatives;
c. assessing appropriateness of common CSR criteria to be introduced with regard to existing initiatives within the EU and common European legislation.

The forum operates on the basis of regular round-table discussions. All the activities of the Commission have been welcomed and supported also by the European Parliament. (Petříková, 2008)

Global Compact. An initiative which was announced by Kofi Annan, the Secretary-General of the United Nations, in 2000. It is a voluntary initiative that seeks to promote universally accepted principles of human rights, labour, environment and fight against corruption. The aim is to jointly promote the basic principles of business worldwide. It brings together UN agencies, non-governmental organizations, international organizations and thousands of companies that have been called upon to adopt these principles and put them into practice. The initiative includes a document of the same name. The Global Compact contains ten principles:

1. Businesses should promote and respect protection of internationally recognized human rights
2. Ensure that human rights are not violated
3. Businesses should respect freedom of association and recognize the right for collective bargaining
4. Eliminate all forms of forced or compulsory labour
5. Abolish child labour
6. Eliminate discrimination in employment
7. Businesses should promote environmental protection
8. Take the initiative to promote greater environmental responsibility
9. Support development and dissemination of environmentally friendly technologies
10. Businesses should fight against corruption

The Global Compact is constantly expanding its reach. With more than 8,000 participants spreading to 130 countries, it is the largest social initiative in the world. It includes all relevant social subjects: the companies they seek to influence, governments, labour, civil society organizations and the UN. The Global Compact is based on partnership and dialogue, not dictating anything. (https://www.unglobalcompact.org/)

6.5 Selected organizations and activities in the CR

Business for Society (Byznys pro společnost). It is a forum of responsible companies; a successor organization of the Donors Forum. The platform brings together companies doing business sensitive

to their surroundings, pursuing prosperity and long-term development. It includes business owners, leaders and important personalities. It holds a competition 'Top Responsible Company' and nominates participants for an international competition 'CSR Awards'. Criteria for admitting a company to the membership base of Business for Society are as follows:

- Area of company involvement (support of CSR topics related with the business, interconnection with its strategy, societal need for the supported area);

- Involvement of employees and leadership (inclusion of CSR in company's values, top management support, connection with HR management, systematic activities);

- Approach and partnership (CSR partnerships across different sectors, long-term and strategic character of partnerships);

- Measurement, evaluation, communication (use of methodologies, monitoring of investments, benchmarking, public publication of outputs);

- Approach to environment (commitment, engagement of employees and customers). (http://byznysprospolecnost.cz/)

Business Leader Forum (BLF). It is a non-profit, non-governmental organization founded in 1992 bringing together an association of international and Czech organizations and companies that promote compliance with ethics in business practice and the actual fulfilment of CSR and support cooperation between the corporate, public and non-profit sectors. Its parent organization is The Prince of Wales International Business Leaders Forum (IBLF). Important Czech business partners who cooperate with the Business Leaders Forum include companies such as Česká spořitelna, DHL, Grid, Johnson & Johnson, McDonald's, Skanska, O2, Vodafone and many others. (Business Leaders Forum [online]. 2008 [cit. 2011-11-12]. Business Leaders Forum. Accessible at: http://www.csr-online.cz/Page.aspx?blf).

Institute of Industry Association (Institut svazu průmyslu) – CSR Centre (Centrum SOF). Voluntary initiative of the Institute of Industry and Transport of the Czech Republic and the Institute of the of Industry Association of the Czech Republic operating since 2004. Its aim is to acquaint the business community with the CSR phenomenon, to comment on current CSR trends, and to spread its practical application. It also ensures the transfer of information and measures discussed within the EU.

Transparency International of the Czech Republic. A non-governmental, non-profit organization representing one of the branches of the international organization. An international, non-governmental organization focused on corruption issues and creation of anti-corruption programmes, in which it seeks to involve civil society, companies and government organizations.

Czech Society for Quality (Česká společnost pro jakost). A civic association widely operating in the Czech Republic having collective as well as individual membership. Its goal is to increase the quality of life of society and it focuses on management of organizations. Furthermore, it focuses on the area of CSR through its expert section the Quality Council for CSR and it also functions as an expert guarantor of the National Award of the Czech Republic for CSR.

Σ   Norms and management standards are used to standardize CSR. Although the standardization of social responsibility is a debatable issue, it is supported by the main reasons, such as competition differentiation, improving public reputation, stakeholders' demand for standards, obtaining new information and training employees, increasing productivity and product quality, crisis prevention. Their main feature is voluntariness. Measurement methodologies, standards, reports, competitions, rankings, membership in non-governmental organizations are used for standardization. There are many of these initiatives and they cannot be clearly categorized. Initiatives, methodologies and standards also differ in their focus on selected areas of social needs, suitability for use in various types of organizations, the scope of standardized activities (implementation process, measurement standards, reporting). Methodologies, such as the Global Compact, Global Reporting Initiative, standards such as the only comprehensive standard ISO 26000 or specified standards ISO 14001 Environmental Management System, AA 1000 AccountAbility, international initiatives, such as the **International Business Leaders Forum, the International Labour Organization (ILO), CSR Europe** and initiatives in the Czech Republic, such as Transparency International of the Czech Republic, Business for Society, Czech Society for Quality.

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1. What types of tools and standards are used to disseminate CSR?
2. Which topics are analysed by CSR methodologies?
3. Which areas do CSR standards focus on?
4. What are the links between CSR initiatives and methodologies?
5. What is the importance of CRS standardization tools?
6. Search the Internet for examples of organizations presenting the use of these tools. Which tools are most often to be found and which types of organizations use them?

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Chapter 7

Approaching CSR by the Type of Organization

After studying the following chapter, you will be able to:

- list the differences between the approach to CSR for SMEs and large organizations;
- describe the specifics of MSMEs and their impact on the region;
- name activities implemented in the Czech Republic in favour of CSR in SMEs;
- know specific data on knowledge of the concept of CSR in SMEs in the Olomouc Region.

Key words:

MSMEs, large corporations, specifics, region, Local Agendas 21, Triple Helix regional development model, research on CSR in MSMEs in the Olomouc Region

7.1   The differences between large corporations and small and medium-sized organizations

The present chapter refers to **small and medium-sized enterprises (SMEs)**[43] that are typical for European countries and for which there is a greater presumption of habitual behaviour (see previous chapters).

The European Commission continues to declare that the development of CSR should be based on the organizations themselves, however, at the same time acknowledges that some complementary regulatory measures **could be an incentive for voluntary adoption of CSR by organizations**. Following this statement, the European Commission calls on EU countries to develop and coordinate their own national CSR strategies. (KOM, 2011; Kašparová, Kunz, 2013). The primarily preserved voluntary nature of CSR then raises the two following questions:

1. Whether the countries of the European Union are supposed to follow a **formalized "American" path** in the process of globalization, or
2. whether they are to **rely** intuitively **on solidarity**, a basic social value of the Enlightenment era (equality, freedom, brotherhood) that also determines its current social policy (Bernardová, 2016).

The two mentioned perspectives intersect according to the level and scope of operations of organizations and companies:

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[43] The definition of a SME is based on the European Commission Recommendation No. 1422/2003 (Eur-lex, 2003). The number of employees, the size of the annual turnover and the annual balance sheet play an important role in determining the size of the company. Within the category of small and medium-sized enterprises, a distinction is made between micro-enterprises, small enterprises and medium-sized enterprises. The micro-enterprise employs less than 10 persons and its annual turnover or balance sheet total is less than or equal to EUR 2 million. The small enterprise employs less than 50 people and its annual turnover or balance sheet total is less than or equal to EUR 10 million. The medium-sized enterprise employs less than 250 people and has an annual turnover of less than or equal to EUR 50 million and a balance sheet total of less than or equal to EUR 43 million. The European Commission regularly monitors the practical impact of definitions. An independent study from 2013 concluded that there was no need to adjust the criteria (Eur-lex, 2016).

1. **in multinational companies**, national specifics and values are complicated to enforce, the concept of CSR is a natural transfer from abroad, where the original "American" concept is the only correct and well-prepared way;

2. **for smaller organizations** (profit or non-profit) in a particular region, this process is the opposite – the traditional values and customs of regions and communities are grafted with formal ideas about CSR and the resulting instructions, which are mostly incomprehensible and sometimes even unacceptable.

CSR is an important activity not only at the level of large organizations and corporations, but also at the level of small and medium-sized organizations, internationally referred to as SMEs.

- Large corporations represent 0.2% of the total number of companies in the Czech Republic (Válová, Formánková, 2014). **Nowadays, large corporations have the following characteristics:**

  - they have a strategy linked to CSR according to transnational methodologies, managed by experts on CSR in the long-term;

  - they have an earmarked budget for CSR and specialized CSR workplaces or qualified staff;

  - have transferred a quality CSR concept, because in the first years of post-November development *(TN after the Velvet Revolution, November 1989)* in the Czech business environment, a number of large multinational companies, which transferred their good practices to their newly established companies and firms in the Czech Republic, have significantly contributed to the spread of the idea of CSR. Organizations such as Veolia, Nestle, O2, Telefonica, ABB, CityBank, as well as purely Czech organizations such as ČEZ, PPF (the key members of the Business for Society platform), can therefore also be described as promoters and leaders in the range of CSR activities implemented. (Kašparová and Kunz, 2013);

  - they have long-term links between for-profit organizations and non-profit organizations, through which for-profit organizations carry out their non-profit activities falling into the field of CSR, most often in the form of donations, they use the possibilities of shared marketing. According to Valová and Formánková (2014), large companies usually focus on long-term cooperation with a certain non-governmental organization. The second most

common activity is the establishment of their own corporate foundation or endowment fund.[44]

SMEs have a dominant position in world's economy [45]. Although it is difficult to obtain accurate data, it can be assumed that more than 95% are MSMEs and they account for 60% of private sector jobs (Ayyagari et al. 2011 in Edinburgh Group, 2012). **The typical features of MSMEs are the following:**

- are significantly tied with the business and social matters of the region and form the regional business backbone, represent local capital (local ownership) as business effects remain in the area, usually, they are more closely linked to the region, where they contribute by employment and economic benefits and generally stabilize society (Srpová, Řehoř, 2010);

- their market area is usually much more local and compact, operating in a number of small areas with a strong dependence on the local environment, being capable to invest in activities that directly affect the region of operation, targeting precisely the given conditions and environment;

- most employees come from the region of operation, as do most customers;

- having a shorter planning horizon;

- donation activities are often unrelated to corporate strategy;

- owners / managers are more easily able to influence the competitive environment, influence the corporate culture;

- communication is more fluid, opening and the gap between ideas and their implementation is smaller than for large corporations;

- in these companies, people learn personal responsibilities (a small or medium-sized entrepreneur must always face the consequences of failure, which they bear personally and have nowhere to escape from them (Srpová, Řehoř, 2010);

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[44] The most frequently supported areas are children, family and young people. Large companies also support different types of education. By analysing the supported areas, the authors found out that the three following areas were not supported (or only minimally): animals, the homeless and the elderly.

[45] In terms of GDP at the beginning of the millennium, their share exceeded 40% (Havlíček and Kašík, 2005) and forms the backbone of the EU economy. In 2015, 23 million MSMEs created EUR 3.9 billion in added value and employed 90 million people (Annual Report on European SMEs, 2015/2016). In 2013, MSMEs represented more than 1 million economic entities in the Czech Republic, i.e. 99.84% of all entrepreneurs and employed over 1.8 million employees (MIT, 2013);

- the amount of publicity, interest, discussions and reflections on SMEs is certainly not accidental (Havlíček and Kašík, 2005), paradoxically, in the time of global economy characterized by multinational corporations and unprecedented growth of hyper-competition interest in SMEs is growing. There are three main reasons:

1. In an environment where supply far exceeds demand, MSMEs can move in a much more flexible way, respond promptly to changes in demand, adapt and change their product according to immediate wishes and needs of customers, can do business economically and thus create affordable prices, based on personal approach and more above-standard services;

2. initially positively viewed globalization manifested by mergers, the provision of large and concentrated business services, lower prices, but also accompanied by often reduced product quality and impersonal relationships becomes too "herd" for certain types of customers, those are then looking for smaller specialized manufacturers and providers of products and services, thus creating a new lifestyle;

3. changing the behaviour of key players in today's markets such as banks which have recognized the risks of being too focused on large corporations and are directing their support to SMEs.[46]

- the main problems of the European market are, in particular, over-regulation, administrative, bureaucratic and legislative obstacles, especially for small and medium-sized enterprises.

However, the unprecedented **expansion of SMEs also has its pitfalls** (Dytrt, 2006; Holátová and Doležalová et al. 2014):

- hasty investments,

- unpreparedness for a competitive environment on the European level,

- low managerial skills,

- absence of marketing skills.

- most Czech managers of SMEs deal mainly with operational matters,

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[46] As Weber and Srpová (2008) state, the shortcomings of SMEs include the fact that they cannot use economies of scale and scope, many activities require significant transaction costs, the personnel dimension of MSMEs does not allow employing specialists, MSMEs' financial strength may not be interesting for banks and investors. The above-mentioned handicap can be reduced by creating business networks from establishing partnerships to various forms of association of companies, or even their merger. Two types of business networks are important for the implementation of the CSR concept: clusters and alliances.

- Managers often do not pay enough attention to:

  - strategic direction of the company,

  - introduction of new management methods,

  - measuring the benefits of quality management,

  - searching for connections between management and the human factor (which is closely related to CSR in the MSME environment).

Tab. 8 The differences of CSR between large enterprises and SMEs

FACTOR	LARGE ENTERPRISES	SMALL ENTERPRISES
Ownership	External pressure	Internal management
Stakeholders	Wide network of stakeholders with complex ties	Different level of anchoring in society
Management expertise	Strategic planning	Owner as the dominant body of social responsibility
Organization structure	Formalized	Informal and often ad-hoc
Market type	Brand profiling	Depends on dominant partners
Advantages of the approach	Significant impact	Local importance, flexibility
Disadvantages of the approach	Economic aspects often outweigh aspects of social responsibility	Resource constraints, difficult to measure benefits
Theoretical conceptualization	Focus on the organizational level	Individual specialization

Source: author according to Hine, and Preuss, 2009 in Dalíková, 2015

7.2   Trends and specifics of CSR in SMEs

Not only the idea of increasing profits of business entities, but also the factor of **sustainable development** is becoming the today's phenomenon. The public requires companies (organizations) to comply with the rules, environmental friendliness, to keep good relationships with employees and business partners, to show interest in what is happening in their surroundings. **The pressure of**

groups and persons having interests in organizations **is increasing**, or they are affected by the activities of the organization and try to directly or indirectly **influence the operation and the behaviour of companies**. CSR refers to rethinking the view of how a company works. It is a philosophy, a concept and often an implemented strategy (Holátová, Doležalová et al., 2014).

Thus, SMEs are now under increasing pressure to engage in activities that are described as socially responsible, even though the philosophy of CSR implies voluntary activities. More and more experts are drawing attention to the fact that the image that the company creates in customers, employees, business partners and other entities is beginning to play a key role in global politics. Customers want to buy products from companies that are credible, because credibility and reputation are vitally important to SMEs, just as customer loyalty. Enterprises want business partners they can rely on, employees want to work for companies that are respectful, investors want to support companies that are socially responsible, and non-profit and non-governmental organizations want to cooperate with companies with similar objectives (Holátová, Doležalová, et al., 2014).

Thus, CSR, as one of the ways of globally promoted sustainable development, is becoming **a management trend and a way to gain a competitive advantage**. According to Werther and Chandler (2011), in order to achieve this goal, it is necessary for social responsibility to permeate and influence all aspects of corporate activities.[47]

Jonkutė, Staniškis, Dukauskaitė (2011) state that the success of CSR strategies depends on the quality of staff performance in this area, which is largely related to **the quality of CSR training**. Due to the lack of know-how and experience to support the systematic integration of CSR procedures in the management process of MSMEs, new specific training materials and tools are needed to be adapted to meet the needs and expectations of SMEs (for more information see the following chapter).

Common practice in the Czech Republic shows several distorted and mainly narrowed views on the topic of CSR, it also hinders the availability of CSR to SMEs, which complicates the future of CSR development among SMEs in the Czech Republic.

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[47] Therefore, as Spence (2016) mentions, it is necessary to be aware of the specificity of MSMEs, to engage in empirical research of MSMEs and to develop theories that would be at the level of mainstream CSR research. Research outputs should be the basis for regional policy for MSMEs, the scientific basis for further research and the basis for good practice in CSR strategies.

- According to Weber and Srpová (2008), in everyday practice a lot of SMEs entrepreneurs develop a number of activities by which they not only solve their economic problems, but also participate in solving social problems and support the region in which they operate[48]. Jenkins (2009) and Dalíková (2015) argue that MSMEs have natural preconditions for fulfilling the principles of social responsibility, because by their very nature they are more responsible in comparison with large companies. They are more closely linked to the local community, they are more responsible, because they bear the consequences of their activities themselves, they represent local capital and the effects resulting from such business remain in the given region[49]. However, monitoring and popularization of this trend is still insufficient, the key for further development is the interest at the regional level.

- A small entrepreneur, if they want to practice their profession and do not want to be unemployed, **do business with so-called economic coercion**. As pointed out in Vojík (2010), the cause of the failure of small organizations and thus their non-involvement in CSR is the reluctance to voluntarily burden themselves with obligations beyond the necessary scope of their activities. Activities that are not directly related to the subject of business are burdensome for them as well as other requirements from the state. SMEs have characteristic features and, according to Enderle (2004 in Dalíková, 2015), have to fight for survival on a daily basis, and therefore their availability of time and resources that they can invest in CSR are limited. In this area, the further development of business policy in the Czech Republic, real business support at the level of SMEs, is important.

- As opposed to large corporations, SMEs are disadvantaged in the current concept of presentation and dissemination of CSR. **They cannot be compared with the manifestations of CSR of large corporations.** Trying to keep up with them is even intimidating (financially demanding CSR presentations, CSR reports, types of activities, PR of large companies). Therefore, it is necessary to lead a separate line of CSR dissemination and popularization for SMEs in the future.

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[48] According to Vojík (2010), large companies participate in the regional development only to a lesser extent, yet they achieve benefits that are neither needed nor necessary in the region.

[49] Socially responsible practices of SMEs, for example in the area of industrial relations, can have significantly positive impact on SMEs' ability to hire, motivate and retain employees and thus increase their ability to achieve their goals. At the same time, SMEs address employment in small regions with problematic access to employment opportunities.

7.3　CSR targeted to SMEs in the Czech Republic

SMEs are diverse in their characteristics, the differences are in their size, history, industry and ownership, which leads to different CSR strategies (Džupina, Mišún, 2014). Their CSR activities are based on the mentioned feeling of solidarity, especially with the community and the region in which they operate and not on the knowledge of CSR, they are implemented rather randomly, are not always part of their strategy and are not presented as CSR (Petříková et al., 2008; survey, 2016).

In 2014, the Government of the Czech Republic approved the strategic document **"National Action Plan for Corporate Social Responsibility in the Czech Republic."** (MIT, 2015) The aim of this strategic document prepared under the auspices of the Ministry of Industry and Trade (MIT) is to contribute to the development of CSR in the Czech Republic and its positive impacts towards society, economic development and competitiveness of the Czech Republic, to motivate commercial enterprises, non-profit organizations and state administration bodies to apply social responsibility. The document does not specifically address the issue of SMEs. Every year, the MIT publishes the **Action Plan for the Support of Small and Medium-Sized Enterprises** on its website (MIT, 2016). The Action Plan for the Support of Small and Medium-Sized Enterprises is a key implementation document which focuses on targeted support for small and medium-sized enterprises. Its content for 2016 is setting up of a "friendly" business environment, access to finance, the internationalization of SMEs' business and energy savings in business. The document also emphasizes research for SMEs, some elements of CSR can be found in the document, but the concept of CSR as such and its support is missing.

At the level of SMEs, the region itself enters the targeting of CSR through the activities of its organizations. The so-called **Local Agendas 21** serve as a tool for managing sustainable development at the regional level. Chapter 28 of Agenda 21 states: *"Many problems and solutions contained in Agenda 21 are rooted at the level of local activities; the participation and cooperation of local authorities will, therefore, be a factor determining the success of the implementation of their objectives. Local authorities create, manage and maintain economic, social and environmental infrastructure, oversee planning, shape local environmental policy and regulations, and assist in the implementation of national and subnational environmental policies. Being closest to the people by their level of administration, they play an important role in education, mobilization and response to public stimuli, helping to achieve sustainable development."* At the official website of the Local Agenda 21 Information System the document also states: *"Because it is a participatory process, it necessarily needs cooperation with various components of local society – non-profit organizations and associations, entrepreneurs, service providers, or school facilities, medical institutions and*

a number of other bodies, including the general unorganized public" (MA21, http://ma21.cenia.cz/cs-cz/oma21.aspx).

The role of organizations in regions is expressed by the **Triple Helix model**. Regional development depends on the connection of the knowledge / academic sphere, the business sphere and public administration into the model of the knowledge economy. This concept is based on the "pervasive communication" of three, to some extent different, subsystems – academic, industrial and public-administrative. Involvement of organizations in the life of the region, connection of their own activities with the activities of the institutions of the region are necessary for the development of the regions themselves (Etzkowitz, Leydesdorff, 2000, Leydesdorff 2012). The purpose of the Triple Helix concept is to describe the communication channels between individual institutions within regional development.

Figure 9 The Triple Helix Model
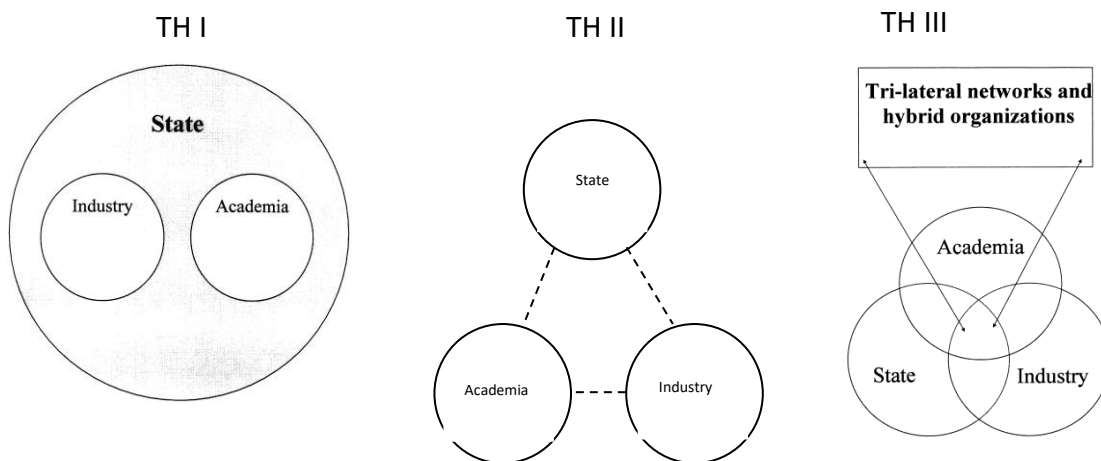
Source: Etzkowitz, Leydesdorff, 2000, p. 111

The authors present three models of how communication between these three players can take place. TH I shows an arrangement corresponding, for example, to the former Soviet Union, or Eastern European socialism. The subsystem of companies and the knowledge / academic sphere live in a state-controlled system. The communication is one-sided and rather corresponds to the fulfilment of the given orders. TH II illustrates the policy of laissez-faire, where each of the three actors is almost perfectly autonomous, but at the same time, isolated. It is difficult to talk about any ongoing communication and, according to the authors of the discussed concept, it is a reactive phase to the previous model (Etzkowitz, Leydesdorff 2000: 112), when the knowledge / academic and business spheres are emancipated. Only the remaining TH III model can be considered optimal

due to the ongoing communication between individual players and regional development. Here, as well, it is possible to consider a development in which originally bilateral relations gradually transform to a communication based on trilateral cooperation.

Among the support activities affecting the development of the region, Vojík (2010) includes **mainly the cooperation of non-profit organizations (NPOs) and SMEs**. This is because many NPOs operate in the given local area and affect the lives of the people living there. NPOs obtain funding in many ways and often turn to local entrepreneurs with a request for financial, material or other assistance. Progressively, this can lead to a mutually beneficial link, SMEs can deduct such activity from taxes. In addition, there are rather small amounts that can affect other potential donors. There is a certain relationship between those who address entrepreneurs in the place of operation of NPOs. They usually know each other. The entrepreneur thus can have a good feeling that they are contributing to the right thing and can see at any time how the funds are being used. Entrepreneurs also strive to build a positive image in cooperation with NPOs. Support of NPOs is positively evaluated by the public. NPOs especially announce their sponsors, or rather benefactors, at their events. The owners of MSMEs consider presentations at events, leaflets or the NPOs' website as an honour and promotion as well. The discipline of fundraising deals with this practice of obtaining financial and other donations; its mastery at all levels brings benefits not only to the thing itself, but also to the people engaged in it.

Initiatives engaged in CSR in the Czech Republic are **focused on all types of organizations** (see the previous chapter), it is also possible to find initiatives targeted at SMEs. Today, the topic of CSR also spreads **activities established in the Czech Republic**. Activities supporting the knowledge of CSR among business entities and the general public, support CSR of all organizations, establish cooperation between entities, raise the profile of regional services in the field of CSR. Typical additional activities include the announcement of competitions, public opinion polls. Some self-governing units also carry out their activities. MSMEs and other interest groups in their catchment area try to capture such activities:

- **Business Leaders Forum project "*CSR – a New Factor of Corporate Competitiveness"*** within which the CSR-ONLINE portal was created for the Czech Republic. The project ran from 2006 to 2008 and was aimed at promoting the topic of CSR for small and medium-sized organizations. At that time, the portal was one of the key CSR information centres.

- The international **CSR Awards** are regularly awarded, European countries nominate their candidates and SMEs have their categories there. The award has been given since 2012. Funded by the European Commission, it is co-founded by CSR Europe and Business in the Society (https://www.csreurope.org/european-csr-awards).

- The Business for Society platform annually announces **the Top Responsible Company competition** in the Czech Republic, where today there are individual categories focused on different types of companies, activities or regions.

- **CSR Project "PSO" of the Moravian-Silesian Region** "… the purpose of which is free cooperation of economically active entities, public administration and interest groups in the field of social responsibility of organizations in the Moravian-Silesian Region" has been implemented since 2009 as a result of cooperation of the Quality Council of the Czech Republic, representatives of the region and representatives of the AHA trading company. The aims of the project are to award active companies in CSR, to support CSR activities in the region, to present CSR issues, to obtain information from the public about opinions on CSR companies in the region, to create an offer of education in CSR (http://www.projektso.cz/).

- The Moravian-Silesian Region, in cooperation with the Quality Council of the Czech Republic, annually announces **the Regional Governor's Award competition**.

- The Quality Council of the Czech Republic announces the **National Award of the Czech Republic for CSR and Sustainable Development**. The Quality Council of the Czech Republic used a model that is the result of cooperation between EFQM and the UN Global Compact.

It can be stated that in the Czech Republic organizations create a heterogeneous spectrum when approaching the topic of CSR. On the one hand, there are organizations that implement CSR at the level of world standards today, have their own dedicated CSR manager, mutual relations of for-profit organizations with non-profit, through which for-profit organizations realize all donations, use shared marketing opportunities and in some cases schematically memorize phrases and models taken from abroad without deeper knowledge of the issue (Pokorná, 2012). On the other hand, there are organizations whose owners and managers have not yet encountered the topic of CSR, nor are they interested in getting acquainted with it, and, at the same time, they naturally work for the benefit of their surroundings and region. There are also organizations that act on the edge of the law. There are organizations that, through CSR activities and reports as a suitable PR, spread a positive image of themselves in public. However, there are also organizations with a high level of social responsibility that do not share any information about themselves, although they could be an example to others (Šafránek, 2004).

MVSO's Survey on CSR among SMEs

The project *Corporate Social Responsibility in the Context of the Visegrad Countries,* realized at Moravian Business College Olomouc in 2014–2015, focused on the role of SMEs in the field of CSR in the Olomouc Region (http://www.mvso.cz/spolecenska-odpovednost-firem-v-kontextu-visegradskych-zemi-p19.html). The aim of the project was to connect the process of education and

practice in the Olomouc Region, to motivate companies to implement socially responsible activities and thus to improve the quality of life in the region. The aim of the project was to acquaint students with the current form of the concept of CSR in the Visegrad countries (CR, SR, PL), to teach them to search for current information on current events in CSR and apply the information obtained by implementing a CSR project. As part of the course, students design CSR projects for SMEs and address them with ideas that organizations can implement as a manifestation of their social responsibility for the benefit of the region. By introducing the project form of teaching, students can spread the idea of CSR in the Olomouc Region, use their knowledge in practice and gain a realistic view of business with a socially responsible dimension.

Part of CSR teaching and its practical application are two electronic questionnaires, one of which is intended for students as a target group and the other for corporate partners. Their aim is to find out what is the awareness of CSR in companies in the Olomouc Region, whether it is possible to increase awareness of CSR through this innovative teaching and whether there is the potential to improve the business and management environment in this way of teaching. The questionnaire for students is more comprehensive, it contains data on the classification of the project according to ISO 26000. The questionnaire for corporate partners contains five questions as follows:

1. Project title information,
2. benefits of cooperation on CSR project with students and satisfaction with students in terms of communication,
3. compliance with deadlines, agreements, their active involvement, partners can list and evaluate other areas of their own,
4. partners' knowledge of CSR before implementation,
5. their interest to continue in further CSR activities.[50]

During implementation of the projects, students were assigned to assess **the CSR knowledge of their corporate partners**. In the first research year, students' answers to the question of partners'

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[50] The student questionnaire contained 24 questions, data collection took place in the period April-June 2015 and May-August 2016. The questionnaire was handed over to 191 students. This questionnaire was always filled in by 1 representative for one team of students (1 questionnaire = 1 project). A total of 55 questionnaires were obtained, 32 of which were selected for processing, 23 questionnaires were discarded. The reasons for the exclusion of the questionnaires were as follows: if the same team completed the questionnaire more than once, only 1 questionnaire containing the largest amount of information was chosen for the evaluation. For this reason, 3 questionnaires were discarded. A total of 8 questionnaires were incomplete. 5 questionnaires were discarded because of discrepancies in the questions in percentage and numerical expression. For the purpose of this study material, 4 questionnaires related to projects implemented in Prague and not in the Olomouc Region were excluded. Furthermore, 3 questionnaires were excluded since they related to projects in which large companies, not SMEs, were involved.

CSR knowledge show that the majority of partners (almost 70%) did know the CSR concept at the beginning of the implementation.

Tab. 9 Corporate partner's knowledge of the CSR concept at the beginning of the project implementation in 2014/2015

ANSWER OPTIONS	NUMBER OF ANSWERS	PERCENTAGE
Knows the concept of CSR	9	69.23%
Is aware of the idea of a responsible approach, but has not heard of the concept of CSR	2	15.38%
Did not know the concept or idea before the implementation, got acquainted with it through the project	2	15.38%
Total	13	100.00%

Tab. 10 Corporate partner's knowledge of the CSR concept at the beginning of the project implementation in 2015/2016

ANSWER OPTIONS	NUMBER OF ANSWERS	PERCENTAGE
Knows the concept of CSR	7	36.84%
Is aware of the idea of a responsible approach, but has not heard of the concept of CSR	7	36.84%
Did not know the concept or idea before the implementation, got acquainted with it through the project	5	26.32%
Total	19	100.00%

In the second research year, the knowledge of the concept of CSR of the partners involved in projects was significantly lower, only 37%, than in the previous year. On the contrary, the very idea of a responsible approach to business is realized by more than twice as many partners as in the previous year, i.e. 36.84% of them.

Comparing the results, a change in the knowledge of the CSR concept of corporate partners was detected in the second year, when a group of those who are not aware of the CSR concept and the idea of social responsibility is more significant. On the contrary, more corporate partners acknowledge some awareness of the idea of a responsible approach to business. The reason may be the fact that in previous years students more often addressed corporate partners cooperating with MVSO, who learned about the concept of CSR in their cooperation with MVSO. In the last year,

students have been turning to unknown corporate partners they have sought out. This shows a more realistic picture of the lack of CSR knowledge among companies.

In terms of **project classification according to their main content**, in the first year, more than half (53.85%) of CSR projects were focused on community involvement and development in the region. The projects dealt mainly with the implementation of activities related to sports, culture and educational courses. Other projects focused on improving workplace relations and human rights.

Tab. 11 Classification of the project according to the content – main effect (according to the ISO 26000 standard) 2014/2015

ANSWER OPTIONS	NUMBER OF ANSWERS	PERCENTAGE
Community engagement and development	10	52.63%
Environment	4	21.05%
Work relationship	3	15.79%
Human rights	1	5.26%
Business ethics	1	5.26%
Consumer protection	0	0.00%
Total	19	100.00%

In the second year, most CSR projects (52.63%) were also focused on community involvement and development. However, the projects also focused on many other areas. Approximately 20% of projects were aimed at environmental protection of the region, such as reusing of waste material, and 16% focused on improving workplace relationships, such as strengthening employee loyalty. Other projects concerned respect for human rights and business ethics. The development of the region through the involvement of MSMEs is a priority and that is fine.

The aim of the next question was **to find out how students acquired business partners for their projects**. In the first year of the project, students most often gained corporate cooperation through family members and friends (33.33%). The address from the corporate partner was rather exceptional.

Tab. 12 Method of acquiring partners (more options, list all) 2014/2015

ANSWER OPTIONS	NUMBER OF ANSWERS	PERCENTAGE
Family and friends	7	33.33%
Accepted the address with an offer of cooperation	5	23.81%
Previous contacts	4	19.05%
Current employer	4	19.05%
The partner themselves called for cooperation	1	4.76%
Total	21	100.00%

Tab. 13 Method of acquiring partners (more options, list all) 2015/2016

ANSWER OPTIONS	NUMBER OF ANSWERS	PERCENTAGE
Family and friends	13	38.24%
Accepted the address with an offer of cooperation	8	23.53%
Previous contacts	6	17.65%
Current employer	5	14.71%
The partner themselves called for cooperation	2	5.88%
Total	34	100.00 %

In the second year, the most frequent way to establish cooperation remains the use of contacts from the circle of family and friends (38.24%). Even this year, offers for cooperation on the project by corporate partners themselves were rather exceptional.

Σ Small and medium-sized enterprises (SMEs) are typical of Europe and their behaviour copies the European culture of customary behaviour, the transferred culture of CSR from the USA and the UK does not appeal to them that much. With its approach, the European Commission motivates SMEs to do business responsibly and called on individual countries to develop National CSR Strategies. The Czech Republic has developed and published this strategy in 2015. Large corporations have in place the conditions for CSR, have an interconnected strategy with CSR, have their specialized workplaces, employ experts on CSR, the so-called CSR managers. Large corporations relate to non-profit organizations, the transfer of CSR from abroad is carried out

especially through them. SMEs are mostly regional, they influence the local labour market, their business provokes immediate reactions, managers bear direct responsibility, which is transferred to individual employees, employee workload is high, planning is shorter, markets are local, marketing and PR are able to react instantly, responsible activities are not usually linked to strategy. The rapid development of SMEs also brings its negatives, such as thoughtless processes, haste, lower skill levels, less equipment. The ever-increasing pressure to adopt the concept of CSR in ensuring the sustainability of business, the growing need for training in CSR, the growing competition of companies represent the current trends in CSR for MSMEs. The Ministry of Industry and Trade has issued two key documents for CSR in SMEs in the Czech Republic. The National CSR Strategy in 2015 and the subsequent National Action Plan for Small and Medium-sized Enterprises in 2016. At the regional level, the so-called Local Agendas 21 have a key place. Regional development depends on the cooperation of three players – the Triple Helix model – local knowledge bases, local governments and businesses. Ideally, all three forces must act in balance and with each other. Non-profit organizations also have a role to play in the regions. In addition to methodologies, standards, non-governmental organizations supporting CSR in organizations and government policies, specific forms of CSR support in SMEs are targeted activities of CSR initiatives, national and international competitions (a category of the Top Responsible Company competition), regional initiatives (Moravian-Silesian Governor's Award for Social Responsibility). Research carried out by students at MVSO shows the situation of SMEs in the Olomouc Region. By means of their CSR projects implementation in cooperation with organizations in the Olomouc Region, students fill in a questionnaire. According to the responses for the two years of the survey (2014– 2016), the SMEs involved were initially rather familiar with the concept of CSR. Addressing entrepreneurs through acquaintances or in the family works best as a way of addressing SMEs to participate in a CSR project. SMEs join CSR activities quite on a random basis. Most often, CSR activities are implemented in cooperation with SMEs within community life.

1. What distinguishes large corporations from SMEs in CSR?
2. What problems or shortcomings do SMEs have that are reflected in their approach to CSR?
3. What do the results of MVSO research say about the approach of SMEs to CSR?
4. What manifestations of CSR do you observe in your region, in the municipality where you live?

5. What can SMEs gain from adopting the CSR path?

6. Should you own a small business, where can you learn about the appropriate CSR information for your decision, whether to follow this path?

7. What are the advantages and disadvantages of an SME implementing CSR through one key activity related to its strategy or through several diverse sub-activities?

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Chapter 8

The Ways of Learning CSR

After studying the following chapter, you will be able to:

- name the reasons why education in the field of CSR is necessary;
- explain the difference between learning CSR in a narrow sense and in a broad sense;
- describe the issues in targeted training of managers towards CSR;
- explain the use of a self-assessment questionnaire to educate organizations;
- explain the use of a self-assessment questionnaire for citizens' education

Key words:

Education, learning in a narrow sense, learning in a broad sense, managers, self-assessment questionnaire, business schools,

8.1 Reasons for education in CSR

Although corporate social responsibility (regardless of size and sector) remains voluntary, its development depends on the spread of the idea of responsible business. It is therefore a great challenge for practice, as follows from the document of the **Ministry of Industry and Trade** (MIT, 2015): *"If we want all attributes that fall within the field of CSR or CSV (Creating Shared Values), that affect the economic success of the Czech Republic (e.g. correct and ethical behaviour of managers and entrepreneurs, corruption perception index - indicator evaluated annually by WEF, sustainable development, environmental behaviour, adherence to work discipline wastage, etc.), to undergo significant changes, much more effective forms of education in this area are needed compared to the case today "*. **CSR** education[51] **needs to be addressed systematically**.

The study *"Společenská odpovědnost nový faktor firemní konkurenceschopnosti"* (*"Corporate Social Responsibility a New Factor of Corporate Competitiveness"*) conducted by Business Leaders Forum comments in 2008 on the persisting state of CSR knowledge in organizations. **Knowledge of the CSR concept** is greater in large enterprises than in SMEs. The results showed that small companies had encountered the concept from 37%, medium from 61% and large from 97% (BLF, 2008). As for the overall awareness of the concept by managers, entrepreneurs and citizens, besides the lack of knowledge, there is also a lot of misrepresentation and misinformation.

In his criticism of CSR, Milton Friedman also mentions that the **requirements for the implementation of CSR approaches to business are fully imposed on managers** who have been prepared for the performance of technical functions and are led to economic thinking. Wanting them to understand societal problems without prior preparation is irresponsible and cannot work. According to Friedman, the problem is to meet the objective needs defined by economic necessity. Training for managers how to hold managerial positions does not meet the defined needs so far (Friedman, 1970).

Society puts a clear demand on CSR business practice and on civic life surrounded by CSR organizations. **Education (not only of managers) should meet these requirements of the society** (Beneš, 2008). The topics of CSR, business ethics and civic life ethics appear in the framework of education at business schools, special-purpose courses, conferences, in scholarly literature, and are the subject of research. Critical voices responding to the quantity, but especially to the quality of

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[51] **Education is a deliberate process** of mediating and acquiring knowledge and skills. However, part of education is also the transfer of habits necessary for the performance of social roles, the absorption of culture and the integration of man into the cultural system. **The result of the education process is education**. (Beneš, 2008, p. 16 - 17)

education on CSR may reflect the fact that even though education responds to a social contract, it lacks deeper acceptance of the essence and meaning of the idea. Similarly, we can approach the issue of preparing managers for public administration or publicly active persons (Pokorná, 2012).

8.2   Learning CSR in a broad sense

The process of education and learning[52] in a broad sense represents the continuous formation of people, their attitudes, values, and acting in an unintentional form. It is therefore necessary to see, in this conception, the formation of human ethical approach to the surrounding environment. It occurs by both random and targeted impulses and is manifested as a reaction to changes in people's lives and demands for life.

In the broadest sense, CSR education can be viewed accordingly:

1. in terms of macro-social development, one must **respond to emerging economic and social issues**. At this point, the topic of CSR meets human learning in the form of acquiring pieces of knowledge of CSR from practice, perception of reality in practice by organizations and institutions on the one hand, and perception of the problems of society on the other;

2. on an **institutional and organizational level**, it is a learning process that takes place in an environment of specific organizations and institutions. At this level, CSR learning can occur through the organization's environment, the CSR standards created, due to the influence of owners, entrepreneurs and top managers on lower level of managers and employees;

3. at the level of individual learning, it is **learning in the area of human identity**. It concerns the planning and realization of one's own educational path, development of personal career and competences according to personal priorities, reflects the relation of the individual to

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[52] The notion of **learning** can be understood broadly along with socialization as a lifelong process. In this concept, the behaviour of the learning process results in relatively permanent changes in human behaviour. In the process of learning, one acquires a very concrete knowledge. However, the process of learning also results in elements of human life, such as values, habits, behaviour. Learning is a lifelong process and therefore also ties to adulthood. And it is in adulthood when it is necessary to understand learning not only as a person's ability to acquire and accept knowledge, but also as a person's ability to productively create or change their ideas, habits, behaviours, abilities, skills. Learning can thus be understood not only in a more **narrowed sense** as a transfer of knowledge and practical skills that takes place in direct or personal contact between the teacher and the learner. **Learning in a broader sense**, i.e. behavioural changes, is based on human interaction with the environment or as a person's reaction to a certain situation. Changing environmental conditions, creating new situations, thus stimulates human learning (Beneš, 2008; Jochman, 1992).

perceived life problems. The last level is reflected in the area of CSR in the form of individual values of individuals, life attitudes, and civic life (Pokorná, 2009, p. 113 - 116).

All mentioned levels of education and learning of CSR in a broader sense are based on **what image of the CSR theme is being disseminated in society**, more specifically in organizations, institutions, the media, and the public. Here the established theories are not decisive, but the practices and interpretations used in practice, such as distortion of the CSR theme, partial interpretation, or incompleteness of the definition of the actual content of the topic.

Summing up the information presented in the preceding chapters, we will get the following overview of the broader impulses for learning CSR:

- inflow of foreign know-how with the arrival of international corporations,

- international and government policy,

- Non-profit non-governmental organizations (NGOs) - membership and their activities or events;

- regional, national and international competitions,

- conferences, public events,

- web environments and websites,

- CSR standards, methodologies and reporting.

8.3   Targeted education of managers in CSR

Education for managers is the epicentre of education aimed at developing a socially responsible approach in the work environment. Managers are the bearers of procedures, approaches and values applied in organizations. *The Oxford Handbook* distinguishes between two lines in the world of preparing managers for responsible engagement in organizations. The first line is represented by

Business Schools[53] and **MBA education programs** at universities as a cross-sectional training of managers which in their basic curriculum must lead managers to perceive and recognize the broader social context in managerial practice. The second line of education consists of **specifically focused CSR training programs.** This group also includes MBA studies and programs of economical-management schools, but with a direct specialization in CSR and specialized courses for various target groups of managers, entrepreneurs, employees (Crane, 2008). Some of the specialized training programmes for managers include MBA programme focusing on CSR at the University of Nottingham[54] (UK), CSR programme at Harvard Business School[55] (USA) or MBA in Sustainable Management at Anaheim University[56]. Specialized CSR training programs are also run by Stockholm University in Sweden, the Haas School of Business University in California, the Tuck School of

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[53] **Business School** is an equivalent of (Czech) higher education programmes of a university character. It is closest to the level of (Czech) Master's degree. Its focus is the equivalent of Czech economic and management education or business education. It can also refer to educational programmes of higher education institutions within the LLL. Cf. Business school. Definition. Webster´s online Dictionary [online]. [cit.2011-08-01]. Accessible at: <http://www.websters-online-dicrionary.org/definitions/Business%20School&sa=Search#922>; Business School. Audio English.net [online]. [cit.2011-08-01]. Accessible at: <http://www.audioenglish.net/dictionary/business_school.htm>.

[54] Educational content consists of economics and finance, business ethics, corporate management practices and respect for social interests, CSR, information systems management, business economics, human resources management, marketing, operational management, strategic management. Follow-up Master level includes follow-up study of CSR, business ethics, CSR in the context of global economy, research methods, social and environmental responsibility, CSR strategy, focus on corporate management, corporate strategy, product marketing strategy and strategic human resource management. Cf. Master of Business Administration - Corporate Social Responsibility (MBA). *The University of Nottingham.* Postgraduate Prospectus [online]. University of Nottingham [cit. 2011-08-10]. Accessible at WWW: <http://pgstudy.nottingham.ac.uk/postgraduate-courses/mba-in-sorporate-social-responsibility-mba/sourse-content_134.aspx>. Criticism of the first course of study for sponsoring the programme by the tobacco industry was also published. This fact is sufficiently illustrative of the interests involved in managerial education. Cf. BECKETT, F. *Conflict of interests. A corporate social responsibility MBA funded by British American Tobacco - can they be serious, asks Francis   Beckett* [online].   [cit.   2009-08-11].   Accessible   at   WWW: <http://guardian.co.uk/education/2003/jul/09/mbas.highereducation>.

[55]The programme includes case studies of CSR initiatives in times of economic instability, shows the risks of making capital investment decisions, teaches how to implement CSR with respect to immediate and future business goals, leads to reconciliation of CSR and strategic goals, shows successful ways of working with government and NGOs and key stakeholders Cf. Corporate Social Responsibility. *Harvard Business School* [online]. Harvard: Harvard Business School [cit. 2011-08-18]. Accessible at WWW: <http://www.exed.hbs.sdu/programs/cs/curiculum.html>.

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University in Dortmund and the Jesuit Herzberg School of Management at Rockhurst University in Kansas.

In the Czech Republic, education on CSR is currently at the level of **special-purpose information courses** implemented at organizations within the internal education system or implemented by educational agencies. An example is a block of special-purpose courses organized for the public by the educational agency DTO[57]. **At economically oriented universities, business ethics is already part of the curriculum**[58]. For example, in a 2004 survey, students of the Faculty of Economics and Administration in Pardubice commented on the newly introduced subject Business Ethics. 81% of students were interested in the subject. 85% of students see business ethics as useful for life. Until then, 20% of students had not heard of business ethics. Those who, according to the survey, have already learned about the subject of business ethics, according to additional information, had only superficial distorted information, often from the media (Dytrt, 2006, p. 50-51).

Critics of CSR education point out specific **problems**. Following *The Oxford Handbook* and other researches' point of view, education is seen as schematic, guided by inappropriate methods for creating manager's values and attitudes (Córdoba, Campbell, 2008, Crane, 2008), burdened with stereotypes of selected theories such as stakeholder theory. The effectiveness of such training is problematic if managers are to apply CSR approaches in practice based on their training. In this respect, the MBA study, where managers interact with each other as well as participate in additional activities such as meeting with former MBA students in "alumni" graduate programs, is closer to reality (Crane, 2008, p. 503-522). *The Oxford Handbook's* views can be complemented by critical views on the current developmental phase of Keller, Tvrdý (2008) and Liessmann (2008). In their opinion, the present state of education shows shortcomings reducing the level of education and provision of education. Being realized by putting into stock, education loses on actual content, is conducted schematically, formal knowledge is created without its mutual interconnection. Education is thus mainly of formal importance.

Other **CSR education**:

Increase in scholarly literature on CSR. The interest in the professional concept of CSR is clearly evident in the USA and the United Kingdom. Professional publications such as *The Oxford Handbook*

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[57] In the content of the educational block called CSR, there is an offer of events: 1. general information about CSR – theory, 2. possibilities of implementation of CSR principles into organization management, 3. training of managerial skills in the field of CSR. Cf. Manažer společenské odpovědnosti (MCSR). Design kurzu. *DTO CZ s.r.o.* [online]. [cit.2011-08-18]. Accessible at <http://www.dtocz.cz/kurzy_detail.php?id=1775&bool_detail=&sort=1>.

[58] See the educational programme of the bachelor's study programme Economics and Management at MVSO. Cf. Garantované disciplíny Ústavu společenských věd. *Moravská vysoká škola Olomouc* [online]. [cit. 201-08-11]. Accessible at: <http://www.mvso.cz/ustavy-a-kabinety-1/ustav-spolecenskych-ved-1/garantovane-discipliny-10/>.

of Corporate Social Responsibility and Corporate Social Responsibility, Readings and cases in the global context by renowned authors (see the list of references) are published. Publishing activity in professional periodicals such as the Journal of Business Ethics, Business and Society, as evidenced by constantly evolving research activity (Pokorná, 2012, Crane, 2008).

Czech sources of information present CSR. Apart from special-purpose portals, the main sources of information on CSR in the Czech Republic are websites of various organizations and institutions and the press. Presentations of organizations on websites, interviews in the press, or meetings at conferences show features of using the CSR theme mainly for marketing purposes. Institutions and organizations choose from a whole range of CSR activities, especially those that make them more visible. These are charitable activities, donations, events for the benefit of the community and its surroundings, presentation of environmental activities[59]. In a deeper study of the content of the websites devoted to CSR activities, it is possible to observe that the overview of the presented activities includes at least the area of using know-how for the benefit of society, transparency, presentation of incorruptibility, proof of integrity, handling complaints and using employee suggestions for innovation, quality certification. Presentations often lack a comprehensive CSR strategy and its interconnection with the overall strategy of the organization. The outcome is the presentation of partial activities with limited long-term effect for the benefit of society (Pokorná, 2012).

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[59] An example is the article *Klienti a zákazníci oceňují společenskou odpovědnost firem* (*Clients and customers appreciate corporate social responsibility*) which deals exclusively with the philanthropic activities of banks in the Czech Republic. Cf. *Klienti a zákazníci oceňují společenskou odpovědnost firem.* Tisková zpráva [online]. 2004 [cit.2009-12-12]. Accessible at <http://www.bankovnictvi.ihned.cz>. At conferences on CSR, representatives of the management of profit organizations, together with representatives of non-profit organizations, as a manifestation of company's degree of CSR, companies show in numbers how much they donate to charity through a non-profit organization. An example of that is the conference held on March 24-25, 2009 in Prague IIR „Corporate Social Responsibility – odpovědný přístup = konkurenční výhoda." (*Corporate Social Responsibility - responsible approach = competitive advantage*), programme section on Corporate Social Responsibility of the conference AEDUCA 2008. The focus on philanthropy is illustrated by the current version of the Business for Society platform which was recruited from the DONÁTOR Club in 2010.

Studies conducted in the Czech Republic are mostly run by agencies such as Business for Society, IPSOS, universities or colleges of business and management, Market Vision 2007[60], STEM 2003[61], Factum Invenio 2007[62]; [63]. Development is recorded at the level of expert discussions, such as scientific conferences on CSR[64].

[60] Research carried out within the activities of ESF projects „Corporate Social Responsibility jako nástroj konkurenceschopnosti malých a středních podnikatelských subjektů v Praze" (*Corporate Social Responsibility as a Tool for Competitiveness of Small and Medium-sized Business Entities in Prague*). Cf. Společenská odpovědnost firem. *Závěrečná zpráva z kvalitativní části výzkumu realizovaného v rámci aktivity číslo 1 projektu „Corporate Social Responsibility jako nástroj konkurenceschopnosti malých a středních podnikatelských subjektů v Praze"* [online]. Prague: MARKET VISION s.r.o, 2007 [cit. 2011-08-18]. Accessible at <http://new.neziskovky.cz/data/csr_finalni_zpravatxt9376.pdf >.

[61] A research for Philip Morris „Co o CSR vědí a co si myslí české firmy?" (*What do Czech companies know and think about CSR?*), the research shows that a large proportion of the public (2/3 of respondents) believe that organizations should do more than just make a profit and pay taxes. Cf. Přehled výzkumů. *Středisko empirických výzkumů STEM* [online]. cit.2011-08-19. Accessible at < http://www.stem.cz/index.php?url=pages/tree/show.php>.

[62] The research shows that 83% of Czech respondents perceive an organization that supports a public benefit project, positively and 35% of respondents perceive advertising in which the organization draws attention to a non-profit project very positively. Cf. *Fórům Dárců. Czech Donors Forum* [online]. [cit. 2011-08-18]. Accessible at <http//:www.donorsforum.cz>.

[63] In 2007, the same agency also carried out research on the perception of corporate philanthropy and corporate social responsibility for the Donors Forum. According to them, if the company wants to be considered socially responsible, according to Czechs, it should produce quality products (88%) and organic products (71%). More than a half of the Czech population believe that such an organization should maintain equal access to women, minorities and the disabled (57%) and invest in the development of its employees (57%). Even more interesting is the fact that more than a half of the people (59%) say that if they know the organization is socially responsible, their overall trust in the organization will increase. Almost half of the people (43%) would be interested in trying out the company's products and services based on their knowledge of corporate social responsibility. Cf. *An Overview of Research Carried out in the Czech Republic in the Field of CSR*. Environmental Law Service [online]. [cit. 2011-08-19]. Accessible at <http://www.responsibility.cz/index.php?id=312>.

[64] For example, a series of conferences organized by Moravian Business College Olomouc: "*Who is the Agent of Corporate Social Responsibility" (Kdo je aktérem společenské odpovědnosti firem)* 2009; "*How to Measure Corporate Social Responsibility*" (*Jak lze (z)měřit společenskou odpovědnost firem*) 2010; "*CSR – A Bridge between Science, R&D, and Practice*" (*CSR – most mezi vědou, výzkumem a praxí)* 2011; international scientific conference "*Corporate Social Responsibility – Transfer of Scientific Knowledge into Practice*" (*Společenská odpovědnost firem – transfer vědeckých poznatků do praxe*) 2011, organized by Moravian Business College Olomouc; conference *"Strategic CSR, or What Did Tomas Bata Know"* held by the Ekonomika publishing house in May 2011.

8.4   Self-awareness questionnaire

As a tool of intentional education with awareness and respect for volunteering, **a less directive educational tool** was prepared at Moravian Business College Olomouc (MVSO) in 2017. **It is designed for education of managers, entrepreneurs, employees and other shareholders at organizations** of various types. It is a self-awareness tool, setting up the CSR index, available to public, creating a ranking by company and organization type. This tool is based on the E-U-R educational method based on constructivism. The three-phase learning model imitates the way people learn naturally[65]. The following self-awareness **effects**, when using **the questionnaire**[66], that are included in the E-U-R method within the overall framework of the CSR, should lead to a change in the shareholders' value thinking:

1. Detailed familiarization with the content of the CSR concept at one's pace using the questionnaire (E)
2. Continuous improvement of knowledge about the concept of CSR by the possibility of re-filling the electronic version of the questionnaire (E),
3. Placing the responses in the questionnaire in the public ranking of a particular type of organization (U),
4. Inspiration by the data filled in by other companies of the same type (U),
5. Awareness of the possibility of being assessed by the public (R).

The **questions** for the interactive self-assessment questionnaire were chosen based on hypotheses from the following set of knowledge:

- a valid standardized questionnaire CSR_EK[67];

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[65] The abbreviation E-U-R refers to: Evocation – the respondent wonders what s/he knows about the topic, asks himself/herself, what s/he wants to know, organizes his/her existing knowledge - internal motivation after gaining further knowledge; Realization of the meaning of information (U - from Czech *uvědomění si*) – the respondent works with new information, linking it with what s/he already knows; Reflexion – the respondent reflects the learning process s/he has just gone through, reflects on what has been learned and how effective the learning was (Košťálová, Hausenblas, 2001).

[66] The questionnaire is part of the upcoming international methodology of the so-called CSR Index. The overall CSR index is the result of several partial scoring - the above-mentioned questionnaire, based on the entry of basic data to the organization or person, data on the CSR profile user and their reputation and brand strength in the online world. Project: *Index společensky odpovědného chování* (*Index of Socially Responsible Behaviour)*, Project registration number (MS2014+) CZ.01.1.02/0.0/0.0/16_045/0007362.

[67] Accessible at //C:/Documents%20and%20Settings/Admin/Dokumenty/Downloads/questionaire_en.pdf

- operationalization of definitions of individual CSR areas according to: Prskavcová et al., 2008, Pokorná, 2012;

- operationalization of topics of individual areas according to GRI methodology (Global Reporting Initiative) https://www.globalreporting.org/standards, Global Peace Index (http://static.visionofhumanity.org/sites/default/files/GPI%202016%20Report_2.pdf), Charity navigator www.charitynavigator.org, www.unglobalcompact.org, www.a-csr.cz, www.flagship.cz

- CSR 26 000 (ISO 26 000) standards;

- detailed world literature researches;

- two-round review comments by 8 independent experts;

- a pilot survey among full-time (10) and combined students (40) of MVSO.

The questionnaire itself was divided into 4 main areas copying the concept of CSR and identification data:

    A. Sustainability Strategy divided into the following categories: Organization values (A1); Reporting, certification (A2); CSR policy (A3).

    B. The Economic Area divided into the following categories: Corporate governance (B1); Relationship to suppliers (B2); Customer relationship (B3); Marketing (B4).

    C. Social Area divided into the following categories: Dealing with employees (C1); Relationship with the local community beyond legal obligations (C2).

    D. Environmental Area not further categorized.

The total number of questions A-D was 65, in the ratio of 25% for each area of the questionnaire. The questionnaire was weighted for specific types of organizations (municipalities, profit and non-profit). The weights were assigned by a conference of experts. The aim of the weighing was to describe the differences between organizations and their possibilities of self-awareness (see Table 14).

Tab. 14 Total weight distribution

THE MAIN AREAS OF THE QUESTIONNAIRE:	PROFIT	NON-PROFIT
A) sustainability strategy	250	300
B) economic part	250	300
C) social area	250	300
D) environmental area	250	100

Experts based their weighing on the following premises: For profitable companies, all areas are equally important and can affect all areas to the same extent. The lowest weight of non-profit organizations is in the environmental area, because the focus of their activities is not production and they usually operate in rental areas, without the possibility of environmental impact. Municipalities have the lowest weight in the strategy of sustainability and economy, with the highest weight in the social and environmental area. The reason is that they do not set a strategy themselves but must follow the legal standards of the Czech Republic and their economic part depends on the state budget. On the contrary, it is their competence (and this is very important) how they care for their employees and the social environment. They can also have a significant impact on the environmental area.

CSR Index for Organizations

Identification data:

1. Organization name:
2. Organization type: Profit, Non-profit, Municipality.
3. Area of activity of the organization:
4. Turnover (excluding VAT): Up to CZK 50 million, Up to CZK 300 million, Up to CZK 500 million, Up to CZK 1 billion, Up to CZK 1.5 billion, Over CZK 1.5 billion.
5. Number of employees: up to 10, from 10 to 50, from 50 to 250, over 250.
6. Date of incorporation:
7. Number of charitable organizations, schools, foundations, etc. established:
8. Amount of money spent on CSR activities in CZK:
9. Amount of money spent on charity and philanthropy in CZK:

Scoring A) SUSTAINABILITY STRATEGY

A1) Organization values

1) Do you have a multiannual strategy (including objectives, partnerships, measurable economic, environmental and social outputs, measuring the impact of your activities)? Please tick 'Yes' if your strategy contains all the components listed.

❏ Yes, ❏ No

2) Does your strategy take into account SDG (Sustainability Development Goals)?

❏ Yes, ❏ No

3) Has your management clearly defined its values and rules of conduct for its employees?

❏ Yes, values; ❏ Yes, rules; ❏ Yes, both; ❏ No

3a) Have you familiarized your employees with organization values and rules of conduct?

❏ Yes, with the values; ❏ Yes, with the rules of conduct; ❏ Yes, with both; ❏ No

3b) How does the organization communicate its values and rules of conduct to external stakeholders?

❏ Electronic form, ❏ Printed publications, ❏ Oral form, through presentations, ❏ Informal meetings, ❏ Does not communicate

4) Do you know the principles of social responsibility in your professional field?

❏ Yes, ❏ No

5) Do you undertake repeated internal measurement of CSR (by monitoring the increase in understanding and improving CSR performance)?

❏ Yes, we measure understanding; ❏ Yes, we measure improvement; ❏ Yes, we measure both; ❏ No

6) Do you measure the effect of socially responsible behaviour (i.e. not just a statement of funds spent, but their impact)?

❏ Yes, ❏ No

7) Do you have any formal anti-corruption measures in your organization?

❏ Yes, ❏ No

A2) Reporting, certification

8) Do you prepare an annual CSR report?

❏ Yes 100%, ❏ No 0%

8a) If so, does your report include the output of an internal measurement of CSR?

❏ Yes, ❏ No

8b) Is your CSR report accessible to public?

❏ Yes, ❏ No

9) Are you a CSR holder or provider?

❏ Yes, ❏ No, ❏ We are in the authorization or certification process

9a) You are a holder or provider of social responsibility entitlements under:

❑ SA 8000:2001, ❑ ISO 26000, ❑ OECD, ❑ AA1000, ❑ Global Compact, ❑ SAN, ❑ Ethibel, ❑ GRI, ❑ EFQM, ❑ LBG, ❑ ISO 14001, ❑ UNGPoBaHR, ❑ Other

A3) CSR policy

10) Do you provide yourself with professional guidance of CSR?

❑ Yes, internally, ❑ Yes, externally, ❑ No

11) Have you set up a socially beneficial enterprise under any project?

❑ Yes, ❑ No

12) Have you received a public, independent award in the field of corporate social responsibility?

❑ Yes …………….. (total number of awards), ❑ No

13) Do you systematically develop knowledge about social responsibility:

❑ Yes, for employees; ❑ Yes, for customers; ❑ Yes, for suppliers and wholesale customers; ❑ Yes, for other stakeholders, ❑ No

Scoring B) ECONOMIC AREA

B1) Corporate governance

1) Do you ensure transparency in your financial policy (i.e. when dealing with contracts, dealing with suppliers, dealing with sponsors)?

❑ Yes, ❑ No

2) Do you provide transparent information on decision-making procedures in the organization management to the stakeholders affected by your decision?

❑ Yes, ❑ No

3) Do you ensure timely execution of partnership contracts?

❑ Yes, ❑ No

4) Do you purposefully monitor the image of your organization in public?

❑ Yes, ❑ No

5) Does your organization respect personal data protection?

❏ Yes, both internally and externally; ❏ Yes, internally; ❏ Yes, externally; ❏ No

6) Does the owner / top management of the organization significantly contribute to establishing a vision that respects the principles of sustainability and ethics?

❏ Yes, ❏ No

7) Do the owner or members of the management of the organization participate in formal public initiatives on sustainability, social ethics or social responsibility?

❏ Yes, ❏ No

8) Do you ensure sustainability through budget responsibility / long-term profitability of the organization?

❏ Yes, ❏ No

B2) Relationship with suppliers

9) Do you gather feedback from your suppliers, sponsors and donors?

❏ Yes, from all; ❏ From suppliers; ❏ From sponsors; ❏ From donors; ❏ No, from none

10) Do you record and resolve complaints from your suppliers, sponsors and donors?

❏ Yes, from all; ❏ From suppliers; ❏ From sponsors; ❏ From donors; ❏ No, from none

11) Do you cooperate with other partners (governmental organizations, civic associations, other non-profit organizations, business entities…) in solving problems related to socially responsible management of your organization?

❏ Yes, ❏ No

12) Is it important to you what reputation in the area of corporate social responsibility the organization or person (sponsor) you work with or who provides you with resources has?

❏ Yes, ❏ No

B3) Customer relationship

13) Do you purposefully gather feedback from your customers as to improve your products or services?

❑ Yes, we do, we incorporate it in organization's strategy; ❑ Yes, we only find out; ❑ No, we do not

14) Do you specifically identify your customers' views on your organization's CSR activities?

❑ Yes, we do, we incorporate it in organization's strategy; ❑ Yes, we only find out; ❑ No, we do not

15) Do you provide your customers with any service beyond your legal obligations

❑ Yes, ❑ No

16) Do you ensure the process of continuous improvement of the quality of your products or services?

❑ Yes, according to available standards; ❑ Yes, according to our own proven tools; ❑ Yes, according to competition; ❑ No

17) Is customer training a part of your customer communication policy?

❑ Yes, ❑ No

B4) Marketing

18) Do you provide true information in promoting your products or services?

❑ Yes, ❑ No

19) Do you use your marketing activities to promote charity and other ethical activities?

❑ Yes, ❑ No

20) Do you follow ethical rules in promoting your products or services?

❑ Yes, ❑ No

C) SOCIAL AREA

C1) Dealing with employees

1) Do you motivate your employees to develop their professional skills (e.g. through performance evaluation, training plan, experience in other workplaces)?

❏ Yes, ❏ No

2) Do you motivate your employees to develop long-term careers (career plans) in your organization?

❏ Yes, ❏ No

3) Tick those anti-discrimination processes that actively prevent discrimination (of):

❏ Women, ❏ Ethnic groups, ❏ disabled people, ❏ Elderly people, ❏ Due to sexual orientation, ❏ Religious, ❏ We actively eliminate child labour, ❏ forced labour, ❏ We ensure the age diversity of employees in the workplace, ❏ Other, ❏ We have no anti-discrimination processes

4) Do you have a dialogue with employees on important issues that are of direct concern to them?

❏ Yes, ❏ No

5) Do you consult employees on changes in the organization's strategy and do you use the tools involved in decision making?

❏ Yes, both; ❏ Yes, we consult strategies; ❏ Yes, we involve employees in decision making; ❏ No

6) Do you continuously monitor relationships between employees in the workplace?

❏ Yes, we do and use development tools; ❏ Yes, we do; ❏ No

7) Have you implemented any measures beyond the law in the area of health and safety of your employees?

❏ Yes, ❏ No

8) Do you actively offer employees a suitable work-life balance (e.g. allowing flexible working hours, home office, compressed work week, part-time work, parental leave or shared jobs)?

❏ Yes, ❏ No

9) Do you have a transparent system of financial remuneration for employees in place?

❏ Yes, ❏ No

10) Do you provide your employees with employee benefits?

❏ Supplementary pension insurance, ❏ Provision of technical equipment, ❏ Company car, ❏ Business support, ❏ Contributions for language courses, ❏ Extra holidays, ❏ Company credit cards, ❏ Employer products or services under favourable conditions, ❏ Refreshments in the workplace, ❏ Meal tickets, ❏ Social event allowance, ❏ Sports event allowance, ❏ Parking of private means of transport at the workplace, ❏ Above standard health care allowance, ❏ Short-term recovery leave, ❏ Transport allowance, ❏ Interest-free loans, ❏ Care for former employees, ❏ Social bailout in case of financial distress, ❏ Retirement reward, ❏ Cafeteria, ❏ Other, ❏ We do not provide any

C2) Relationship with the local community beyond legal obligations

11) Do you have specific forms of cooperation with organizations in your municipality?

❏ Yes, ❏ No

12) Do you prefer regional resources in your activities?

❏ Yes, we offer employment for people in the neighbourhood; ❏ Yes, we offer youth traineeship; ❏ Yes, we offer job opportunities for disabled people; ❏ Yes, we offer job opportunities for long-term unemployed; ❏ Yes, we use local services and suppliers; ❏ Yes, we support local projects; ❏ No

13) Do you have an open dialogue on the impact of your activities on the region with the municipality (s) in which you are based?

❏ Yes, ❏ No

14) Do you organize charity and other events for the benefit of the life of the municipality?

❏ Yes, ❏ No

15) As part of your CSR program, do you work with organizations so that your cooperation will improve their market position?

❏ Yes, ❏ No

D) ENVIRONMENTAL AREA

1) Do you reduce the environmental impact of your organization by:

a) energy savings? ❏ Yes, ❏ No

b) waste minimizing? ❏ Yes, ❏ No

c) the use of recycling? ❏ Yes, ❏ No

d) checks on discharges into air and wastewater? ❏ Yes, ❏ No, ❏ Not relevant

e) noise reduction? ❏ Yes, ❏ No, ❏ Not relevant

f) environmental protection? ❏ Yes, ❏ No, ❏ Not relevant

g) sustainable transport options (e.g. using electric cars, bicycles, CNG transport, electric motor transport? ❏ Yes, ❏ No

h) development and innovation of current products and technologies or new business activities?
        ❏ Yes, ❏ No, ❏ Not relevant

2) Do you evaluate the environmental impact of your organization's activities (e.g. energy consumption, recyclability or pollution levels)?

        ❏ Yes, ❏ No

3) Do you provide your donors, sponsors, the municipality and other stakeholders with clear and accurate environmental information about your operations and activities?

        ❏ Yes, ❏ No

4) Do you use ecological energy sources?

        ❏ Yes, ❏ No

5) Do you have any ecologically sustainable product, service technology that differentiates you from the competition?

        ❏ Yes, ❏ No

CSR Index for Citizens

Factual information:

Gender: ❏ male   ❏ female

Year of birth:

Residence: ❏ city ❏ countryside

Current / past employment:

Job position:

Current role in life: ❏ student ❏ working parent ❏ employee ❏ entrepreneur ❏ retired ❏ working pensioner ❏ unemployed ❏ childless in partnership ❏ parental leave

Scoring A) Values

1) Do your personal values include the quality of life? (Multiple answer options)

> ❏ Yes, the quality of my own life; ❏ Yes, the quality of my surroundings; ❏ Yes, the quality of the world; ❏ No

2) Do you really follow these values? (Multiple answer options)

> ❏ Yes, myself; ❏ Yes, I encourage my surroundings to follow them; ❏ No

3) Are you interested in information on socially responsible behaviour?

> ❏ Yes, ❏ No

4) Are your values consistent with your real life?
> ❏ Yes, ❏ Rather yes, ❏ Sometimes yes, sometimes not; ❏ Rather not, ❏ No

5) Have you done a good deed in the last 3 months?

> ❏ Yes, once a day; ❏ Yes, once a week; ❏ Yes, once a month, ❏ No

6) Do you notice and deal with illegal activities?

> ❏ Yes, I notice and try to deal with them; ❏ Yes, I notice, I do not deal with; ❏ No, I do not notice or do not deal with.

7) Do you have any formal voluntary role in public life?

(e.g. volunteer fireman, volunteer of Maltese aid, red cross member, children's camp leader…)
> ❏ Yes, 1-3 function(s); ❏ Yes, more than 3 functions; ❏ No

7a) I perform the public function(s) in the following way:

❏ I actively fulfil all duties arising from the function(s), ❏ I have accepted the function as a formal obligation

8) Do you responsibly fulfil the obligations arising from your life roles?

8a) Work ❏ Yes, ❏ Rather yes, ❏ Sometimes yes, sometimes not; ❏ Rather not, ❏ No

8b) Personal ❏ Yes, ❏ Rather yes, ❏ Sometimes yes, sometimes not; ❏ Rather not, ❏ No

Scoring B) Economic Part

B1) Economic self-sufficiency

1) Do you spend as much as you can afford without debt? ❏ Yes, ❏ No

2) Does your housing reflect your current financial possibilities? ❏ Yes, ❏ No

3) Do you meet your economic obligations? ❏ Yes, ❏ No

4) Do you keep a good track of your finances? ❏ Yes, ❏ No

5) From a long-term perspective, do you maintain balanced personal income and expenditure?

❏ Yes, ❏ No

6) Do you create financial reserves for yourself and your family in case of a crisis?

❏ Yes, ❏ No

B2) Purchasing habits

7) Do you notice the labels on products to promote good things (no child labour, not tested on animals, fair-trade, support for non-profit organizations, support for charity, etc.)? ❏ Yes, ❏ No

8) Do you prefer regional products? ❏ Yes, ❏ No

9) Do you buy the number of products and services you really need? ❏ Yes, ❏ No

10) Have you ever boycotted products of a company as a protest against it? ❏ Yes, ❏ No

11) Have you ever advised someone to buy a product or service from a company because it is responsible?

❑ Yes, ❑ No

12) Have you ever advised someone not to buy a product or service from a company because it is not responsible?

❑ Yes, ❑ No

Scoring C) Social area

C1) Philanthropy

1) Have you donated your property or finances to others? ❑ Yes, ❑ No

2) Do you participate in public life in the municipality / city? ❑ Yes, ❑ No

3) Do you participate in charitable events and collections for the benefit of the life of the municipality / city ❑ Yes, ❑ No

4) Which manifestations of discrimination do you consider unacceptable?

❑ Discrimination against women, ❑ ethnic groups, ❑ disabled people, ❑ elderly people, ❑ due to sexual orientation, ❑ religious, ❑ homelessness, ❑ economically weak groups, ❑ maladapted, ❑ Other, ❑ None

C2) Self-education

5) Do you educate yourself in any field? (Sports, culture, profession, etc.) ❑ Yes, ❑ No

6) Do you educate yourself in the form of self-education? ❑ Yes, ❑ No

7) Do you educate yourself in courses? ❑ Yes, ❑ No

8) Do you monitor your personal development in a long-term and targeted manner? ❑ Yes, ❑ No

9) Do you also receive critical feedback from the surroundings? ❑ Yes, I accept and reflect it; ❑ Yes, I listen to it; ❑ No

C3) Healthy lifestyle

10) Are you trying to prevent conflicts in your life? ❏ Yes; ❏ Rather yes; ❏ Sometimes yes, sometimes not; ❏ Rather not; ❏ No

11) Do you care for your health? ❏ Yes, in accordance with the circumstances; ❏ Yes, it is the highest value for me; ❏ No

12) Is your daily rest adequate to your workload? ❏ Yes, ❏ No

13) Do you go to preventive medical examinations? ❏ Yes, ❏ No

14) Do you monitor your weight according to BMI? ❏ Yes, ❏ No

D) Environmental area

1) How responsive are you to the environment?

❏ I do not throw away garbage, ❏ I do not buy bottled drinking water unnecessarily, ❏ I try not to waste energy, ❏ I use public transport as often as possible, ❏ I walk as much as possible, ❏ I walk on marked routes (do not tread on lawns), ❏ I keep order in the immediate vicinity of my home, ❏ Other, ❏ I do not deal with environmental behaviour

2) How do you actively care for the environment in your private life?

❏ I sort waste, ❏ I collect discarded garbage in nature, ❏ I drink tap water, ❏ I save energy in a purposeful way (by buying energy-saving appliances, placing meters, etc.), ❏ I drive a CNG / electric car, ❏ I save water in a purposeful way (I use domestic water, energy water savers on toilets / taps) ❏ I do not release smog and other fumes into the air from the boiler, ❏ I plant and actively take care of the greenery in my surroundings (trees, grass,…), ❏ I actively improve the immediate surroundings of my home, ❏ Other, ❏ I do not actively care about the environment

3) Do you contribute any amount of money to support the environment?

❏ Yes, ❏ No

4) Are you interested in news about the state of the environment?

❏ Yes, I am interested and making use of them; ❏ Yes, I am interested; ❏ No

Σ

The concept of CSR is a phenomenon of the present, which must be learned to be understood and used properly. The learning process can be understood in a broad and narrow sense. In a broad sense, learning takes place in unintentional situations, in everyday life. In a narrow sense, the learning process takes place intentionally, most often in the form of targeted educational activities aimed at acquiring specific knowledge and skills. In a broader sense, people learn social responsibility in their daily work process by noticing different information or experiencing situations. Organizations often provide their employees with information, enable them to carry out voluntary events. It is important that employees want to pay attention to this information provided. Targeted education takes place in a deliberate form, mainly in economic-managerial educational events and studies. Traditional methods of learning by memorizing have been criticized as ineffective in teaching CSR. One of the ways to educate stakeholders of all organization types and citizens might be the self-awareness questionnaire created by MVSO. The questionnaire is compiled with respect to methodologies such as ISO 26 000 and GRI. It combines the intentional learning contained in the set of 65 questions covering the whole spectrum of CSR activities, as well as the unintentional learning contained in the voluntary use of the questionnaire and the possibility of its repeated filling. Using the questionnaire, the respondent is educated about the content of the concept of CSR. By changes in business behaviour and repeated filling in the questionnaire, they can gradually achieve a higher level of CSR and higher scoring.

?

1. What are the options of intentional education in CSR?
2. In what ways do people learn CSR unintentionally?
3. What is your opinion on the way of learning CSR at MVSO?
4. What are the risks and disadvantages of CSR learning today?
5. From what sources do you learn about social responsibility in your personal life? Is there a difference between what you have learned in this text and what you have known before?
6. What did you learn from the content of the CSR questionnaire for organizations?
7. What did you learn from the content of the citizens' questionnaire on social responsibility in personal life?

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