

ANALYSIS OF APPLICATION OF CSR IN SECTOR OF CULTURE IN THE CZECH REPUBLIC

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Abstract

The main goal of this paper is to analyze how business entities operating in culture approach Corporate social responsibility, while focusing on small and medium-sized enterprises. In the text there is briefly described the concept of CSR, differentiation of these activities among SME's and analyses of two empirical surveys, done among these enterprises. The first survey was done as a pilot research in town Pacov in May 2012. The following research in Jindřichův Hradec took place in October 2012. Although CSR is mostly publicized in connection with large companies, it has been in recent years - as shown by many studies - on the rise even among small and medium-sized companies. Yet to SMEs is paid far less attention than to large and multinational companies. The role of SMEs is very often overlooked. This is mainly due to a comparison with large companies that have higher profits and provide more jobs. However, if we look at SMEs as whole, not just individual companies, they start to gain importance dramatically. The sector of culture is relatively unknown and therefore it is necessary to analyze and evaluate the situation. The aim of this paper is to analyze approach to CSR by small and medium-sized enterprises operating in culture.

Key words: Corporate social responsibility, culture, empiric research, SME's

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Introduction

The aim of this paper is to analyze approach to CSR by small and medium-sized enterprises operating in culture.

The interest in corporate social responsibility is growing each year, which is mainly initiated by the European Union (EU, 2001), which seeks to extend this concept to all companies on the territory of its member states. Due to this pressure, is growing an interest of governments and companies themselves (Khan, Muttakin & Siddiqui, 2013).

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companies. Yet to SMEs is paid far less attention than to large and multinational companies. The sector of culture is therefore a relatively unknown and therefore it is necessary to analyze and evaluate the situation.

For this purpose, the first pilot survey was conducted among SMEs in Pacov, focused on the social responsibility of these entities. After evaluation of this research there was the second research in Jindřichův Hradec.

1 New Environment and CSR

In connection with the growing attention to the concept of CSR, emerge arguments "for and against" corporate social responsibility. However, we feel it is important to emphasize that the arguments for authorizing and promoting concept, as well as its dynamic development in the everyday practice of the business sector, greatly outnumber and outweigh arguments against this concept (Romani, Grappi & Bagozzi, 2013). It is, of course, caused by a number of factors that influence and shape the very concept of CSR (Kašparová, Kunz, 2013). The most important of these are considered as:

The increasing power of globalization and the growing number of multinational companies affecting the business environment, quality of life and the environment, not only at national but also at international level (Fleming, Roberts & Garsten, 2013). Therefore, it is necessary not only to create but also to ensure respect for fundamental internationally applicable standards.

Increased awareness and sophistication of customers in today's knowledge society, who have come to expect from companies much more than just to offer products with the functional characteristics and value (Servaes & Tamayo, 2013).

Increasing pressure on socially responsible behavior from all stakeholders, not just from customers, but also by local community, banks, investors, government bodies, employees and others (Ducassy, 2013).

The growing need to create a stable environment without lies, corruption, fraud and and postponed payments. We are seeing a general decline in confidence in society, which leads to the fact that fewer and fewer people trust politicians, governments, the media, and unfortunately companies themselves. The loss of confidence in the business sector can be certainly very significantly contributed to what has happened during recent years, such as a series of accounting scandals in number of large companies. Therefore, the society expects from companies far greater transparency and information on all matters relating not only to the functioning of companies, but also the impact of their activities on society itself.

2 The Situation Among Small and Medium-sized Enterprises in CZ

Although the rise of CSR (placing ideas and principles of the modern concept into everyday business practice) is particularly due to large and multinational companies, it is obvious, that if the potential of social responsibility should be fully realized, it can not stay only as a "privilege" of large companies, but must become a matter of the whole business sector (Bucu, 2008).

To wider acceptance of social responsibility among business representatives, it will undoubtedly help to inform as many businesses about the essential tools and approaches to this concept.

The Czech government should promote strenuously and systematically socially responsible behavior, so it can become an integral part of the business practice of small and medium-sized enterprises.

The importance of SMEs for the whole Czech economy is very crucial as it significantly affects both current and future competitiveness of our economy - economic growth, employment and sustainable development. Due to their size, they can occupy the market segments that are for large companies not lucrative. It might be through discovering entirely new opportunities or simply using already known approach but in a different area. SMEs account for about 99% (depending on the sector) of all businesses in the Czech Republic and consist of 61% of total employment (Veber, Srpová, 2008). Similarly, as it is in other EU countries.

According to the survey conducted by Business Leaders Forum in 2006, focusing on SMEs in the Czech Republic, it turns out that 44% of surveyed companies are aware of the concept of CSR. However, only 20% have on this subject some documents and the same percentage employs an expert on this topic. Furthermore, it appears that the vast majority of companies runs at least one CSR activity that is mostly related to its employees, as part of professional development and building an ethical environment. Firms prefer professional growth of its employees, which in turn reflects in the growth of the knowledge society.

3 Empirical Research

In May 2012 was conducted a pilot research in Pacov and its surroundings, as a part of project NAKI, aimed at consumers. At the same time there was conducted a separate survey among

companies operating in the field of culture, related to the topic of corporate social responsibility. This qualitative research was conducted through a structured interview.

Consequently, further research was conducted in October 2012, this time in Jindřichův Hradec, where were in the same way approached 34 companies. Of this number, we managed to arrange a meeting with 14 subjects. The findings are very important for structuring future research, as it brings - the first ever in the Czech Republic - a view on this business area.

3.1 The Aim of Research

The aim of the research was to determine the approach of small and medium-sized businesses operating in the field of culture to CSR. Another objective was to obtain data for the formulation of research questions and hypotheses finalizing the next series of studies.

Given that most researches focus on large and multinational companies, the SME sector is neglected. Moreover, in the field of culture has no been any similar research conducted, at least not in the Czech Republic. Therefore, it is first necessary to obtain information about the current status of the issue and on the basis establish assessment criteria and recommendations.

The whole process of choosing the form of inquiry and the formulation of research questions was preceded by an analysis of secondary data. Several surveys were collected dealing with similar topics, which were then analyzed and the working hypotheses were formulated.

The expected specific feature of these companies is that due to their nature and position on the market they may not only be the creators of CSR, but rather also be the recipient of another company's CSR activities.

3.2 Structure

Since the research was to be conducted through personal interviews, it proved to be best option to use structured interview with the semi-open questions. Respondent therefore has a choice of possible answers, but there is a possibility to formulate his own in case no given option suits him.

In the first stage were prepared questions in the questionnaire which were later revised several times and filtered. The result was a series of questions exploring the full spectrum of CSR, but still maintaining maximum brevity and accuracy. The main areas of research are social, environmental and economic activities.

The questions were constructed so that they can be responded without knowing any difficult terminology. Each question first offered range of responses that were supposed to help the respondent to get oriented in that matter and be able to address the situation.

3.3 Discussion - Pacov

Research sample consisted of 13 small and medium-sized enterprises among which included a recording studio, pottery, bookstore, acting corps.

The majority - 8 companies (61.53%) - said that they had met the concept of social responsibility and somehow tries to implement it. Only 3 companies replied that they do not know anything about it. The two companies reportedly intuitively know what it is and try to behave this way.

92% of subjects developed its activities towards the environment which mainly means conservation and reducing energy consumption.

On their staff is focused 9 (69%) of the companies. Main activities are especially allowance for meals and opportunities for individual development.

To receive of CSR from another entity acknowledged 4 subjects, all of these companies also develop themselves their own CSR activities. In all cases it was financial and non-financial donations at the same time.

Donations provide only three subjects, one of whom confessed donations in the amount of 107,000 CZK last year. Non-financial donations, in the form of own goods or property, apply 4 subjects.

Furthermore, it became clear that companies that stated that did not practice CSR, in fact, developed a number of activities in this area. This trend can be observed in other studies, so this is no surprising finding but at the same time is also necessary for confirming this fact for this sector.

One company is registered to ISO 14000 application form, i.e. a directive aimed at minimizing the impact on the environment. To no surprise is that the company is engaged to all CSR activities.

In terms of regional support and cooperation with the NGO sector is also reflected the global trend, which shows the underestimation of the area. Only 5 companies are involved in these areas.

The companies also reported that large barriers in the development of CSR activities are finance and know-how, which again confirms the findings of other research on SMEs. Finance issue be can resolved by choosing appropriate and inexpensive activities. SMEs can

not assume that they will develop equally costly projects such as large companies, which are often an inspiration, due to publicity they receive. In addition, many companies already practice some activities, so the total cost would not be so high.

3.4 Discussion – Jindřichův Hradec

Research was attended by 14 small and medium-sized enterprises, which include an observatory, gallery, cultural center, theater company, choir, art studio.

Most companies (8) answered that this concept is not known to them or they only partially recall it. Only 6 companies know what the term represents. On this question, some respondents were reluctant to answer directly and rather sought out the possibility of open answers.

Very few companies (4) are not involved in environmental activities. Other companies (10) prefer recycling and saving energy.

At its employees are focused only 6 companies, consisting primarily of travel allowances, training courses and extra holidays.

To receiving CSR from other entities have acknowledged six companies, of which 4 cases are financial donations and 5 non-financial. Only in 3 cases involved are non-financial and financial forms at the same time.

Most of the companies could not explain what or who is behind initiation these activities. Only 5 companies stated as the initiator the owner and only one company is aware of the pressure from society.

It further appeared that firms that stated that they do not practice CSR in fact develop a range of activities in this area. This trend can be observed in other studies, including the pilot survey from Pacov, so again, this is no surprise finding.

Compared to Pacov, where supporting the region and cooperation with the non-profit sector reported minimum companies, here is the opposite situation. The idea is here supported by many companies (8). It's definitely due to high level of patriotism of local people who love JH, a fact that was mentioned by many respondents separately.

The companies also indicated that a large barrier in the development of CSR activities is finance, know-how and lack of time to put together more systematic approach. This confirms the findings of other researches on SMEs (including Pacov). Businesses showed interest in cooperating with other businesses for the purpose of CSR activities. Enterprises that have stated they did not have the funding for their own activities would be willing to

organize and run them, if they found a partner willing to finance them. However, they would have to be targeted to support the region.

Conclusion

Small and medium-sized enterprises have within them great potential for CSR. Support for CSR from the European Union certainly helps to improve the attractiveness of these activities in the eyes of companies.

The current state of the companies of this size shows that socially responsible activities are carried out in the Czech Republic only intuitively and are not sufficiently systematically implemented. They are often not informed about the benefits and instructions on the implementation of the business to the employees, resulting not from a lack of interest in this issue, but because of absence of the concept. Companies are also not yet aware of the competitive advantages and how they strengthen their position in the market and in particular what their presentation to the outside bears.

In social activities plays a major role in an individual approach, espoused values and personal foundation of every employee or businessman. Their ethical values have a significant influence on what kind of corporate culture will the company have and how it is perceived.

Cultural sector, according to initial findings, is not much different from other businesses sectors. The structure of these activities seems to be the same, i.e. mainly focused on staff development and environmental protection.

A certain specific feature is that these companies are receiving CSR activities from other organizations. The survey also proved that these companies are trying to behave socially responsibly, especially through activities aimed on local area development.

Enterprises operating in the field of culture are interested in CSR and it will be very beneficial to further analyze them.

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