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CSR IN THE CZECH REPUBLIC

COUNTRY OVERVIEW AND APPROACH

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CORPORATE SOCIAL RESPONSIBILITY

OUTLINE OF THE LECTURE

1. Facts about CSR in the Czech Republic
2. Trends in penetration of CSR Guidelines in the Czech Republic
3. Government interest in CSR
4. Sustainable development at the national level
5. National Action Plan on CSR

INTRODUCTION

- CSR awareness and implementation in the region *are advancing rapidly*. In contrast to Western Europe, it is *mainly companies themselves – often multinational corporations – that are the main agents of change*, whereas external pressure from civil society, media and public authorities has so far been fairly low.
- Over the time, *a number of companies have steadily been growing* and companies are engaged in a remarkable range of activities. Today, *Business Leaders Forum's* mission is promotion and enforcement of CSR in line with European methodology and best standards.

INTRODUCTION

- From the perspective of CSR Policies and Legislation - most legislation related to CSR priorities is *implemented nationally*, the most important of which are the *National Labor Code*, *Consumer Protection Law*, and *Law on general product safety and Environmental Law*.
- The Czech government adopted the *National Quality Policy in 2000*, which includes CSR as a priority.
 - The *key players* in the field of CSR can be assigned these main CSR Actors: Ministry of Human Rights and Minorities (www.vlada.cz); Ministry of Labour and Social Affairs (www.mpsv.cz); Ministry of the Environment (www.mzp.cz); Ministry of Industry and Trade (www.mpo.cz); Business Leaders Forum (www.blf.cz, www.csr-online.cz); Association of Fair Business (www.korektnipodnikani.cz); and Czech Society for Quality (www.csq.cz).

INTRODUCTION

- Companies in the Czech Republic use the following *international norms and standards* as references for their CSR activities: *OHSAS 18001* – (System of management of occupational health & safety), *EMAS* – (Eco-Management and Audit Scheme), *ISO 14001* – (System of Environmental Management), *SA 8000* – (Social Responsibility), *ISO 26000* – (Corporate Social Responsibility).
- Czech companies are often found within the supply chain of many multinational companies.

1. FACTS ABOUT CSR IN CR

- In the Czech Republic at the beginning was the impulse of most companies involved to focus *purely on philanthropic donations*.
- *The harmonization of Czech law with EU legislation, and the Czech Republic's accession to the European Union, contributed to major advances in the promotion of CSR.*
- According to surveys in the business sector, it appears that the main *CSR-related priorities are the environment, well-being and philanthropy*.
- The broader *concept of CSR is slowly taking root in educational institutions* such as universities.

1. FACTS ABOUT CSR IN CR

- The most common issues companies when dealing with suppliers - ensuring suppliers are competent in their field, legal capacity and integration of statutory bodies, financial correctness related to the state administration bodies, data security and company transparency.
- *The Labour Code plays a strong role in this area as well as the pressure from the Czech-Moravian Confederation of Trade Unions.*
- *Czech businesses currently benefit from a positive image within local communities.*

1. FACTS ABOUT CSR IN CR

- The Czech Republic's *National Trademark on Quality* is given to products that meet certain standards regarding quality/sustainability.
- Some of the *traditional media start presenting CSR topics*, but the amount is still minimal and interest of media in this topic is still *very low in general*.
- In the Czech Republic also exist a few competing *CSR Awards: Czech National Award for CSR, Top Responsible Company of the Year*, and other.
- There also *exist surveys in the field of CSR* – CSR Research is a survey conducted yearly and other studies are prepared mainly by NGOs.

1. FACTS ABOUT CSR IN CR

- As CSR gaining its popularity among entrepreneurs, *some non-governmental organizations have been focusing on building partnership between profit and non-profit organizations* in the area of corporate philanthropy, corporate volunteerism, social marketing, environmental protection and others
 - (e.g. HESTIA, AISIS, Czech Donors Forum, Environmental Law Service, Business Leaders Forum).
- In 2007 the Ministry of Labour and Social Affairs created a new *website on CSR*, to inform users about the concept of CSR in the European Union.
- *Environmental awareness* is largely promoted through the Czech Republic's National Cleaner Production Program – adopted rules for the introduction of Eco-Management and Audit Scheme (EMAS), and was prepared the National EMAS Program.

1. FACTS ABOUT CSR IN CR

- In the *area of human rights*; the responsibility for monitoring and addressing this issue lays within several government councils include the *Council for Human Rights, for National Minorities, for Roma Community Affairs, for Health and Safety at Work, for People with Disability*, among others.
- From the cooperation between local communities and businesses there we found that the business community involvement is generally not innovative.
- While normative projects and activities are carried out, ongoing dialogue and cooperation between businesses and communities is not common.

1. FACTS ABOUT CSR IN CR

- Sustainable products and services are included into the Czech Republic's National Trademark on Quality is given to products that meet certain standards regarding quality/sustainability.
- The program consists of approximately 20 trademarks, including several that focus solely on environmental impact of the product.
- It was mentioned that company *best practices* is implemented into the Business Leaders' Forum. Currently, has collected and disseminated practical CSR tools and guidelines.

1. FACTS ABOUT CSR IN CR – ATTITUDE OF BUSINESSES

Business Leaders Forum and Business for Society in 2012, as well as public opinion polls (CSR Eurobarometr, surveys by the agencies IPSOS, GfK) have resulted in the following findings:

Attitude of the business:

- Almost half of employees have come across the concept of CSR (large firms up to 64 %, medium 36 % and small 30 %).
- The main priorities are proper relations with customers, employees and owners, and efforts to help the needy.
- The main motives are ethical-moral reasons, interest in employee loyalty, the chance to improve the performance and competitiveness of the business, environmentally-friendly activities.
- The benefits that businesses see are primarily strengthening the corporate culture, improving the image of the business, greater employee satisfaction and customer loyalty.

1. FACTS ABOUT CSR IN CR – ATTITUDE OF BUSINESSES

Attitude of the business:

- The barriers that hinder them are excessive bureaucracy, lack of support from the state (adverse legislative and tax environment), difficult to prove financial benefits and often a lack of interest on the part of senior management.
- CSR is seen as the basis for the use of other sustainable consumption and production tools (an initial evaluation of sustainable consumption and production has been carried out by more than 50 organisations).
- According to the survey carried out by Business for Society, 60 % of business emphasise the voluntary nature of CSR.

1. FACTS ABOUT CSR IN CR – ATTITUDE OF BUSINESSES

Attitude of the public:

- 75 % of citizens admit that responsible corporate behaviour is a factor when deciding on a purchase.
- 25 % know nothing about CSR (or do not follow CSR).
- Other respondents see CSR as an expression of ethics, integrity and decency, responsibility to employees and customers.
- The main priority is firms' relationship to the environment and their customers.
- Citizens are willing to pay extra for a —responsible□ product.
- Citizens are willing to get involved personally (waste recycling, donations, savings in households).
- The impact firms have on society and the environment is seen as positive and constantly improving.
- Activities called for as part of CSR include customer-related activities, job creation and product quality.
- Urgent problems are unemployment, poor-quality products, environmental pollution and over-exploitation of natural resources.

1. FACTS ABOUT CSR IN CR

Top Responsible Company Award

- Companies publishing quality reports on social responsibility stated in the TOP Responsible in the category of Responsible reporting.
- TOP Responsible Companies is award for a sustainable and responsible business, organized and awarded by Business for Society.
 - They considered *three broad criteria* and it is *completeness* when it is judged that the information provided on the activities and impact of the organization in its entirety.
 - Another criterion is *credibility*, that is, whether the information provided is true and verifiable, and at the same time take into account whether the views of stakeholders.
 - The last criterion taken is *communication*, which is evaluated form and manner of publication of reports on CSR.

2. TRENDS IN PENETRATION OF CSR GUIDELINES IN THE CZECH REPUBLIC

- The current concept of corporate social responsibility represents a coherent set of activities and practices that are an integral part of the control strategy of social, environmental and economic organisations, and are implemented by organisations on a voluntary basis beyond the scope of their legal obligations, motivated by a desire to help to improve conditions in society.
- The NAP is being designed together by representatives of government, academia, European Parliament, and associations of socially responsible companies, and will recommend areas of CSR that the Czech Republic should focus on.
- In the Czech Republic, there is no obligation for either the public or the private sector to have audited CSR reports (e.g. GRI), existing only as a voluntary approach.

2. TRENDS IN PENETRATION OF CSR GUIDELINES IN THE CZECH REPUBLIC

- Organizations in the Czech Republic *initially implemented CSR in the form of one-off projects* from the sub-areas. Gradually, companies began to integrate CSR into the management system and becomes an integral part of their overall strategy.
- *The most common activities e.g. employee care, measures to protect the environment and help communities, relationships with suppliers and others.*
- A penetration of international CSR principles into the Czech environment in the form of *UN Global Compact, OECD Multinational Guidelines, Global Reporting Initiative and ISO 26000.*
- International UN Global Compact brings together over 13,000 organizations in more than 165 countries around the world (from April 2015, also operates in the Czech Republic), this number continues to grow.

3. GOVERNMENT INTEREST IN CSR

- First, governments *are interested in CSR because the respective business efforts can help to meet policy objectives on a voluntary basis.*
- Second, *CSR policies are regarded as an attractive complement for hard-law regulations in cases where new regulations are politically not desirable or infeasible (in particular at the international level).*
- Third, *governments inevitably define CSR negatively with conventional social and environmental regulations because the 'voluntary business contribution to sustainable development' starts where the legal framework ends.*

3. GOVERNMENT INTEREST IN CSR

- Fourth, the *soft approach of CSR policies coincides with a broader transition of public governance* altogether, which leads away from hierarchical regulation towards more network-like and partnering modes of self- and co-regulation.
- Fifth, since *CSR is concerned with managing business relations with a broad variety of stakeholders*, the concept obviously reshapes not only management routines but also the roles of, and relations between, businesses, governments, and civil society.

4. SUSTAINABLE DEVELOPMENT AT THE NATIONAL LEVEL

- The historically first *Sustainable Development Strategy of the Czech Republic (SDS)* was approved by Government Resolution no. 1242 of 8 December 2004 as a long-term framework for political decision-making in the context of the international commitments made by the Czech Republic in connection with its membership in the EU, OECD and UN.
- By adopting the SDS, the Czech Republic *fulfilled its commitments derived from the conclusions of the World Summit on Sustainable Development in Johannesburg in 2002*, and acknowledged the conclusions of the *Earth Summit in Rio de Janeiro in 1992*, the *UN Millennium Development Goals*, and the 2003 conclusions of the *UN Commission on Sustainable Development* (particularly its International Multi-annual Action Programme until 2017).

4. SUSTAINABLE DEVELOPMENT AT THE NATIONAL LEVEL

- In consequence to the SDS, *Progress Reports* are made under the auspices of the *Government Council for Sustainable Development* with the objective to map the fulfilment of the SDS goals and inform both politicians and the public about the state and development of the Czech Republic in respect of sustainable Development.
- The proposal to establish the Council originated from the need *to create a body that would deal with the issue of sustainable development on a systematic and long-term basis*, serve as an umbrella for the present efforts promoting sustainable development, and efficiently coordinate all related activities.

5. NATIONAL ACTION PLAN ON CSR

- The CSR National Action Plan was created and adopted as a follow-up to the Renewed EU Strategy 2011-2014 for Corporate Social Responsibility for 2011-2014 in accordance with the initiatives of the Europe 2020 strategy.
- The purpose of the National Action Plan (NAP) is to help to develop the concept of corporate social responsibility in the Czech Republic and thus to promote the development of society, the economy and the competitiveness of the Czech Republic.
- The strategic document entitled National Action Plan for Corporate Social Responsibility in the Czech Republic **is a non-legislative, voluntary, open and live document.**

5. NATIONAL ACTION PLAN ON CSR

- The primary intentions of the strategic document of the National Action Plan for Corporate Social Responsibility in the Czech Republic are:
 - to support the application of social responsibility by organisations.
 - to strengthening the understanding and credibility of the concept of social responsibility in society.
 - to support CSR in enterprises and other organisations in the Czech Republic by providing the relevant information.

5. NATIONAL ACTION PLAN ON CSR

National Action Plan for CSR defines the following key areas:

1. Promotion and support for the development of the concept of social responsibility.
2. Dialogue and cooperation between all interested parties.
3. Self-regulation.
4. The role of public authorities, trade union umbrella organisations, employers and entrepreneurs and other interested parties.
5. Dissemination, implementation and observance of international standards of behaviour.
6. International cooperation.
7. Observance of human rights.
8. Education and research in the field of social responsibility.
9. Recognising and rewarding organisations for social responsibility.
10. Protection of consumer interests.

SUMMARY OF THE LECTURE

- There is a *strong link between CSR and inclusive and sustainable development.*
- It is considered a *cross-governmental issue*, with a broad agenda related to social, environmental and international issues.
- Government should therefore seek to develop frameworks within which to assess local or national priorities as they relate to a CSR agenda.
- The government has been a major, but not the only, driver of the increased and increasingly institutionalized CSR in the CR. Other drivers of CSR can be broadly categorized into business and society.

SUMMARY OF THE LECTURE

- **Business drivers** include imperatives acting on companies from investors, suppliers, partners and customers, as well as imperatives identified by corporations themselves, such as reputation (with government or with other actors and publics), marketing, branding, employee relations and knowledge.
- **Social drivers** can include demands from consumers, particular publics (e.g. residents of specific geographic areas affected by a business), organizations claiming to act on behalf of society (e.g. non-governmental organizations, community groups) and employees.

SUMMARY OF THE LECTURE

- *The government CSR policy topic use application through vision, objectives, strategies and priorities.*
- For position of political figure; organizational structure; centralized or decentralized is concern of internal government CSR structure. Important is *crosscutting policies*; regional and local government for creation of CSR responsibilities at different levels of government.
- *Scope of CSR policy is focus on domestic vs. international approach* and CSR role of other organizations is in order to government agencies, intermediary organizations, multi-stakeholder and international organizations.