

Helena ČIERNA

Technical University in Zvolen

Faculty of Environmental and Manufacturing Technology, Department of Production

Engineering and Quality Management

helena.cierna@tuzvo.sk

## **CORPORATE SOCIAL RESPONSIBILITY AND ITS THEORETICAL SOLUTIONS (PROCESS OF ETHICAL AND SOCIAL RESPONSIBILITY)**

**Summary.** Corporate social responsibility is a concept, which allows companies to show that they acknowledge their part in the state and functionality of a society. Based on the basic concept of corporate social responsibility, companies amend their traditional economic goals by adding goals that focus on environmental, social and ethical issues. In accordance with these they amend their visions and strategies. Corporate social responsibility is a trend that alters company's direction from short-term to long-term goals with preference for optimal, not maximum, profit.

**Keywords:** Socially responsible business, ethical and social responsibility process, ethical audit, social audit.

## **SPOŁECZNA ODPOWIEDZIALNOŚĆ BIZNESU I JEJ ROZWIĄZANIA TEORETYCZNE (PROCES ODPOWIEDZIALNOŚCI ETYCZNEJ I SPOŁECZNEJ)**

**Streszczenie.** Społeczna odpowiedzialność biznesu to koncepcja, która pozwala firmom wykazać, że przynajmniej się do udziału w bycie i funkcjonalności społeczeństwa. Opierając się na podstawowej koncepcji społecznej odpowiedzialności biznesu, firmy zmieniają swoje tradycyjne cele gospodarcze, dodając cele, które koncentrują się na kwestiach środowiskowych, społecznych i etycznych. Zgodnie z tymi celami zmieniają swoje wizje i strategie. Społeczna odpowiedzialność biznesu to trend, który zmienia kierunek firmy z krótkoterminowych na długoterminowe cele z preferencją dla optymalnego a nie maksymalnego zysku.

**Słowa kluczowe:** Społecznie odpowiedzialny biznes, proces etycznej i społecznej odpowiedzialności, etyczny audyt, społeczny audyt.

Corporate social responsibility and social responsibility of individuals is becoming one of the most important topics around the world. It is a field that is gradually becoming an essential part of a business strategy. Philosophy of corporate social responsibility deals with business development, ethics, morale, the environment, and with hope for the current and future generations. Corporate social responsibility is a concept, which allows companies to show that they acknowledge their part in the state and functionality of a society. Based on the basic concept of corporate social responsibility, companies amend their traditional economic goals by adding goals that focus on social and ethical and environmental issues. In accordance with these they modify their visions and strategies. Corporate responsibility is a direction that changes a company's course from short-term to long-term goals with preference for the optimal, not maximum, profit.

## **1. Corporate Social Responsibility and its theoretical solutions**

Corporate social responsibility is a normative theory, which requires that all economic subjects in a society take responsibility for their actions within the economic, legal, environmental, cultural and political structure (Remišová, 2011). In scholarly literature, this term is not narrowly defined. Authors use this term from various different approaches. From our point of view, social responsibility is a term of a social contract between the business sector and the society, in which different business entities operate.

### **1.1. Corporate Social Responsibility**

The term corporate social responsibility has been in scholarly literature historically tied to the 1950s. First definitions of social corporate responsibility were based on a management model and highlighted its arranged approach. In 1953 Howard R. Bowen wrote: „social responsibility represents entrepreneurs' commitment to strive to use such strategies, make such decisions or perform such activities that our goals and our society require” (Carroll, 1999, p.78). Howard R. Bowen is considered to be the first theoretician of corporate social responsibility. According to Bowen, corporate social responsibility will not solve all earthly problems, but it entails an important truth which needs to lead entrepreneurs into the future. In 1960 Keith Davis and Robert Blomstrom defined social responsibility as „an individual's promise to evaluate impact of his/her decisions and actions on the entire social system” (Carroll, 1999, p.83). Entrepreneurs utilize corporate social responsibility when they are considering needs and interests of others who are beyond the nearly defined economic and technical interests of their company. (Carroll, 1999, p.94). At the end of the 1960s and in the

1970s a number of definitions that put less emphasis on the manager's personality in a corporation. However, but rather focused on the interaction between the corporation and the socio-economic system, were developed under turbulent social changes in the west in conjunction with the growth of social arts. An example of one such definition is from 1973 Elibert and Parket, which J. Trnková published in her study (Trnková, 2004, p.67) and which is based on an idea of good neighbors, „...probably the best way to understand corporate social responsibility is to look at it as a relationship between good neighbors.” The mentioned study comprises of two phases of social responsibility. At the beginning, it means to not do things that could endanger a good relationship with a neighbor. In the second phase, it is a voluntary ownership of a promise to help solve problems in the neighborhood.

At the turn of the century, voluntary associations, non-governmental organizations and the European Union, who considers social responsibility as a tool necessary to fulfill the Lisbon strategy, contributed to the definition of corporate social responsibility. The Lisbon Summit in March 2000, during which participants decided to make EU: „... the most competitive and most dynamic information-oriented economy of the world, capable of sustainable growth with more employment opportunities and a bigger social cohesion” contributed greatly to the development of corporate social responsibility in Europe. Participants of the Summit unanimously agreed that corporate social responsibility can immensely aid this goal. Several activities followed the Lisbon Summit. In the summer of 2001, the European Commission published the Green Book, which contained the first definition of corporate social responsibility. The aim of the Green Book was to initiate a discussion about corporate social responsibility and to identify its promotion on the European and world stages.

In the 1990s in Slovakia, several non-governmental organizations have dedicated their efforts to build awareness of corporate social responsibility. Each organization focuses on a specific theme, which falls under a broad umbrella of the term corporate social responsibility.

Definitions of corporate social responsibility are predicated on general ethical principles, such as impartiality, engagement, active cooperation with stakeholders and transparency. Usually they have the following characteristics: they are universal, they emphasize voluntary involvement, they focus on active cooperation with stakeholders bound to contribute to improvement of quality of life, they stress development, not only economic growth, and they name three parts where corporate social responsibility is manifested (Čierna, 2008, p. 9).

Corporate social responsibility requires a shift of a focus from a solely profit based view to a view that enables a business to perceive it in a wider system of social and environmental relationships. We understand the term corporate social responsibility as responsible governance, which represents monitoring and improvement of processes, with which the company contributes to development of the economic environment and strives to minimize potential negative consequences of its activities. It calls for a change in company's orientation, from short- term to long term goals and from a maximum to optimal risk. Socially

responsible corporations behave so that they take into consideration internal as well as external environments, to contribute to sustainable development, to be transparent and to contribute to the overall improvement of the corporation. In practice, corporate social responsibility is manifested by integrating positive attitudes, practices or programs into the corporate strategy of the entity's top management. To act in accordance with principals of corporate social responsibility brings the business entity a myriad of advantages and profits, especially non-financial profits, which are less important to good and long term sustainability of the corporation.

Aforementioned definitions and characteristics have one common basis: they are based on a manager model and they highlight its arranged approach. They are based on the fact that it is a company's voluntary promise, while business entities make their decisions based on the company's goals and values; they are built on ethical and social principals that lead to long term sustainable economic development; they contribute to improvement of quality of life of employees, their families, local community, and the society in general.

## **2. Process of Ethical and Social Responsibility**

With growing pressure from stakeholders on business entities, efforts to manage ethical productivity at least as well as for example financial productivity, are increasing with the help of social and ethical outlook and with development of controls and reporting. The process of corporate ethical responsibility tries to identify what it means for a corporation to be ethical and to understand and report productivity in an ethical framework.

This article will outline a common factor of social and ethical responsibility. We will focus on rules and guidelines in social and ethical responsibility and on the use of these rules, which will contribute to an overall improvement of responsibility and of productivity. Therefore, we can state that social and ethical responsibility can be managed like ethics. This means that it offers a step-by-step guideline that assists with education of the business entity and with its motivation to improve its activities.

Pressure on corporate social responsibility is growing around the world, mainly thanks to pressure from consumers and growing global interconnectivity. Corporate social responsibility is considered to be a part of long-term sustainable development and it is supported by international organizations, such as NATO, EU, OECD and a number of international non-governmental organizations.

Table 1

## System of Control of Corporate Social Responsibility

Normative scope	OECD: Principles of management of international corporations UN Convention and Declarations: sustainable development
↕	
Process guide (which criteria and means of communications can be selected)	Standards AA1000 Global Reporting Initiative: reporting of sustainable development
↕	
Management system (how can these criteria be summarized)	ISO 14 001 Social Accountability SA 8000 Sigma guidelines

Source: <http://www.globalreporting.org>.

Corporate social responsibility can be understood as a *voluntary promise* of a business entity, which the entity can, but does not have to, follow. J. Trnková (2004, p. 86-87) identified levels of voluntary involvement and she considers three levels as the basis:

1. Full volunteering – it is supported, especially by representatives of business entities and employee groups. When implementing this policy, obligation would limit creativity and enthusiasm. International organizations also support this approach.
2. According to the author, not for profit organizations on the contrary call for a strict implementation of legally enforceable standards. They would like to avoid situations when corporate social responsibility becomes part of propaganda.
3. The middle ground is a system of smart regulation, also called flexible regulation. It is based on legalized minimal standards. However, it also leaves enough room for business entities realize their original approaches (Trnková, 2004, p.87).

We should look at the long-term horizon, strengthening of trust and in general intangible activities as reasons for voluntary acceptance of corporate social responsibility. Even though propaganda for corporate social responsibility is based on increase of intangible activities and its supporters are asking for example to strengthen trust in a corporation and to improve client relations, there are a number of studies. That proves a positive correlation between fulfillment of corporate social responsibility and economic productivity.

Even though business entities have a clear idea about their goals, they operate in a complex environment in which strategic efforts could conflict with needs of some or all

stakeholders. A conflict between groups with internal interests stems from various alternatives and differing results (Čierna, 2008, p. 18).

Based on mentioned information, social and ethical responsibility is characterized as a process that helps business entities to determine problems with responsibility towards stakeholders and to improve their productivity, be it social, environmental or economic. Such an outlined process connects social rules with development of corporate policies and production goals in evaluation, reporting or communication of actions. This way and through agreements with stakeholders, social and ethical questions are tied to the entity's strategic management and its production.

What are the consequences and who makes decisions about them? Social and ethical responsibility is a field in which no group of stakeholders has a pre-determined position. It is not a standardized structure, nor a unit of currency. On the other hand, the business entity has defined rules of business, goals, which are conflicting with interests and expectations of stakeholder groups as well as social norms and rules. Structure of social and ethical responsibility affects a business entity, economic productivity, ethical approach to business, human resources management, business development and sustainable development of a business.

A business entity, which agreed to implement social and ethical responsibility, has a different approach to identifying problems, on which they are focusing, and processes which it uses to measure and communicate its activities. Some questions such as health and safety influence many business entities. When creating processes, some companies developed their own guidelines for behavior and try to measure and implement them. However, other companies try to create financial values for established mutual relationships and intangible activities. Some focus on communication with employees or with local stakeholders, others focus on their impact on international activities and priorities. Each step of a business entity reflects its key functions and goals as well as reasons for implementing a process of social and ethical responsibility. It is influenced by legal conditions and social norms in the entity's field of operation. Legislative changes follow slowly; therefore business entities protect themselves from changes.

Factors which influence the character of social and ethical responsibility are:

- ownership structure of the business,
- level of sophistication of existing social and ethical guidelines in the business,
- interests and opinions of stakeholder groups, their past relationships with the business entity and significance of each of these groups,
- price, time and type of pressure on the business entity,
- doubt about the cost and profit of the process,
- relationships with key individuals.

A company needs to understand not only what it wants to produce, but needs to also understand its capabilities, limitations and the environment in which it is operating. Each company is a part of a social system and its activities are understood in the context of existing social relationships. A society, with the help of a constitution, laws and other decisions made by government organizations forms the basis for a political, legal and cultural framework for businesses.

## 2.1. Principals of Corporate Social Responsibility

Besides various approaches to social and ethical responsibility, there is a consensus in the business about principles of best practices. These principals can be used during outlining and management of a process or during standardization of a quality process. A basic principle of social and ethical responsibility is versatility. This principle requires that demands and needs of all stakeholder groups are encompassed in all levels of social and ethical responsibility.

Principals can be divided into three general groups based on:

1. scope and character of social and ethical responsibility;
2. purpose of information created by the process; and
3. continuous management of processes (Čierna, 2008, p. 34).
  1. Scope and character of the process of social and ethical responsibility consists of:
    - Completeness. Encompassing all relevant fields of activity that deal with social and ethical productivity of a business entity into the process of responsibility.
    - Relevance. Including important information about ethical and social activities of a business entity, which can influence stakeholder groups and their evaluation.
    - Frequency and timeliness. Need for frequent, systematic and timely process to support decisions about the business entity and its stakeholder groups.
  2. The purpose of information created by the process is:
    - Assurance. Social audit of organizational processes is performed by an independent, third party. The audit covers a credible establishment, in terms of assurance in a process with all stakeholder groups, therefore creation of important agreements with stakeholder groups.
    - Accessibility. Adequate and effective communication with stakeholder groups.
    - Comparability. The ability to compare information about a business entity's actions to a past period, to productivity goals or with external organizations in the field, with legislative directives or norms.
    - Reliability. A characteristic, which enables a business entity and its stakeholder groups to rely on information that is free from major errors provided by accounting.
    - Relevance. Usefulness of information for the business entity and its stakeholder groups in terms of collecting knowledge and formulation of opinions as well as offering help with decision making.

- Clarity. Clarity and understanding of information for the business entity and its stakeholder groups, including linguistics, style and format.
- 3. Continuous management of processes is:
  - Application or system incorporation. The responsible process will become part of the organization's basic functioning, of its systems and formulation of guidelines. It is therefore not only an exercise, a task to create reports.
  - Continuous improvement. Steps towards improvement of activities based on conclusions from a responsible process.

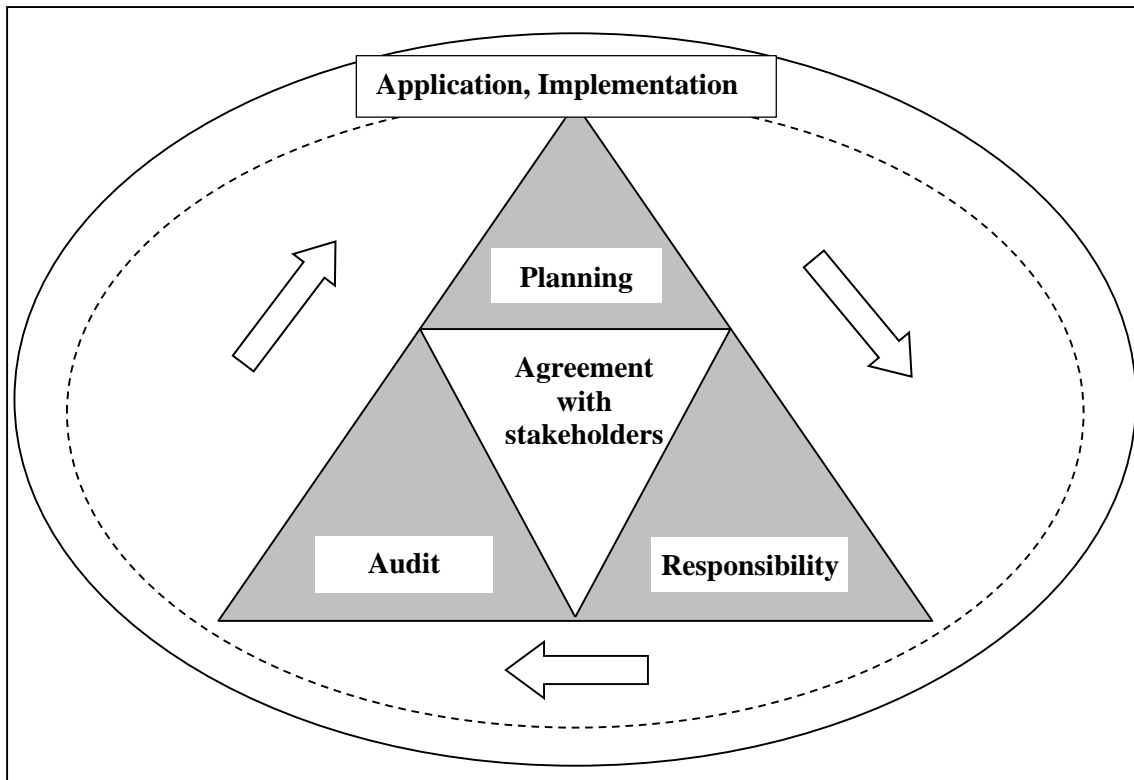


Fig. 1. Model of Social and Ethical Responsibility of Businesses

Rys. 1. Model społecznej i etycznej odpowiedzialności firm

Source: (Čierna, 2008, p. 36).

How to implement principles of versatility in practice? A universal model of social and ethical responsibility (picture no. 1) outlines areas, which are in perpetual movement and which business entities take into consideration during management and improvement in responsibility and productivity.

The areas are:

- *Planning*. Business entities create processes of social and ethical responsibility, perform audits and set and evaluate guidelines, social and ethical objectives and goals.
- *Responsibility*. This area of the process is determined, information is arranged and analyzed, production goals and plan for improvement are created and perfected. Reporting. Report of organization's systems and productivity is prepared.



- *Audit.* Process of reporting and actual reporting is subjected to an external audit, and reporting is available to stakeholder groups for the purpose of feedback. Application and implementation. To support all levels, structures and systems are developed to strengthen the process and to integrate it with activities of the business entity.
- *Agreement with stakeholders.* Interests of stakeholder groups are addressed at all stages of the process due to regular interest and involvement.

We believe that business entities in all fields should integrate their valuable experience from the previous term, they should be flexible, so as to learn from the implemented process and to innovate.

Based on available data, we can state that business entities used social and ethical audits in different forms. It was an audit based on financial data (reporting a real and honest view). However, it was based on innovative methods offering quality assurance. Audits are performed with various differing approaches, using different forms of evaluation. This creates unease in some business entities: what exactly are they paying for and who will believe it. However, in other example, it helps to create an innovative way to deepen trust with stakeholder groups and thereby solidify value of a dialogue with the business entity.

Agreement with stakeholder groups. Establishing a dialogue with stakeholder groups can help a business entity to:

- Foresee and manage conflicts
- Improve decision making
- Create consensus between diverse opinions
- Identify stakeholder groups by consequences of their activities

However, there is risk that an agreement can add little value and business entities could be concerned about:

- Costs of the agreement and other
- Risks of critique by the stakeholder groups or their apathy
- Frequent mistakes in an agreement to create a real change in productivity
- Difficulty to connect with some stakeholder groups, which means connecting with those who the business entity knows the least. Any dialogue is unpredictable and without any guarantees.
- Yet there are some guidelines that business entities started to systematically implement during dialogue with stakeholder groups. This indicates that if a dialogue is to be productive, the business entity needs to act with transparency in its objectives, so as to keep the dialogue open. To understand demands and needs of stakeholder groups, the business entity needs to:
  - Allow stakeholder groups to identify other stakeholder groups, who should be included in the dialogue;

- Gain trust of stakeholder groups regardless of the fact who summarizes and analyzes information;
- Participate in a dialogue, not in a one sided process;
- Ensure that stakeholders are well informed and have sufficient time to prepare for a meeting;
- Include stakeholder groups in the date setting process for the meeting;
- Allow stakeholder groups to express their opinion without fear of prosecution, without consequences; and
- Provide relevant information about various stakeholder groups and allow all to comment on them.

Diversity of approaches adapted by business entities in their social and ethical responsibility, including experiments, created innovative techniques that can no longer be silenced in some fields. Implementation of guidelines and directives, that govern business entities or define the level to which they need to be adhered to, help instill consistency in the process. There are three basic rules, these are: provide common language of best practices between business entities and stakeholder groups; highlight and bring to light the best method; and inform about development of the governing legislature.

## **2.2. Code of Ethics and Social Audit**

Codes of ethics and social audit represent integral parts of corporate social responsibility. As it was noted previously, without ethics in the general social context, it would be difficult to achieve desired culture in a corporation or in business in general; it would be difficult to establish unwritten rules, which should be adhered to and which, at least in the moral context, will have legitimacy.

The time has come when it is necessary to take steps that can define the moral, cultural, fair play framework and trust in business. A framework, which will be universally accepted and adherence to it will become one of the main attributes of the modern manager in Slovakia. A framework, that is adhered to, will allow for so a called „also – entrepreneur” from all fields of entrepreneurship of the 21st century. Foundations of this framework are formed by many institutions from the third sector, but also by business entities, which do not understand ethics as a deterrent of success, on the contrary, see it as a catalyst. International corporations who operate in Slovakia together with important Slovak firms, who understand the importance of implementing ethical guidelines for their long term development and success in business, bring a new outlook to understanding relationship between ethics and business.

### 2.2.1. Code of Ethics

Code of ethics in international corporations is a standard part of business norms, which are prepared in detail. Based on this code they create other internal processes. Code of ethics is a collection of norms, which affect internal relationships within a corporation and a corporation's dealings with the outside world, including treatment among employees and between management and employees. Included are directives to avoid misuse of internal information or work safety rules. A code of ethics also encompasses guidelines for relationships with shareholders, clients and competitors. In general, a code of ethics represents a collection of directives and approaches that influence inward and outward bound behavior towards clients and other interest groups. The goal of a code of ethics in business is to establish a fair, transparent and competitive business environment that does not tolerate corruption or behavior that goes against moral values.

Characteristics of a code of ethics are:

- It support the letter and the meaning of principles, rules and directives that are put in place for employees of a business entity;
- It supports responsibility;
- It eliminates unfair and impolite behavior towards others;
- It deals with ethical questions;
- It supports an open discussion and dialogue;
- It helps to find one's mistakes and to learn from them;
- It adds a sense of pride for what was achieved and how it was achieved; and
- It contributes to modesty when considering improvements.

By adhering to the code, a company improves its perception on the market. It is common that business entities choose their partners based on existing codes of ethics. Also, large corporations request that their suppliers provide them their norms of behaviour. At the beginning of the 1990s, Slovak companies understood that it is beneficial to follow norms that guarantee quality and therefore started to build quality management systems, with the help of ISO 9000 forms.

To implement a code of ethics is a crucial step to improve transparency and to reduce corruption. A code of ethics helps to ensure conformity with the growing number of international regulation (such as EU, WTO, OECD) of commercial activities and thereby reduces costs of doing business in Slovakia.

In 2005, PricewaterhouseCoopers sponsored a millennial study of corporate responsibility (Bussard, 2006, p. 241) that included 25,000 individuals, citizens of 23 countries, from six continents. Among other things, the study found that:

- Around the world, people's perceptions about a corporation are based on a corporation's affiliation and not on brand reputation or financial factors. Close to 60% of one's opinion

consists of work practices, business ethics, social responsibility and impact on environment.

- Two out of three people want companies to focus not only on finances, but also want them to contribute to broader social goals.
- More than 75% of people consider companies to be fully or partially responsible for elimination of bribes and corruption and an assurance that they and their suppliers do not employ children, they do not tolerate discrimination, they protect health and promote safety at work and do not contribute to pollution of the environment.
- More than one customer in five admitted to „rewarding” or „punishing” a company last year based on how they perceived the company’s behavior towards society.

Basic principles of corporate social responsibility, which are entailed in the code of ethics, can be summarized within the following fields:

- Protection of a good name and the business entity’s assets
- Safety and good health
- Protection of the environment
- Discriminating practices (Čierna, 2008, p. 44).

Every employee represents not only him/herself, but also the business entity that employs him/her. For this matter, all employees should take care of the company’s good name and protect its interests. Each employee is expected to protect intellectual property as well as material wealth. Telephones, faxes, emails as well as computer hardware and software should be used only for work purposes, with the exception, when it is necessary to use them.

Employee safety and health are of utmost importance. A corporation’s regulations and Slovak laws should be followed in order to provide safe and healthy environment for employees. Each employee is responsible, for his/her own benefit and for the benefit of other employees, for understanding and following general implemented safety regulations and guidelines that pertain to protection of health. Environmental protection is a responsibility towards the entire community, but also to all communities and municipalities, whose environment can be affected by activities of a given business entity. All employees are responsible to work in accordance with all laws and regulations that pertain to environmental protection and relate to their place of work. Harmony with the environment is everybody’s individual responsibility.

An honest and respectful approach to customers and fulfillment of their needs and wishes are necessary for successful and strong client relations. Interactions with relations need to remain discreet, polite, without any preferential treatment, prejudice or discrimination. A business entity should promise to use only legitimate business practices. It is required to protect information acquired from clients and it needs to ensure quality, durability and safety of its products and services in accordance with implemented national and international norms. It should offer up-to-date and clear information about its products and services. It is not

allowed to propagate false information, to not provide information or to exaggerate information in advertising or during other public presentations.

The primary function of the code of ethics in business is to set a bar for moral responsibility and an obligation for a given business entity, to uphold laws and directives of the Slovak government and municipalities as part of its daily business activities. Even though the Slovak government does not require that each business entity embraces the code of ethics, it is clear and in the best interest of the government to treat codes of ethics as part of the business environment in Slovakia. Codes of ethics in business are purely a social responsibility of each business entity that operates in Slovakia. However, more businesses are realizing the importance of implementation of a code of ethics by their employees to build a good name, which is a tool for ensuring the entity's business development.

### 2.2.2. *Social Audit*

The importance of humane treatment of employees began only around the beginning of the third millennium. This was a time of technological changes, globalization and modernization. Employees were required to increase production, which is correlated with the increase of time spent at work. The social sphere, as one of key spheres where corporate social responsibility is used is manifested in a relationship between a business entity and a social system, in which it operates. Human resources represent a company's valued capital and for this reason more attention is dedicated to them (Čierna, 2008, p. 48).

Authors Beauchamp and Bowie (2004, p. 39 – 44) characterize social audit as a systematic, extremely verifiable process, which is used to find out how a given business entity is adhering to its ethical, social and community responsibilities. Social audit verifies ethical and social obligations just like a financial audit verifies financial results. There is no standard for drafting a code of ethics or how to implement a social audit. According to the authors, implementation and drafting of a social audit can in general be summarized in five basic steps:

1. Identification of key relationships with stakeholders; relationships with internal and external environments are crucial for business. No business entity can exist and operate in isolation; it cooperates with subjects within its environment.
2. Naming of basic values of a business entity and adherence to interested subjects - which values in relation to stakeholders should the business entity monitor;
3. Determining practical principals and strategies which demonstrate monitoring of given values in relation to a stakeholder – to formulate and create a code of ethics. It is not sufficient to merely generally declare values. It is necessary to define what given values represent for a business entity. Each system has a life of its own and a change in an actively functioning system cannot be implemented by one actions. It requires a long-term process and changing visions and goals, which an entity desires to partially achieve.

4. Definition of indicators and methodology of success monitoring during implementation of the code of ethics. Well selected indicators are measures of achievement of a set goal, or a measurement of comparison of results with a reference value. When selecting indicators, one can follow various criteria. However we would suggest ensuring that indicators are socially and culturally relevant. A good indicator is something that the stakeholder, especially customers, employee and a community use to evaluate a company.
5. Key question at the end of this program is how to achieve long-term changes in a business entity. We based this on a theory that each business entity comprises of people, who cooperate to achieve goals, which they could not achieve as individuals. Each person has different needs, such as the need to communicate, to express concern and artistic expression. Each person has a need to be reminded and to be taken seriously. Therefore a process of ensuring continuous improvement of an ethical and social impact is more of a human than technical process. Continuous monitoring and evaluation helps to amend and to suggest new strategies and indicators.

The process of social audit that leads to a continuous improvement of corporate culture is similar to approaches, which are considered during implementation and use of a code of ethics. Often, we work with soft indicators, results of qualitative research and less with so called hard indicators, which can be easily measured. Social audit and continuous improvement of corporate governance can be represented by the process shown in Picture no. 2.

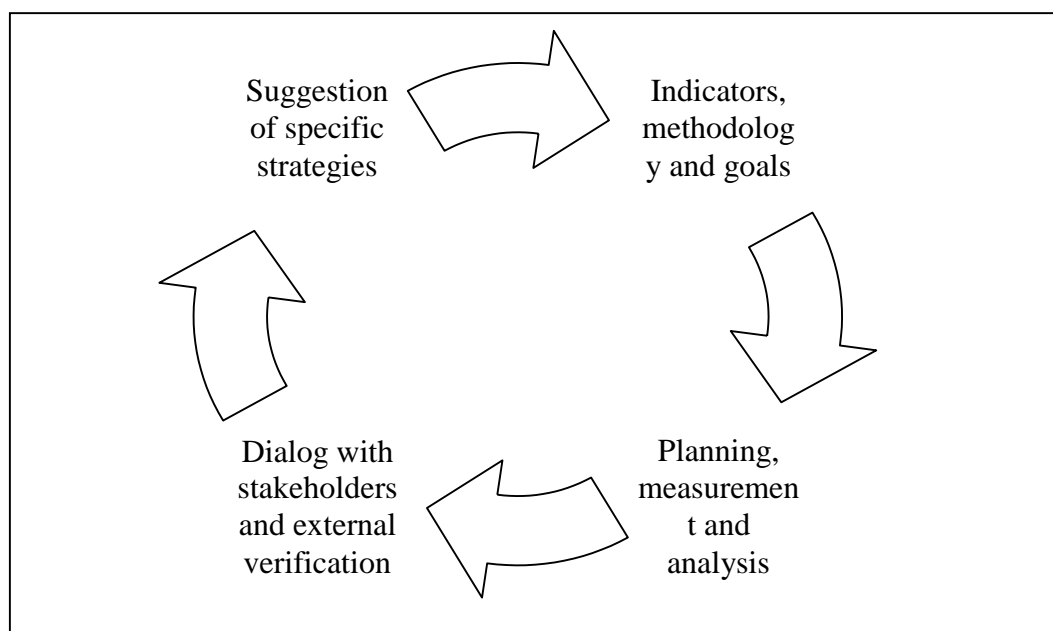


Fig. 2. Social Audit and Continuous Improvement of Corporate Culture

Rys. 2. Kontrola społeczna i ciągłe doskonalenie kultury korporacyjnej

Source: Čierna H., Corporate Social Responsibility and Model of Exceptionality, 2008, p. 50.

Change in ethical and social behaviour in the scope of existing corporate culture is a process. It is not an isolated incident. A real change in a business entity can take place only when leaders dedicate continuing attention to this process. On a daily basis, leaders make decisions that have ethical dimensions.

Corporate social responsibility is company's commitment to act ethically, to contribute to economic growth and to improve quality of life of their employees and their families, the local community and the society as a whole.

Corporate social responsibility is a concept, which allows companies to show that they acknowledge their part in the state and functionality of a society. Based on the basic concept of corporate social responsibility, companies amend their traditional economic goals by adding goals that focus on environmental, social and ethical issues. In accordance with these they amend their visions and strategies. Corporate social responsibility is a trend that alters company's direction from short-term to long-term goals with preference for optimal, not maximum, profit.

According to some authors, corporate social responsibility is approached like a procedural organizational innovation that leads to change in norms and company's forms of internal structure or to institutional innovation, which leads to amendment of social norms (Čierna, 2008, Gabryšová, 2004, Nenadál, 2002, Carroll, 1999).

The article was prepared as part of a research grant project VEGA 1/0531/15 „Increasing life expectancy of tools and construction parts of mechanisms used in forest technology”.

## **Bibliography**

1. Beauchamp T.L., Bowie N., 2004, *Ethical Theory in Business*. Prentice Hall, New Jersey.
2. Bowie N., 2000, *Business Ethics, Philosophy and the Next 25 Years*. Business Ethics Quartely, New York.
3. Bussard, A., Spol A., 2006, *Spoločensky zodpovedné podnikanie*. Nadácia INTEGRA, Bratislava.
4. Carroll A.B., 1999, *Corporate Social Responsibility*. *Business and Society*, roč. 38, č.3, London, s. 17 – 25.
5. Čierna H., 2008, *Spoločensky zodpovedné podnikanie a model výnimočnosti*. Banská Bystrica: *Studia oeconomica* 35, s. 104.
6. Čierna H., Sujová E., Ťavodová M., 2015, *Vybrané aspekty manažmentu pre technikov*. Technická univerzita vo Zvolene.
7. Remišová A., 2011, *Etika a ekonomika*. Kalligram Bratislava.
8. Trnková J., 2004, *Společenská odpovědnost firem: kompletní průvodce tématem a závěry z průskumu v ČR*. Business Leaders Forum, Praha.

9. Wolniak R., Hąbek P., 2013, CSR Reporting in France and the Netherlands: Scientific Journals Maritime University of Szczecin, 2013, 34(106), pp. 91-96.
10. Wolniak R., Hąbek P., 2014, Computer aided sustainable development reporting – integration with ERP packages, [w:] Kźmierczak J. (eds.), Systems Supporting Production Engineering Review of Problems and Solutions, P.A. Nova, Gliwice 2014, s. 119-127.

## **Omówienie**

Spółeczna odpowiedzialność biznesu i społeczna odpowiedzialność osób fizycznych stają się jednymi z najważniejszych tematów na całym świecie. Jest to obszar, który stopniowo staje się istotną częścią strategii biznesowej. Filozofia społecznej odpowiedzialności przedsiębiorstw zajmuje się rozwojem biznesu, etyki, moralności, ochrony środowiska, działa z nadzieją dla obecnych i przyszłych pokoleń. Społeczna odpowiedzialność biznesu to koncepcja, która pozwala firmom pokazać, że uznają one swoją rolę w państwie i w funkcjonalności społeczeństwa. Opierając się na podstawowej koncepcji społecznej odpowiedzialności biznesu, firmy zmieniają swoje tradycyjne cele gospodarcze, dodając cele, które koncentrują się na kwestiach społecznych, etycznych i ekologicznych. Zgodnie z tymi celami modyfikują swoje wizje i strategie. Społeczna odpowiedzialność biznesu to kierunek, który zmienia kurs firmy z krótkoterminowych na długoterminowe cele z preferencją dla optymalnego a nie maksymalnego zysku.