

ANALYSIS OF THE ROLE AND IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY FROM THE VIEW OF CITIZENS OF BOSNIA AND HERZEGOVINA

ANALIZA ULOGE I ZNAČAJA DRUŠTVENO ODGOVORNOG POSLOVANJA SA ASPEKTA GRAĐANA BOSNE I HERCEGOVINE

mr, Ružica Đervida- Lekanić, viši asistent²⁶⁶
dr, Adriana Radosavac, docent²⁶⁷

Abstract: *Organizations have realized that their actions affect a variety of public, and numerous studies have shown that corporate social responsibility (CSR) affects to customer point of view, their decisions and behavior. Corporate social responsibility is a result of the increasing effects of certain public and the social issues of the social processes and allows companies to reduce negative influence on society and in the same time enhance positive impact on society. The paper presents the results of research of public opinion B&H which can assist in improving business processes and the development of better relations between the company and its environment, which will be reflected in the improvement of competitive position on the market.*

Key words: *social responsibility, public, enterprise, improvement of business process, competitive position*

Sadržaj: *Organizacije su shvatile da njihovi postupci utiču na razne javnosti, a brojna istraživanja pokazuju da društveno odgovorno poslovanje utiče na stajališta kupaca, na njihove odluke i ponašanja. Društveno odgovorno poslovanje je rezultat sve većeg uticaja određenih javnosti i društvenih pitanja na socijalne procese i omogućava preduzećima da smanje negativan, odnosno povećaju pozitivan uticaj na društvo. U radu su predstavljeni rezultati istraživanja stavova javnosti BiH koji mogu pomoći u unapređenju poslovnih procesa i razvoja kvalitetnijih odnosa između preduzeća i njegovog okruženja, a što će se odraziti na poboljšanje konkurentne pozicije na tržištu.*

Ključne riječi: *društvena odgovornost, javnost, preduzeća, unapređenje poslovnih procesa, konkurentna pozicija.*

1. INTRODUCTION

Certain elements of corporate social responsibility always have been present in the behavior and activities of the company. However, changes in social values and a public-political debate in the 1960s and 1970s are brought a greater awareness for social issues and corporate social responsibility [1]. Since then, corporate social responsibility is gaining importance in companies in developed markets. What constantly draw attention to this concept are the

²⁶⁶ Independent University of Banja Luka, Veljka Mladenovića 12e, Banja Luka

²⁶⁷ Faculty of Economics and Engineering Management Novi Sad, Cvećarska 2

opinions and attitudes about the value of corporate social responsibility and its contribution to enterprises and society as a whole.

In developed markets, companies are exposed to the public opinion of all stakeholders including the political process. Nowadays from companies are expected to make a certain contribution to society, which has a positive effect on the survival and growth of the company. According to expert of management Peter Drucker, the primary task of the enterprises is still making of profit, but it is no longer its only task. Every organization must assume full responsibility for their influence to workers, environment, consumers and other persons and things with which it is associated. [2].

There are many definitions of corporate social responsibility and the numerous applications of its concept. Some of the known definition of corporate social responsibility (CSR) are: "the responsibility towards society organizations and all stakeholders" [3], "the development of processes to assess the needs of stakeholders and the environment, and implementing a program for managing social issues" [4], "a concept whereby companies integrate concern for social issues and the environment in their business and in their interaction with stakeholders on a voluntary basis" [5]. What is certain is the fact that there are no strict standards of corporate social responsibility because it is not possible to apply the same standards to each organization, each interested aspect and each market.

Frequently is possible to hear the question of whether corporate social responsibility (CSR) influence to the profit increase or represents, only, a financial cost to companies. The numerous studies are conducted on this subject, about the relationship between corporate social responsibility (CSR) and profitable business, but without final conclusions and exclusive attitudes.



Docent, dr **Adriana Radosavac**, rođena je 24.02.1973. godine u Munchenu. Diplomirala je na Ekonomskom fakultetu u Banjoj Luci, odsek opšta ekonomija 1998. god. Postdiplomske studije je upisala 2004/2005. godine na Poljoprivrednom fakultetu u Novom Sadu na smeru Ekonomija i Agrar. Magistrirala je 2009. godine na Poljoprivrednom fakultetu u Novom Sadu na temi Ekonomska opravdanost primene probiotika u stočarstvu. Doktorske studije upisuje 2009. god. i uspešno okončava 2014. god. na Poljoprivrednom fakultetu u Novom Sadu pod nazivom teme Preduzetništvo kao faktor razvoja (agro) privrede Republike Srpske.

Godine 2012. birana je u zvanje istraživač-saradnik, na period od tri godine u Institutu za Ekonomiku poljoprivrede u Beogradu.

Godine 2013. u Poljoprivrednom Institutu Banja Luka, Republika Srpska, bira se u zvanje viši stručni saradnik na određeni period.

Godine 2014. birana je u zvanje docenta za užu naučnu oblast agronomija, tehnologija i inženjerski menadžment na Fakultetu za ekonomiju i inženjerski menadžment u Novom Sadu.

U saradnji sa drugim autorima objavila je nekoliko naučnih i stručnih radova i učestvovala na više domaćih i međunarodnih simpozijuma.

Član je i Društva agrarnih ekonomista Balkana.

The numerous studies indicate whether and how much corporate social responsibility (CSR) influence to the attitudes of customers. According to the research, which was conducted by company MORI in the UK, the proportion of consumers who say that for them corporate social responsibility of companies is very important, whose products and services they purchase, almost doubled between 1998 and 2002, from 28% to 44%. Although there are different data about the influence of corporate social responsibility (CSR) on sale, it is clear that the "question that is very hard to climb on the importance scale of consumers, with sufficient knowledge and opportunities, reflected in their behavior" [6].

This and similar studies show that the public is becoming aware of the power of consumers to reward good or punish bad companies. According to the results of investigation of public opinion, which is conducted in 23 markets around the world in 1999 year, almost one-quarter of consumers has fined companies whose activities in the past year were considered as socially irresponsible. Such behavior of consumers is the most recorded in North America and Northern Europe, while the lowest were recorded in Asia and Eastern Europe. [7].

On the other hand, there is a critical attitude about corporate social responsibility (CSR) influence to the reputation of the company. Those who invest the most in a socially responsible business are the largest and the most successful enterprises, which are often, in the same time, exposed to strong public criticism: "It seems that social responsibility plays a small role, if at all, have any of the influence" [8]. There are wide discussions about the way of measuring of influence of corporate social responsibility (CSR) on financial performance and reputation of the company.

However, even those who argue that there is no solid evidence of a beneficial influence of CSR on business profitability, they believe that CSR could have such an impact that companies change attitude towards socially responsible business and leave the emphasis on image and instead put more emphasis on content. This means that those who are responsible and who represent socially responsible initiatives have fundamentally understand each activity in the chain of value, from the aspect of the company and the community.

Mr **Ružica Đervida** rođena je 15.05.1974. god u Banjoj Luci. Diplomirala je 2000. godine na Prirodno-matematičkom fakultetu u Novom Sadu, smjer diplomirani geograf-turizmolog. Godine 2005. upisala je postdiplomske studije na Tehničkom fakultetu „Mihajlo Pupin“ u Zrenjaninu smjer Menadžment-poslovne komunikacije. Zvanje Magistar tehničkih nauka stekla je 2012. godine odbranom magistarskog rada na temu Uloga odnosa s javnošću u razvoju korporativne društvene odgovornosti preduzeća. Doktorske studije upisala je 2013. godine na Univerzitetu za poslovne studije Banja Luka, Fakultet za ekonomiju.

Godine 2014., birana je u zvanje višeg asistenta na Nezavisnom univerzitetu Banja Luka, Fakultet za političke studije, za užu naučnu oblast komunikacije i odnosi s javnošću.

U saradnji sa drugim autorima objavila je nekoliko naučnih i stručnih radova, koautor je na nekoliko udžbenika i učestvovala je na više seminara i konferencija nacionalnog i međunarodnog značaja.

Od 2006. godine član je Društva za energetska efikasnost BiH.

2. METHODOLOGY OF RESEARCH

Research was done for reasons to estimate awareness of the population of Bosnia and Herzegovina about social responsibility, how they are introduced to the meaning of the concept and how they assume the socially responsible business in the region. Find out how citizens perceive B&H companies and do you think that companies should behave responsibly and whether and how to be informed about it. The results can be used as guidelines for economic subjects to improve future activities related to corporate social responsibility.

The questionnaire was made up of a combination with the possibility to answer questions about the understanding and perception of CSR, the barriers as well as suggestions for improving the application of responsible business in local companies.

The research was conducted in September 2014, with the aim to obtain the opinions and attitudes of the citizens of Bosnia and Herzegovina about the current condition and guidelines for the development of corporate social responsibility in Bosnia and Herzegovina.

Size of the projected sample contains 100 randomly selected participants. The research was conducted by the method of "face-to-face" interviews of a group of citizens representing different pattern of gender structure, age structure and educational structure in Bosnia and Herzegovina.

The aim of the research is to find out the views and opinions of the citizens on socially responsible business enterprise, or get information about the awareness of the public about the concept of CSR, its activities, the impact on everyday life and the public interest for the activities of companies that are conducted and which results are achieved. Based on the results will be given an insight into the attitudes of citizens, i.e. whether companies are socially responsible and whether public is aware and informed about the social responsibility of companies and their activities in this field.

All the relevant factors in this investigation were analyzed through surveys where citizens gave their opinion about CSR. On the basis of a general opinion of the people attitudes are formed that will be used as a basis for establishing recommendations and guidelines. Establishment of recommendations and guidelines aimed at improving the development of socially responsible business of domestic (national) companies.

Using statistical methods in the analysis of responses and the creation of graphs and tables in order to obtain relevant data, leads to certain results of attitudes and opinions of the conducted investigation. Obtained results provide basic characteristics for establishing recommendations and guidelines and their implementation in the future.

The research was done with the aim to get better knowledge about corporate social responsibility in B&H, and to assume how people recognize this concept, what it represents in their opinion, do they think that the company applies SCR and what are advantages and disadvantages arising from the application of this concept. The study will indicate the attitudes of citizens, which can be used as guidelines for local businessmen for development and implementation of social responsibility in business, as one of the activities that contribute to the competitive advantage of companies on the domestic and foreign markets.

3. RESULTS OF RESEARCH AND ANALYSIS OF ATTITUDES OF RESPONDENTS IN BOSNIA AND HERZEGOVINA

Based on the investigation conducted on a sample of 100 citizens in the field of CSR, were obtained original results. Most of the respondents were women (64%). Seen from a demographic point of view, the highest percentage of respondents (40%) was aged 50 years or more and slightly less (34%) in age between 40 to 49 years. The analysis of results indicated the group of respondents with intermediate level of education (47%), while 37% of respondents had a secondary diploma.

Among the elements of social responsibility, the citizens estimated that the most important is responsibility to employees (35%) and responsibility towards the environment (32%), and than is in the high quality of products and services (17%). Furthermore, under the notion of CSR citizens consider investing in donations and sponsorships (7%), profitability in business (6%) and finally, the least significant, classified business in accordance with corporate principles (3%). This data indicated that more intensive activities directed at employees who have a significant influence to reputation and the reputation of a company and which are one of the major sources of public information about the company and its activities are necessary.

Half of the respondents (52%) believe that companies in B&H are mostly irresponsible, while 40% believe that the company is not responsible or irresponsible. Only 8% of respondents believe that companies in B&H are mainly responsible.

Even 91% of respondents believe that companies should inform the public about the company or about activities that are primarily related to corporate social responsibility. The majority of citizens agree that the most important source of information about the social responsibility is media (66%). On the second are placed employees of the company (21%), followed by internet and relatives and friends (5%). The smallest percentage of the population stated conferences and fairs (2%) and reports of companies (1%) as a source of information.

About the quality of information available on corporate social responsibility activities of companies, the largest number of respondents, ie. 48% were assessed as neither good nor bad, and 43% of the respondents assessed that quality of information was poor. Results indicate that respondents believe that awareness of social responsibility is not sufficiently represent and that it should improve.

As a major obstacle to greater initiative of CSR, the 56% of people find in the absence of awareness about importance of CSR. A smaller percentage of respondents (16%) believe that reason is in insufficient support from public authorities, while for 13% of the population the reason is general business environment, 7% of respondent answered lack of finance and the general state of society (6%). The smallest number of people said that political situation is an obstacle to greater CSR initiative (2%).

When we talk about shopping, more than half of respondents (54%) pay attention to whether the products and services are from socially responsible companies. Economic i.e. social situation and other current social factors in the country indicate that the decisive factor in the choice of products or services for majority of citizens (71%) the most important is price. Only 1% of the population takes into account the business under the law.

Among of offered elements, the majority of employed respondents (60%) believe that companies can improve the quality of life in their environment by investing in health and education (28%). Broader social problems have become primarily important related to environment protection or even a sport that is primarily popular, which can be explained by the awareness of citizens and their commitment to satisfy their primary necessities of life.

Although respondents under the corporate social responsibility do not appreciate great importance to profitable operations, at the same time, they have nothing against that the companies obtain some benefit from their own contributions in CSR (73%).

The greatest number of interviewed citizens (46%) believes that the legislation is one of the most important incentives to enterprises for acceptance of CSR, followed by tax benefits in business (31%), education (12%). A smaller part of citizens think that it is initiative institutions (5%), arranging the economic situation (3%) and a better business environment (3%). This can be explained by the fact that people believe that only by legislation or through benefits in the business, companies can encourage more responsible behavior.

When we asked respondents how they see the future of CSR in B&H, 84% of citizens said that they believe that companies are occupied with other priorities and that it will take a long time to CSR occupy a significant place in B&H, 10% of respondents believe that CSR will occupy an important place, while 6% said that CSR will not occupy an important place in B&H.

4. CONCLUSION

Citizens believe that in B&H companies are socially responsible, and that socially responsible behavior is desirable, and that companies should behave more responsibly in their business. Especially they allocate responsibility to employees and protect the environment, which indicates that within these areas should be responsible to direct certain activities which will contribute to the improvement of relations between companies and communities. Bearing in mind that the employees represent a significant source of public information about business activities of enterprises, this should be considered when planning the strategy of responsible business. Considering that in Bosnia and Herzegovina are recorded numerous examples of disrespect of workers' rights, it can serve to entrepreneurs for the promotion and development of responsible behavior.

Companies should follow the principles of corporate social responsibility because public wants to be informed about the activities of the company. Citizens recognize responsible business through the purchase of products or services of responsible companies, but bearing in mind the social status in the country, the price is still the decisive factor.

Bosnia and Herzegovina is characterized by a large number of social problems, which indicates the need for far greater engagement of the state institutions and enterprises. Also from government of the country is expected implementation of incentive measures, which relate primarily to benefits in business (for example, tax incentives), which will contribute to developing a favorable environment that will encourage enterprises to responsible business. Through responsible operations of public enterprises can be an example for private entities to be responsible in their community. With the help of various institutions and initiatives is necessary to organize training on corporate social responsibility and work on raising

awareness of both enterprises and the public. With the support of the media, need to intensify promotion of the concept and its importance and contribution to society as a whole is obvious.

Solid and convincing evidence does not have direct impact of CSR on the positive business results yet. However, this concept slowly is introducing in local companies with the conviction that this is an important prerequisite for profitable business. CSR can contribute to the image and reputation of the company, and accordingly, provide a competitive advantage [9].

REFERENCES

- [1] Daugherty, E.L. (2001), *Public Relations and Social Responsibility* in Heath, R.L. (ed), Handbook of Public Relations, Thousand Oaks, CA: Sage, pp. 392.
- [2] Daugherty, E.L. (2001), *Public Relations and Social Responsibility* in Heath, R.L. (ed), Handbook of Public Relations, Thousand Oaks, CA: Sage, pp. 393.
- [3] Tench. R. (2006), *Community and society: corporate social responsibility (CSR)* in Tench, R. and Yeomans, L. (eds), Exploring Public Relations, Harlow: Pearson Ed, pp. 97.
- [4] Daugherty, E.L. (2001), *Public Relations and Social Responsibility* in Heath, R.L. (ed), Handbook of Public Relations, Thousand Oaks, CA: Sage, pp. 392.
- [5] Griffin, A. (2008), New Strategies for Reputation Management: Gaining Control of Issues, Crises and Corporate Social Responsibility, London and Philadelphia: Kogan Page, pp. 139.
- [6] Lewis, S. (2003), *Reputation and corporate responsibility*, Journal of Communication Management, Vol.7, No.4, 358.
- [7] Dawkins, J., Lewis, S. (2003), *CSR in Stakeholder Expectations: And Their Implications for Company Strategy*, Journal of Business Ethics 44, 114.
- [8] Griffin, A. (2008), New Strategies for Reputation Management: Gaining Control of Issues, Crises and Corporate Social Responsibility, London and Philadelphia: Kogan Page, pp. 137.
- [9] Tench. R. (2006), *Community and society: corporate social responsibility (CSR)* in Tench, R. and Yeomans, L. (eds), Exploring Public Relations, Harlow: Pearson Ed, pp. 101.