

Corporate Social Responsibility in the Gambling and Betting Activities Industry

Bachelor Thesis

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Abstract

Ševčíková, T. Corporate Social Responsibility in the Gambling and Betting Activities Industry. Bachelor thesis. Brno: Mendel University in Brno, 2016.

The bachelor thesis is focused on Corporate Social Responsibility in the Gambling and Betting Activities Industry in the Czech Republic. Based on the quantitative research in gambling and betting enterprises in the Czech Republic an analysis was performed and current CSR situation was evaluated. Analysis revealed that the selected sector supports relatively actively CSR activities in all three areas. Furthermore, considerable number of enterprises engages the corporate social responsibility in their company's strategy. Also, weak parts within the relationship with stakeholders were found and suggestions for improvement or reduction of those specific problems should help the industry to further develop and reach sustainability.

Keywords

Corporate Social Responsibility, CSR, Stakeholders, SWOT analysis, Triple Bottom Line, Gambling, Betting, Gambling and Betting Industry

Abstrakt

Ševčíková, T. Spoločenská zodpovednosť firiem v odvetví hazardu a stávkovania. Bakalárska práca. Brno: Mendelova Univerzita v Brně, 2016.

Táto bakalárska práca sa zaoberá spoločenskou zodpovednosťou firiem v odvetví hazardu a stávkovania v Českej Republike. Analýza odvetvia bola uskutočnená na základe kvantitatívneho výskumu a nasledovne bola zhodnotená súčasná situácia CSR. Pomocou analýzy bolo odhalené, že vybraný sektor relatívne aktívne podporuje CSR aktivity v rámci všetkých troch pilierov. Navyše bolo zistené, že sa značné množstvo firiem zaoberá spoločenskou zodpovednosťou aj v ich podnikových stratégiách. Boli taktiež odhalené nedostatky týkajúce sa vzťahov so stakeholdermi a návrhy na zlepšenie či odstránenie týchto problémov by mali slúžiť k ďalšiemu rozvoju spoločností vo zvolenom sektore.

Klíčová slova

Spoločenská zodpovednosť firiem, CSR, Stakeholderi, SWOT analýza, Trojitá zodpovednosť, Hazard, Stávkovanie, Odvetvie hazardu a stávkovania

Content

1	Introduction	15
2	Objectives and Methodology	17
2.1	Objectives	17
2.2	Methodology.....	17
3	Literature Review	19
3.1	Concept of corporate social responsibility.....	19
3.2	Development of CSR on EU level	20
3.3	CSR situation in the Czech Republic.....	21
3.4	Carroll's Typology of CSR.....	22
3.4.1	Economic Responsibilities.....	23
3.4.2	Legal Responsibilities.....	24
3.4.3	Ethical Responsibilities.....	24
3.4.4	Philanthropic Responsibilities.....	24
3.5	Three Dimensions of CSR – Triple Bottom Line	25
3.5.1	Economic dimension.....	26
3.5.2	Social dimension.....	26
3.5.3	Environmental dimension	26
3.6	SWOT Analysis	27
3.7	Stakeholders.....	28
3.8	Why CSR?.....	29
3.8.1	Motivation.....	30
3.8.2	Benefits.....	30
3.9	Criticism of CSR.....	31
3.10	Managing CSR	33
3.10.1	Introducing CSR into management	33
3.10.2	Managing and implementing CSR into a business.....	33
3.11	Related terms.....	34
3.11.1	Business Ethics.....	34

3.11.2	Code of Ethics	35
3.11.3	Corporate irresponsibility	36
4	Results	37
4.1	Specification of researched area	37
4.1.1	CSR in gambling and betting industry activities	37
4.1.2	Gambling and Betting in the Czech Republic.....	38
4.2	The current CSR situation in the Czech gambling and betting industry	42
4.2.1	CSR according Triple Bottom Line.....	42
4.3	Processing and interpretation of questionnaire	44
4.3.1	The main conclusions and result of the questionnaire research.....	54
4.4	SWOT analysis	55
4.5	Proposal of Recommendations	58
4.5.1	Communication of CSR activities on companies' website	58
4.5.2	Responsible gambling and betting	59
4.5.3	To motivate employees to involve in CSR activities	61
5	Discussion	63
6	Conclusion	65
7	Bibliography	66
A	Questionnaire	72

List of Figures

Figure. 1	Carroll's CSR Pyramid	23
Figure. 2	CSR concept according to Tripple botom Line	25
Figure. 3	SWOT matrix	27
Figure. 4	Stakeholders of an organization	29
Figure. 5	Number of Electronic Gaming Devices per 1,000 inhabitants (2013)	39
Figure. 6	The number of establishments offering odds betting per 1,000 population by districts (2010-2013)	40
Figure. 7	Awareness of the term 'CSR'	46
Figure. 8	Source of knowledge about the CSR issue	47
Figure. 9	Consideration about company's social responsibility	48
Figure. 10	CSR as a part of corporate strategy	49
Figure. 11	Acceptance of strategy from foreign headquarters	50
Figure. 12	CSR and its field of action	51
Figure. 13	Motivation of companies to do CSR activities	52
Figure. 14	Barriers to realise CSR	53
Figure. 15	Example of contact to professional partner dealing with problem gambling and betting	60

List of Tables

Tab. 1	Licensed providers of online gambling and betting in the Czech Republic (2013)	40
Tab. 2	One-time costs calculation for CSR communication on the website	59
Tab. 3	Annual costs calculation for CSR communication on the website	59
Tab. 4	One-time costs calculation for introduction of responsible gambling and betting	61
Tab. 5	Average daily costs due to company size	62

1 Introduction

The main reason for a creation of the idea of Corporate Social Responsibility (CSR) was an issue how to do a business well. It means, to make a favour for as large human community as possible. Socially responsible behaviour of organizations has strongly established in the most developed countries in the world in the nineties of the 20th century. However, the principles of CSR had in America, as well as Europe occurred before, although they were not defined by only one summary term. Interest of organizations in their employees and the society exists as long as the organizations themselves. This interest was often connected with the philanthropic activity of individuals. (Ekologika.sk, 2014)

Modern history of corporate social responsibility began in the '50s of the last century, when the idea of CSR fully spread into the professional literature for managers. It should be noted that first definitions of socially responsible business were based on a management model and emphasized its engaged attitude. As a turning year could be considered the year 1953, when Howard R. Bowen wrote in the book *Social Responsibilities of the Businessman*, in which he gave a rise to the now commonly used term CSR – Corporate Social Responsibility: “Corporate Social Responsibility is obligation of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society (Bowen, 1953)”. Bowen, in general, is considered as the first CSR theorist. (Ministerstvo práce, sociálnych vecí a rodiny, 2015) Mass expansion of the concept of corporate social responsibility could be seen in the last decade of the 20th century, thanks to the creation of the first platforms and initiatives primarily. They deal with the CSR topic and thus raise public awareness of it. European Union started to take an interest in corporate social responsibility in the second half of '90s. (Skácelík, 2010)

Pressure on the companies to behave socially responsible is a response to social and economic challenges facing communities worldwide, and it is a proof that neither the government itself, nor civil society is able to find sustainable solutions without involving a corporate sector. Corporate social responsibility represents a new way HOW “to do a business”. If it is taken correctly, it has not only a significant social contribution, but also is able to bring a lot of benefits to the company itself. Corporate social responsibility is a trend that appeals to change the companies' orientation from short-term to long-term goals, from maximal to the optimal profit. Socially responsible companies behave in order to take into consideration needs of their internal and external environment in order to contribute to sustainable development, to be transparent and to generally assist in the overall improvement of the company. Adherence to the principles of corporate social responsibility brings to the company many advantages and benefits, primarily in non-financial forms. They are important for good and sustainable operation of the company as well. Trend of corporate social responsibility is increasing worldwide, mainly due to the consumer pressure and an increasing global interconnection of the world. Corporate social responsibility is considered to be a part of the concept

of sustainable development and is internationally supported by the UNO, EU, OECD and a number of international non-governmental organizations. Locally it is promoted by a number of government institutions and national non-governmental organizations.

In the debate about voluntary or mandatory framework of corporate social responsibility so far there is no consensus. There is a lack of clear international standards and criteria for an evaluation and a reporting of these activities. (Skácelík, 2010) Every single effort in the Czech Republic related to the development of CSR concept can be described as partial. Social responsibility is accepted differently and variously interpreted. This lack of uniformity in the interpretation and requirements creates an environment, which does not motivate organizations to engage in voluntary activities within social responsibility. (Skýpalová, 2014)

2 Objectives and Methodology

2.1 Objectives

The bachelor thesis deals with the Corporate Social Responsibility (CSR) in the gambling and betting activities industry in the Czech Republic. The objective of the bachelor thesis is to chart the current CSR situation in the chosen sector, using the Carroll's principle completed with the components of Triple bottom line analysis. Identification of strengths, weaknesses, opportunities and threats will be done in modified SWOT analysis. A created questionnaire is for better understanding of a current situation in companies and will be distributed to the managers of chosen companies. The level and awareness of CSR principles and strategies among companies will be detected. The recommendation for the industry will be suggested in terms of their sustainable development and CSR perspective.

2.2 Methodology

For better understanding is the structure of the bachelor thesis divided into two parts – theoretical and practical. The first, theoretical part has form of literature review, which is drawn from the professional literature. Concept of corporate social responsibility is explained deeply, its development on the EU level and the CSR situation in the Czech Republic, motivation and benefits of CSR as well as its critique. It occupies with Carroll's typology of CSR, three dimensions of CSR – Triple bottom line, also clarifies terms connected to corporate social responsibility as stakeholders, code of ethics and corporate irresponsibility.

In the second, practical part, the method of quantitative research – a questionnaire is used. It is created for better understanding of the awareness about CSR and the current situation in companies and distributed to the managers of chosen companies. The questionnaire has been voluntary and anonymous and realised online through a portal [Survio.com](https://www.surveymonkey.com), which allowed a questionnaire creation based on the knowledge from the literature and had appropriate and necessary output for further processing. The survey contains twenty one online questions, which have a form of closed questions with one or multiple choices. Before creation of the questionnaire, a pre-research was done in order to verify its logic and suitability. Companies were addressed via e-mails gained from Amadeus database. Totally, one hundred and eighteen companies were addressed. In fact, after receiving undelivered e-mails and a consequent deep examination has been detected that more than a half of addressed companies have nothing in common with gambling and betting. These were the companies that have closed down or completely changed the focus of their business. Ultimately, together with the further research on the portal [Seznam.cz](https://www.seznam.cz) was found and addressed a new base of gambling and betting industry in the Czech Republic, in total number of sixty six enterprises. Out of them just twenty one companies answered and were willing to participate in the re-

search that represents 32 per cent involvement rate. The analysis focuses mainly on all three pillars of CSR concept – economic, social and environmental. On the basis of the questionnaire, results are graphically analysed and interpreted.

For proper analysis of data gained from questionnaire is used Triple bottom line analysis completed with the components of Carroll's CSR pyramid. Included SWOT analysis is modified in order to be able to determine strengths, weaknesses, opportunities and threats of the whole gambling and betting sector. Methods of comparison, deduction and induction were used. After the consultation with the statistical specialist, as a consequence of low and unexpected number of participants was not able to conclude any statistical interpretation. Statistical method and hypothesis testing with the application of chi square test are included as an example how it would be possible to solve this problem with much higher number of participants.

Based on the analysis and obtained results, the recommendation for chosen industry has been discussed and suggested in terms of their sustainable development and CSR perspective.

3 Literature Review

3.1 Concept of corporate social responsibility

Corporate social responsibility is a complex concept, on which are furthermore based another partial concepts focusing on the specific field of CSR. A relatively large width of the CSR concept, as well as his unrestrained development, entails very high terminological disunity. Currently there is no universally applicable and uniform global definition. According to Kašparová and Kunz (2013) it is caused mainly by the thing that corporate social responsibility is based on the voluntariness and does not have clearly determined limits. (Kašparová and Kunz, 2013) And thus it gives a space to such wide-ranging debate, as well as very broad understanding and interpretation of this complex concept by various interest groups. Carroll (1979), one of the early CSR theorists, states that: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." (Carroll, 1979) The CSR from his point of view will be discussed more thoroughly in the chapter called as Carroll's Typology of CSR. A number of other authors or institutions also engage in the issue of a uniform determination of CSR. For instance, The WBCSD defines CSR as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large". (WBCSD.org, 2015)

Similarly to the WBCSD, the Institute of Directors, UK emphasises responsibility toward stakeholders and declares that: "CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment." (The Institute of Directors, UK, 2002, p. 10) However, not only authors from abroad, but also Czech authors involve in a CSR determination. An organization Business Leaders Forum Czech Republic and its member companies define concept CSR like "...a voluntary commitment of companies to behave within their functioning responsibly towards the environment and society in which they operate." (Business Leaders Forum, 2010) Czech author Ing. Vilém Kunz, Ph.D. declares that: "CSR is a modern business concept that expresses the orientation on long-term objectives and extends to all areas of the company. Socially responsible companies in their operation try to achieve the fulfilment not only of traditional economic goals, but also of social and environmental aspects of their activities." (Kunz, 2012, p.11)

Although the lines cited above demonstrate not only a considerable breadth and complexity of CSR concept, but also a different interpretation of each interest group, despite that Kašparová and Kunz (2013) believe that it is possible to define the basic principles of CSR. Stress is mainly laid on:

- Voluntariness – businesses implement CSR activities voluntary beyond their duties specified by legislation

- Active cooperation with all stakeholders – it allows to create so-called “win-win” situations
- Transparency and open dialogue with stakeholders – businesses should enable stakeholders to access the information, but not just those related to the economic activity of enterprises
- The complexity and the viability of the company with respect to the so-called “triple bottom line business” – companies focus on economic, social and environmental impact of their activities
- Systematic character and long-term time perspective – CSR is included in long-term corporate values, business strategy and processes at all levels of the company
- Responsibility towards society and the commitment of companies to contribute to the development of life’s quality – social responsibility represents an ethical imperative to work on society’ behalf

3.2 Development of CSR on EU level

The European Commission has been significant for corporate social responsibility in past decade and believes that “CSR is important for the sustainability, competitiveness, and innovation of EU enterprises and the EU economy. It brings benefits for risk management, cost savings, access to capital, customer relationships, and human resource management”. (Europa.eu, 2015).

In year 1996 president of European Commission, Jacques Delors, gave a rise to the organization CSR Europe, as today’s most important European headquarters dealing with the issue of social responsibility. The organization’s goal is mainly to provide Europe-wide propagation of CSR, to provide education and advice in this field, to be a point of reference for CSR, to collect knowledge and examples and to present concrete outcomes demonstrating the contribution of CSR. (CSRPortal, 2012)

In June 2001 European Commission published the first EU document concerning CSR – Green Paper entitled ‘Promoting an European framework for Corporate social Responsibility’ with the aim to launch a public discussion on how the EU could promote CSR at both the European and international level. One of most important aspects of the 2001 Green Paper is its definition of CSR what is defined as: “...essentially a concept by whereby companies decide to contribute to a better society and cleaner environment“(Europa.eu, 2015). This definition puts the accent first on the unclear nature of CSR, that it is a concept rather than a defined set of practises. It also highlights the voluntariness of CSR, which has significant consequences for government’s involvement of CSR. (EUBusiness, 2006)

A year later in July 2002, after receiving over 250 responses from interested stakeholders, the EU Commission presented the first Communication concerning CSR, entitled as ‘A business contribution to sustainable development’. It includes the first European definition of CSR: “CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their

interaction with stakeholders on a voluntary basis" (Europa.eu, 2015), the principle of a European Multi-Stakeholder Forum on CSR and the way in which the European Commission relates CSR to specific European policies.

In 2004 the European Multi-Stakeholder Forum on CSR presents a final report including common principles, values and a base line understanding on CSR as well as nine recommendations for future CSR in and beyond Europe.

In 2006 the second Communication titled 'Implementing the Partnership for Growth and Jobs: Making Europe a pole of excellence on Corporate Social Responsibility' was published, focussing on growth and jobs. In addition, it establishes an objective to increase CSR's political visibility, and encourages companies to further advance on their way in CSR. It stresses the integration of CSR within relevant European policies, the European Multi-Stakeholder Forum on CSR, the European Alliance for CSR, the High Level Group of Government Representatives on CSR, as well as support for CSR research. As a basic orientation it supports the business-society relation aspect of CSR: „In principle, adopting CSR is clearly a matter for enterprises themselves, which is dynamically shaped in interaction between them and their stakeholders“. (Europa.eu, 2015)

In the end of year 2012, the European Commission published a Communication on a renewed EU strategy for CSR as a part of the Strategy 2020. This document shows a fascinating change of direction for Commission with consequences for all of European CSR, starting with a new definition of Corporate Social Responsibility as "the responsibility of enterprises for their impacts on society" (Europa.eu, 2015). This definition notably differs from the 2001 definition by its length – by disappearing of the "contributing to a better society and cleaner environment" remark. This broadens significantly the area of concern and clarifies that CSR means that businesses are responsible for all their impacts on society, positive and negative. Nevertheless, the most important change is the absence of any mention of the To fully meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders". (Europa.eu, 2015)

3.3 CSR situation in the Czech Republic

The main and most mentioned personality, who took part in development of a corporate social responsibility and was able to term and publicise his activity, was Tomáš Baťa. This leading Czechoslovakian businessman believed that business has to be based on moral principles and he shown what it means to be a socially responsible company. He was of the opinion that business has to help a man, his progress and improvement. (CSRPortal, 2012)

Idea of corporate social responsibility began to spread to the Czech Republic with the arrival of multinational corporations in the end of the '90s of the 20th century. It has three developmental stages and the model, which stands in its end, looks very much like the Baťa's approach.

For the beginning of the nineties a renewal of tradition of company donation is typical. However, the financial and material donations were initially distributed unsystematically. This attitude to donation had changed during the second stage – firms changed over to support of specific sectors and gave gifts only to selected entities in relation to the content of their activities. In the third stage of CSR development, which is actual for today's situation, it has come acquired really. Corporate social responsibility is based on the mutual interconnection of a good approach to people, the environment and way of making a profit. In this stage the fact, that CSR is not "just" a donation (philanthropy), was understood for the first time.

In post-communist history of Czech business, the concept of social responsibility is spread mainly by large multinational companies that have their subsidiaries in the Czech Republic and bring their best practices and corporate culture from abroad. Among Czech companies, which are involved in the CSR project, include in particular small and medium-sized enterprises.

In the Czech Republic, there are two main platforms whose mission consists of linking the non-profit, corporate and public sector. First, there is an organization Business Leaders Forum (BLF). It was founded in the early of '90s in order to cultivate the Czech business environment through the spreading of the CSR concept. The second organization that has a similar focus is the organization Business in the Company. It continues its activities and expanding activities of Donors Forum. However, compared to the Donors Forum it deals not only with philanthropy, but all the components of CSR.

According to the CSRportal (2012) the main cause of the poor prevalence of the CSR concept in the Czech Republic is its ignorance among both, consumers and entrepreneurs. In 2010 the research organized by company Ipsos Tambor proved that consumers do not have any theoretical knowledge about CSR and CSR concept is not known under this acronym. However, survey also shows that the population has a great interest in its extension and the shopping behaviour of almost 2/3 of Czech citizens is affected by the company's corporate social responsibility. Moreover, it follows that 81% of employees also favour employers who are socially responsible and 3/4 of Czech people assert they would be disposed to pay more for products that cause no harm to the nature. (Formánková and Mikušová, 2014)

According to Pavlík et al. (2010), unethical business climate is one of the major handicaps of the Czech Republic in comparison with Western Europe. There is no doubt that improvement would help to the Czech Republic, its economy and individuals. The question is under which conditions the ethical and socially responsible behaviour would become a natural part of the Czech economy.

3.4 Carroll's Typology of CSR

Archie Carroll's readings contribute to the CSR issue with an exhaustive introduction to the 'pyramid of CSR' – frequently reckoned as one of the most long-lasting and highly quoted definitions of Corporate Social Responsibility (Figure 1). Crane

and Matten (2014) claim, that the model is trustworthy due to its comprehensiveness and plausibility.

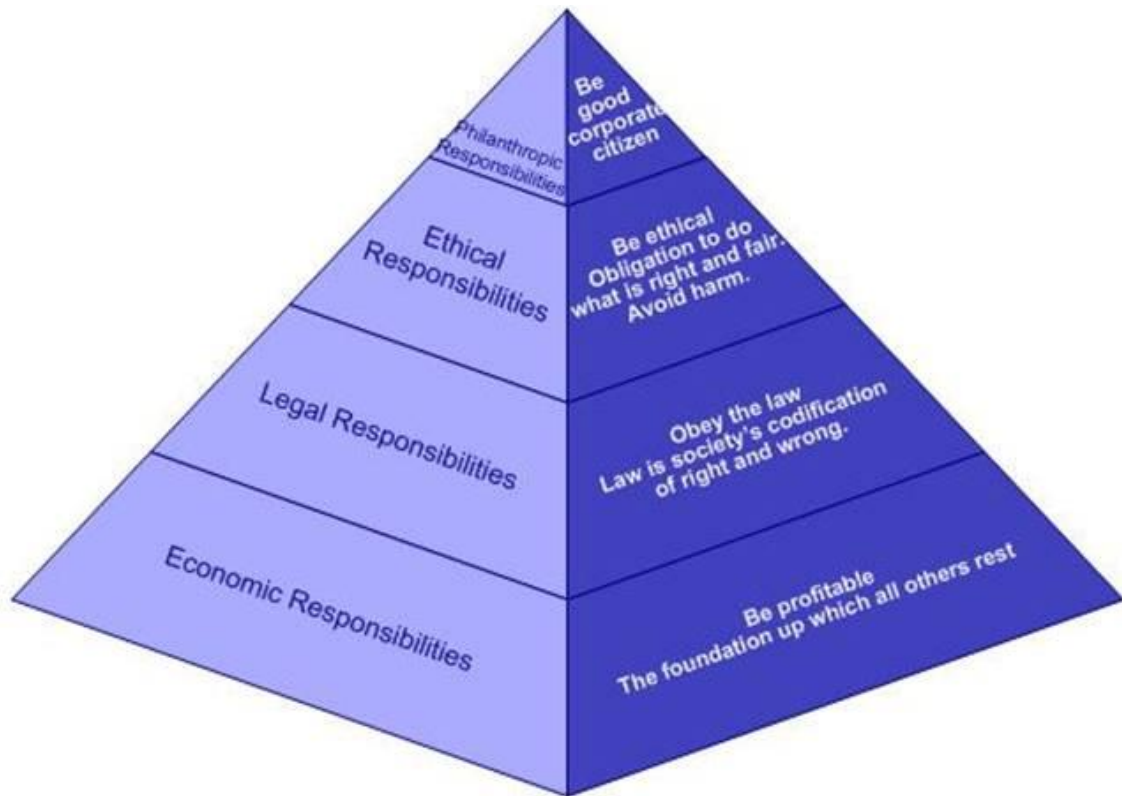


Figure. 1 Carroll's CSR Pyramid
Source: (Research Methodology, 2012)

3.4.1 Economic Responsibilities

It begins with the economic responsibility of the company to create goods and services in a profitable way. The motive of being profitable was established as the primary driving force for businesses. This base upon which all other responsibilities lie is undeniable even by the harshest critics. For economic components of CSR it is important:

- To perform in a manner consistent with maximizing earnings per share
- To be committed to being as profitable as possible
- To maintain strong competitive position
- To maintain a high level of operating efficiency
- That a successful firm is defined as one that is consistently profitable

3.4.2 Legal Responsibilities

The next level of legal responsibilities also reflects this pragmatic attitude – to respect the law is a fairly uncontroversial business responsibility by any standards. Businesses are expected to obey the law of the state and local governments. Legal responsibilities comply with the law which is society's codification of acceptable and unacceptable behaviour. Emphasis is laid on:

- To perform in a manner consistent with expectations of government and law
- To comply with various federal, state and local regulations
- To be a law-abiding corporate citizen
- That a successful firm is defined as one that fulfils its legal obligations
- To provide goods and services that at least meet minimal legal requirements

The last two layers, the ethical and philanthropic responsibilities, exceed these and point out voluntary activities of corporations to adjust to expectations of society.

3.4.3 Ethical Responsibilities

Responsibility to be ethical is an obligation to do what is right, fair and to minimize harm to stakeholders. Although legal responsibilities embody ethical norms as well, ethical responsibilities include only those activities that are perceived as immoral and are not accepted by society even though they are not codified into law. Ethical responsibilities stress:

- To perform in a manner consistent with expectations of societal habits and ethical norms
- To recognise and respect new or evolving ethical/moral norms adopted by society
- To prevent ethical norms from being compromised in order to achieve corporate goals
- That good corporate citizenship is defined as doing what is expected morally or ethically
- To recognise that corporate integrity and ethical behaviour go beyond mere compliance with laws and regulations

3.4.4 Philanthropic Responsibilities

Philanthropy encompasses those corporate actions that reflect to society's expectation that business is a good corporate citizen. This includes actively engaging in acts to promote human welfare or goodwill. Main difference between philanthropic and ethical responsibilities is that former are not considered as moral or immoral. Communities desire companies to contribute their money, facilities and their time to humanitarian programs, but they do not regard firms as unethical if they do not. Philanthropy in comparison with ethical aspects is more discretionary or voluntary. For philanthropic components it is crucial:

- To perform in a manner consistent with the philanthropic and charitable expectations of society

- To assist the fine and performing arts
- That managers and employees participate in voluntary and charitable activities within their local communities
- To provide assistance to private and public educational institutions
- To assist voluntarily those projects that enhance a community's quality of life

3.5 Three Dimensions of CSR – Triple Bottom Line

CSR is constituted by three pillars (Zadražilová, 2010), which socially responsible company fully respects: economic, social and environmental, each incorporating the sustainability into business. CSR in terms of these three dimensions is also identified by Crane et al. (2008), Blowfield and Murray (2008), Werther and Chandler (2006). In terms of so-called triple bottom line (Figure 2), an economic dimension stands for a profit. People represent a social dimension and an environmental dimension is known as a planet. (Kuldová, 2012) It is not important to perform all three dimensions for a fact; more important is to turn the way of thinking from 'profit only' to 'people, planet, and profit' approach.



Figure. 2 CSR concept according to Tripple botom Line
Source: (Four ewes design, 2015)

3.5.1 Economic dimension

The economic dimension is the one that all companies share, whether they're using triple bottom line or not. When looking at profit from a triple bottom line standpoint, the idea is that profits will allow businesses to fund the full range of their socially responsible activities, help empower and sustain the community as a whole, and not just flow to the CEO and shareholders. (MindTools, 2015) Specific examples include:

- Principles of corporate governance
- Code of corporate responsibility, code of ethics
- Relationships with stakeholders
- Transparency
- Corruption rejecting
- Intellectual property and rights protection
- Fair trade

The main principle is to change the orientation of companies from short-term goals to long-term goals and from maximal to optimal profit.

3.5.2 Social dimension

This area is mainly related to the care of employees and working conditions, which the company creates for its employees. Kunz (2012) claims business representatives should be aware that a satisfied and motivated employee is in today's knowledge society a key factor to its successful running. The examples are listed below:

- Corporate philanthropy and donorship
- Health care and safety of employees
- Abidance by equal opportunities
- The human rights respecting
- Education and retraining of employees
- Unemployment rate

Range of activities in this area is very wide and depends on a lot of factors, including business areas and market situation.

3.5.3 Environmental dimension

To issues of the environment is devoted in recent decades more and more attention. Ecological aspect of the CSR is mentioned e.g. in the Green Paper. A lot of activities in this pillar were created as a reaction to government decrees and regulations. Enterprises try to reduce and eliminate their ecological footprints. They strive for sustainability, being aware of the fact that 'going green' may be more profitable in the long run. But it is not only about the money. Enterprises look at the whole life cycle of their operations and try to define the true cost of the way they are doing in regards to the environment. (MindTools, 2015) Specific examples of environmental dimension include:

- Electricity and water consumption saving
- Natural resources protection
- Waste management
- Eco policy creation
- Ecological technologies investment

It is obvious that an environmental responsibility does not relate solely to manufacturing companies. Non-manufacturing companies can participate as well, for instance by waste recycling, energy and water saving etc.

3.6 SWOT Analysis

SWOT analysis is a tool that identifies strengths, weaknesses, opportunities and threats of an organisation. It is a basic model that assesses what an organization can and cannot do as well as its potential opportunities and threats. It assumes that company will reach its goals by maximizing its strengths and opportunities while minimizing weaknesses and threats (Figure 3).

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	Strength-Opportunity strategies Which of the company's strengths can be used to maximize the opportunities you identified?	Strength-Threats strategies How can you use the company's strengths to minimize the threats you identified?
Weaknesses (internal, negative)	Weakness-Opportunity strategies What action(s) can you take to minimize the company's weaknesses using the opportunities you identified?	Weakness-Threats strategies How can you minimize the company's weaknesses to avoid the threats you identified?

Figure. 3 SWOT matrix
Source: (BPlans, 2007)

Analysis of strengths and weaknesses focuses on an internal environment of a company. Factors belonging to an internal environment can be changed by a management and are assessed in a comparison to main competitors. Things that a company does better or worse than a competition are strengths or weaknesses respectively. Those factors depending on managerial decisions are for instance: market position, personnel, level of technological involvement, funding, marketing, customer relationship etc.

The second part of an analysis deals with an external environment and considers opportunities and threats which a company can face in the future. Factors of an external environment cannot be influenced by a company itself. Opportunities and threats cannot be minimized or maximized as well, it is only possible to mini-

mize or maximize their impact on running of a company. When examining an external environment, main focus is on: social situation, demographic development, technical and technological environment, economic factors, political and legislative impact as well as potential competitors. (IPodnikatel.cz, 2011)

3.7 Stakeholders

Stakeholder groups form the basis of success and failure of the business. Stakeholders are all individuals, institutions or organizations that have interest, rights or ownership in an organization and its activities. This includes investors, employees, customers, business partners, government officials, media, trade unions, international organizations and others. Zelený (2007) states that “The term ‘stakeholders’ refers to all personalities, institutions or organizations that have an impact on business’s operations, or are affected by those operations in some way. This group includes in particular: customers, employees, the public, suppliers, state and local governments, unions, advertising agencies, financial markets, banks, the media, NGOs, shareholders and owners, as well as other local communities, and so on”. (Zelený, 2007, p. 256)

Stakeholders are distinguished into so-called primary and secondary stakeholders (Fig 3):

- Primary stakeholders: owners and investors, employees, customers, business partners, local community, environmental GNOs. Primary stakeholders have a vested interest in how the organization performs and the actions it engages in to conduct business. They benefit from a well-run company but are also harmed by the organization’s mishaps. Primary stakeholders directly affect the success and failure of the company.
- Secondary stakeholders: public, governmental and local bodies, lobbyists and various pressure groups, competitors, the media, citizen and business associations. They can influence, both positively and negatively, the actions of the organization. They indirectly affect the organization by taking actions to make it difficult for the organization to succeed or by supporting the organization’s efforts.

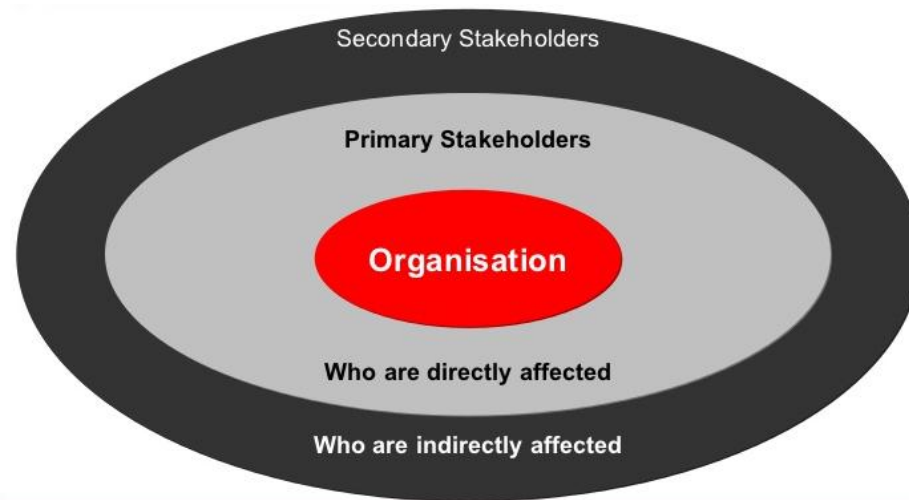


Figure. 4 Stakeholders of an organization
Source: (Business Leaders Forum, 2012)

Applying the concept of CSR is confidence-building process of various stakeholders into the running of the company. The company wins this trust by constantly striving to understand the expectations of its stakeholders. The identification of stakeholders' expectations begins with stakeholder dialogue. With responsible approach, this dialogue has mostly good results. The result of such cooperation may be the strengthening of mutual trust, identification and solving problems, long-term consultancy among private, public and non-profit sectors, mutual motivation and dissemination of good examples. (Inštitút zamestnanosti, 2005)

3.8 Why CSR?

In connection with the growing attention that is focused on the concept of CSR, emerge arguments for the corporate social responsibility, as well as against it. However, it is necessary to point out that it is much more arguments approving and supporting, not only the concept but also its dynamic development in the everyday practice of the business sector.

This is caused by a number of factors that affect the formation of the very concept of CSR. According to Kunz (2012), as the most important of them are considered, for instance, increasing globalization and the growing number of multinational companies, greater awareness and sophistication of customers, increasing pressure for socially responsible behaviour by all stakeholders, a growing need to create a stable environment in which is no deceit, no corruption, no fraud and pay is on time, increasing stakeholder pressure for socially responsible behaviour of companies throughout the whole value chain.

3.8.1 Motivation

There are a few classes about the motivations behind the company's practice of CSR. Maignan and Ralston (2002) identified three principles of motivations for CSR as follows:

- "Value-driven CSR: CSR is presented as being part of the company's culture, or as an expression of its core values." Maignan and Ralston (2002, pp. 501) It explains that a company is internally influenced while designing CSR by its philosophy such as corporate value. According to Hemingway and Maclagan (2004), individual managers' personal values are one of factors that affect the corporate social responsibility. Godos-Díez et al. (2011) highlight the significance of CEOs' viewing of ethics and social responsibilities when a company is creating CSR activities. Both CEOs' and managers' interests considerably affect CSR, due to their great authorities.
- "Performance-driven CSR: CSR is introduced as a part of the firm's economic mission, as an instrument to improve its financial performance and competitive posture." Maignan and Ralston (2002, pp. 501) CSR ethically should not follow the expectations or gain returns from stakeholders, however "it also does not reject the notion that CSR should be aimed at enhancing profitability since by serving the needs of the stakeholders, the firm surely stands more chance to gain more rewards". (Wan Saiful, 2006) According to Gaafland (2002), a company have a tendency to more actively implement CSR if it will bring back a profit. Pursuing the performance-driven, CSR also "contributes to position a company in a competitive posture in the market and match the firm's competencies with stakeholders' expectations". (Hui, 2008, pp. 451)
- "Stakeholder-driven CSR: CSR is presented as a response to the pressure and scrutiny of one or more stakeholder groups." Maignan and Ralston (2002, pp. 501) It considers external factors as prime motivations. Enterprises sometimes practice CSR activities as they are afraid of negative responses of stakeholders. As is mentioned in the chapter above, there are various stakeholder groups holding various expectations to a company, therefore, there must be many factors influencing a decision-making regarding CSR. (Hori, 2010)

3.8.2 Benefits

Any organization, which thinks about putting CSR approach into their practice, undoubtedly considers the motives and strengths for the organization itself.

Socially responsible activities, engagement in the community, the realization of community projects, all indicate the growing potential of CSR in the Czech business environment. (Kuldová, 2010) Over the last decade, corporate social responsibility has abroad continually increasing trend. It is only a matter of time, when the number companies behaving responsibly in the Czech Republic will equal the global average. Numerous companies accede to this concept and expect that it will bring them the hoped-for result. It should be noted that the adoption of the CSR concept is primarily a long-term investment into the overall development of the

company and any crisis, for example the global economic crisis, cannot disrupt the concept of CSR. It is also necessary that the most of the gain is not materially measured. CSR principles provide many benefits in non-financial form. Firm within CSR strategy does not think only of the profit maximization, but the profit balanced with respect to the three already mentioned pillars. (Kuldová, 2012)

The company, which adopted a CSR policy, creates new and positive trends, new opportunities for innovation and is characterized by a greater transparency. Its behaviour is mostly active. It makes more credible impression on its surroundings than the competition. Satisfied employees exhibit a greater productivity. Improved reputation can help the company to become a strong player in the market. The adoption of CSR also reduces the company's costs that would otherwise being exerted within the so-called risk management. (Steinerová et al., 2008) Communication with the unions reduces the risk of possible strikes and boycotts.

Additionally, CSR due to the elaborated image poses the opportunity to entice new employees and retain a quality workforce. The company reinforces their professional reputation and from that resulting the market power. (SimplyCSR, 2008)

National Quality Policy of the Czech Republic (2008) states that the integration of CSR as a strategic investment into the basic business strategy and operating principles of management can positively influence not only the organization but also the environment and the community in which the organization operates. (Kuldová, 2010)

3.9 Criticism of CSR

The concept of corporate social responsibility has during its development gained not only large number of proponents, but also critics.

As a popular critic of this concept became, a representative of neo-liberal ideology of the corporation and Nobel Prize Laureate, Milton Friedman who published during his life many books and contributions, in which he criticized the concept of CSR and its proponents. As is well known, Friedman stated in his famous essay published in *The New York Times Magazine* (1970) that "the one and only social responsibility of business is to increase its profits". (Friedman, 1970) All other considerations referred to ethics, morality, negative externalities or the welfare of poorer parties were outside the extent of business management. Those who manage the business should concentrate solely for making profits for owners. (Fleming and Jones, 2013) Friedman believes that an engagement in socially beneficial activities drags the company away from its main goal, dilutes its basic mission and increases its cost. These additional costs are transmitted negatively to corporate stakeholder, whether in the form of lower returns for its shareholders, higher prices of company's products or services, or possibly even in lower salary for employees. According to Friedman (1994) could the acceptance of the view that corporate managers have another social responsibility than to earn as much as possible for the owners (shareholders), undermine the very foundations of a free society. He believes that the company, which seeks primarily to maximize its profit, on

the contrary, due to the influence of the market's invisible hand actually contributes to the fact that other stakeholders benefit from this profit and their claims are thus satisfied, ultimately. According to Friedman is therefore not right to demand even more from the company since the profit and prosperity generation contributes sufficiently to social welfare. (Kunz, 2012)

One of the current critics of the CSR concept is Robert Reich, who in his book *Supercapitalism: The Transformation of Business, Democracy, and Everyday Life* labelled CSR as a dangerous distraction that undermines democracy (Reich, 2007). He believes that the representatives of the business sector would not engage in CSR as much as up to the present, or even companies should totally abandon CSR. According to Reich CSR activists are dragged away from the more realistic and important task to compel the government to address social problems. He assumes that it is in fact the government obligation to establish such rules preserving a free market for companies that concentrate on the profit maximizing. That profit should not be achieved at the expense of so-called public interest of the whole society. (Kunz, 2012) By adopting the concept of CSR companies indirectly substitute government responsibilities by Reich. (Kuldová, 2010)

Peter Čaník in his contribution says: "I do not think most companies are today such responsible and fair as a lot of them present. Many of them only began the way what is termed pinkwashing or greenwashing - thus creating the impression of socially responsible company." (Čaník, 2007)

Peter Ferdinand Drucker in his book *Age of Discontinuity* (1992) indicates that the company should not deal with the social problem that lie outside the sphere of their competence and their own abilities. Contrariwise, he presumes businesses act more socially responsibly when social needs change of its own success. (Kuldová, 2012)

David Vogel in the book *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility* says that for the acceptance of CSR is crucial to prove the relationship between the various aspects of CSR and its effects to the successful functioning of companies. (Kunz, 2012)

Among other well-known long-standing critics of CSR also belongs Aneel Karnani, who in many respects follows the ideas of Milton Friedman. In the paper *The Process of CSR* (Karnani, 2010) he primarily engages in the most serious arguments against the CSR: CSR is an illusion - companies use CSR only as an instrument of public relations; CSR is either ineffective or irrelevant; there is a risk of management incompetence.

Robbins and Coulter lists six main arguments against social responsibility, which according to them are: limitation of profit maximization; higher costs; lack of skills; business purpose comminution; lack of transparency; too much power in the hands of businessmen. (Kunz, 2012)

3.10 Managing CSR

3.10.1 Introducing CSR into management

Only a few organizations include their values, social responsibility and an ambition to the code of conduct, to the vision, strategy and policy. The basis of everything is to have clearly defined values. People like to work for those who share their values. Leadership can this way attract stakeholders who agree to the principles of the organization in the context of social responsibility. (Kuldová, 2010)

Creation and implementation of a successful CSR approach to the organization is a complex, long-range and difficult task. For organization it often means a shift in the method of carrying out activities associated with the establishment of other innovative management tools.

The ultimate goal of the implementation of CSR into the company is a successful integration of each areas of CSR activities (economic, social and environmental areas) to the value of the company, its culture, operational decisions at all levels of management so that the responsible approach generally supports the company's long-term maintaining in the market. (Pavlík et al., 2010)

In the following, we will have a look at each phase and the specific elements of CSR in an overview.

3.10.2 Managing and implementing CSR into a business

It is necessary to note that firm should approach to the concept of CSR in the long term, strengthening its credibility and reputation. All activities need to be maintained continuously, rather than spasmodically.

Phase 1: Creating a vision of CSR

The first step is the decision of the top management about the implementation of CSR in the company. The top management uses CSR in internal as well as in external communication and integrates the concept of CSR into the company's statutes. Management's decision to this commitment must be clear and should be a voluntary commitment to participate in this process. (Skácelík, 2010)

The next step in the first phase is the authorization of the person responsible for the implementation of the strategy and the appointment of a so-called manager of CSR and creation of a CSR team. Some companies set up separate CSR department, other classified CSR as part of a company's marketing communication. (Kuldová, 2010)

Phase 2: Putting into operation

The next step of the implementation is the launch activities of the CSR team. CSR manager identifies all internal and external stakeholders, key stakeholders and establishes dialogue with them. The aim is to convince stakeholders to collaborate and gain necessary feedback. (Pavlík et al., 2010) CSR team should perform an initial analysis and think about the possible aspects of the social responsibility of the

company to be able to create a CSR management system. The outcome of the analysis should be the message that should point out the areas of social responsibility in which a company is successful and what could be new opportunities for improvement. (Skácelík, 2010)

Phase 3: Implementation of the project plan

The third step is to carefully implement CSR activities into organization's practice. It is not an easy task of the plan. It is a change in thinking not only leadership and virtually all employees, but also a change of the perspective of company's stakeholders. Decisive role, indeed, must play a leadership whose tasks can be summarized in a few points. To implement the requirements of sustainable development into practice; to define a new mission, vision and values, to which adjust a strategy; to engage employees in dialogue, arouse their interest in the company and its newly defined values, to build mutual trust; purposefully encourage cooperation with local communities, NGOs, suppliers and customers. The main "visible" outcome will be a company's report on CSR, but partial results may be numerous. (Skácelík, 2010)

Phase 4: Assessing the outcomes – CSR reporting

Finally, the results of CSR implementation need to be assessed. CSR auditing and reporting are the key tools that help companies to assess their social performance and communicate it to audiences inside and outside the company. (Crane and Matten, 2014) The company communicates CSR by means of web pages, press declarations and especially via the CSR reports, the preparations of which should in principle be transparent.

According to Kuldová (2010) the most transparent and best form is creation of CSR reports by The Global Reporting Initiative or the Czech modification – KOPP methodology.

3.11 Related terms

3.11.1 Business Ethics

From the beginning of entrepreneurship, the issue raises of whether the company should pay attention purely to its own benefit or interest in other people and society. Definition of business ethics is not uniform even in these days. It develops in different parts of the world; each country has its own various ethical principles. Bohatá (1994, p.8) alleges that "the business ethics is a reflection of ethical principles in all business activities, including individual and corporate values".

As a measure of business ethics can be used a Sternberg's criterion. He states following equation "bad ethics = bad business". (Sternberg, 1994, p.19) In the current market environment it is very difficult to hide unfair practises. Companies that operate unethically can easily become a bad example for others.

The ethics itself in the Czech Republic has not particularly long tradition. In the first half of the '90s the major milestone was transformation and privatization. At that time business ethics was not addressed by companies, the public or the media. The only group and the first step toward the development of business ethics was Society for ethics in the economy, established in the Czech Republic in 1994. Few years later, in 2000, was founded Ethical Forum of the Czech Republic, which aim is to promote ethical behaviour in other fields than just in trade. (Kuldová, 2010)

To sum up, business ethics tries to find the right and appropriate behaviour, deals with the facts of reasonable conduct of business entities and search for the answers for the issue whether the business practises are "good" or "bad", "right" or "wrong". (Šroněk, 1995) Business ethics is a rapidly expanding discipline and becomes an everyday business practise. Along with strengthening globalization, it tries to find a sufficient amount of moral principles, while respecting intercultural practices and diversity in a globalized market. (Putnová and Seknička, 2007)

3.11.2 Code of Ethics

Among the most commonly used tools of ethical management belongs the code of ethics. Companies begin to realize the growing public pressure on companies' responsible behaviour, and thus they create codes of ethics across sectors. The adherence of ethics codes itself is beyond the law and its creation is a voluntary decision of the company. Despite that, it constitutes a systematically processed set of rules and regulations defining the relationship between members of a specific company.

Code of ethics should be clear, simple and unambiguous. It should reflect the full range of organization's business and include its surrounding. Important is also the length of code. Too short code indicates company's disinterest, which thus creates the code only for needs of the company. Conversely, too long code is incomprehensible and not easily readable to for stakeholders. (Kuldová, 2012)

Implementing of Code of Ethics

Putnová and Seknička (2007) according to Webley (2003) present the following steps for implementation of Code of Ethics into the business:

1. Support and approval of the code by statutory bodies.
2. Involvement – it is necessary to make the code of ethics a part of company's strategic papers.
3. Putting into practise (circulation) – the code should be issued in an understandable form and each employee should receive it in a portable form.
4. Assurance – the code should be applied regardless of the power position in the organization.
5. Contracts – the contract should contain a clause about the code.

6. Enforceability – a part of the code may also be sanctions for violation of various provisions.
7. Periodic inspection – code of ethics should be regularly controlled, amended and revised.
8. Training and education – it is performed according to the degree of responsibility of each employee.
9. Translation – in the case of foreign subsidiaries it is needed to arrange a translation of the code of ethics into appropriate languages.
10. Distribution – location of the code on the company's websites; distribution to all stakeholders, especially to investors, suppliers and creditors.
11. Annual report – utilization of the code of ethics in the annual reports through the inclusion of a separate chapter.

3.11.3 Corporate irresponsibility

An interpretation of CSR implies that companies have an incentive to act socially responsible towards their stakeholders – including customers, employees, community and the environment, in order to benefit those stakeholders. Recent research, however, found that a critical consequence of corporate social responsibility is, paradoxically, corporate social irresponsibility. According to study of Fortune 500 companies, firms engaging in socially responsible behaviour towards their stakeholders are subsequently more likely to behave socially irresponsible at a later point. This behaviour can be a consequence of the fact that firms focusing on a CSR agenda often feel they have gathered “moral credits” that allow them to behave irresponsibly. (The Guardian, 2013) While some of these actions may occasionally be criminal in nature, most common they happen within legal confines, if not within acceptable normative codes of conduct. (Fleming and Jones, 2013)

Some industries are perceived as being associated with greater Corporate Social Irresponsibility, with examples including tobacco companies, oil companies and gambling and betting industry.

To sum up, companies have an incentive to act more socially responsible in order to offset actions that are perceived as socially irresponsible, considering results of the study of Fortune 500 companies.

4 Results

4.1 Specification of researched area

4.1.1 CSR in gambling and betting industry activities

Concerns of sustainability are especially important for firms in controversial industries such as alcohol, tobacco, gambling, etc. Can a firm in gambling and betting industry be socially responsible while producing products or services harmful to human being, society, or environment? Or it is possible to assume that a firm which produces such products and services cannot be socially responsible?

Gambling has received increasing social acceptance around the world. The gambling industry is huge and extremely profitable. It is linked with political and economic institutions of the state, promoted as legitimate and practised by the majority of the population.

CSR engagement of firms in controversial industries has been a topic of great interest in recent years for shareholders, regulators, and academic researchers. There are furious discussions between proponents and opponents of CSR in this industry sectors. On the one hand, proponents assert that even the controversial enterprises have lawful right to develop and occupy with CSR activities, because: CSR is one of the key tools in gaining better reputation and becoming better organization; even controversial enterprises are human organizations and humans are simply imperfect; and top management is free to choose any kind of strategy to perform in their own business. On the other hand, opponents declare that governments should “denormalize” and, as much as possible, regulate activities described as socially responsible by this industry. (Cai, 2011)

De Colle and York (2008) believe “It is nonsensical to define what socially responsible behaviour is on the basis of the particular product that a firm produces” (p. 94), although it is easier for firms in some sectors to be ‘better’ at CSR than it is for firms in other sectors. And Porter and Kramer (2006) assert that “The prevailing approaches to CSR are ... fragmented and ... disconnected from business and strategy” (p. 80). Firms may be socially responsible in many different ways, and CSR is not an ‘all or nothing’ situation.

Cai et al.’s (2011) findings conduct to the issue of CSR in controversial industry by providing some preliminary empirical evidence on the positive effect of CSR involvement on firm value for enterprises in such industry. They states that “CSR engagement of firms in controversial industries positively affect firm value, suggesting that the top management of enterprises in controversial industries, on average, manage their firms morally or strategically and could be socially responsible, although their products might be detrimental to environment, human being, and society”.

Firms within controversial industry sectors can rather take some actions that are socially responsible, and they should do so, especially in those areas that are directly connected with their business strategy. According to Porter and Kramer

(2006), society is best served when a firm selects a social issue that intersects with its particular business interests, and creates “shared value— that is, a meaningful benefit for society that is also valuable to the business”.

4.1.2 Gambling and Betting in the Czech Republic

The main part within all gambling and betting issues in the Czech Republic is the Act no. 202/1990 Coll., about lotteries and other similar games. According to this act, a lottery or other game is considered “to be such game, in which any physical person who paid a deposit (wager), the return of which is not guaranteed to the participant, may take part in on voluntary basis. The win or loss is by the virtue of a random chance or any circumstance or event unknown beforehand, which, however, is specified by the operator in advance in the game terms and conditions. It does not matter whether the game is played with the use of mechanical, electro-mechanical, electronic or other devices.” (Zákon č. 202/1990 Sb., o loteriích a jiných podobných hrách, Loterijní zákon v § 1 odst. 2)

The main principle is thus a bet in material or monetary value on an event with uncertain outcome, with the intention to increase this value – to win; while (more or less) the decisive factor influencing the result is a coincidence. The key features are therefore bet, win and chance.

The fact is that the Czech Republic with a number of casinos per thousand inhabitants ranks among the top of the world. In the international context, in the Czech Republic there is a high offer gambling, especially so in the electronic gaming devices (EGD). In 2013, out from European countries with available data, the Czech Republic had the highest number – 7.47 of electronic gaming devices per 1,000 inhabitants, while the other comparator countries have a much smaller range (Figure 5).

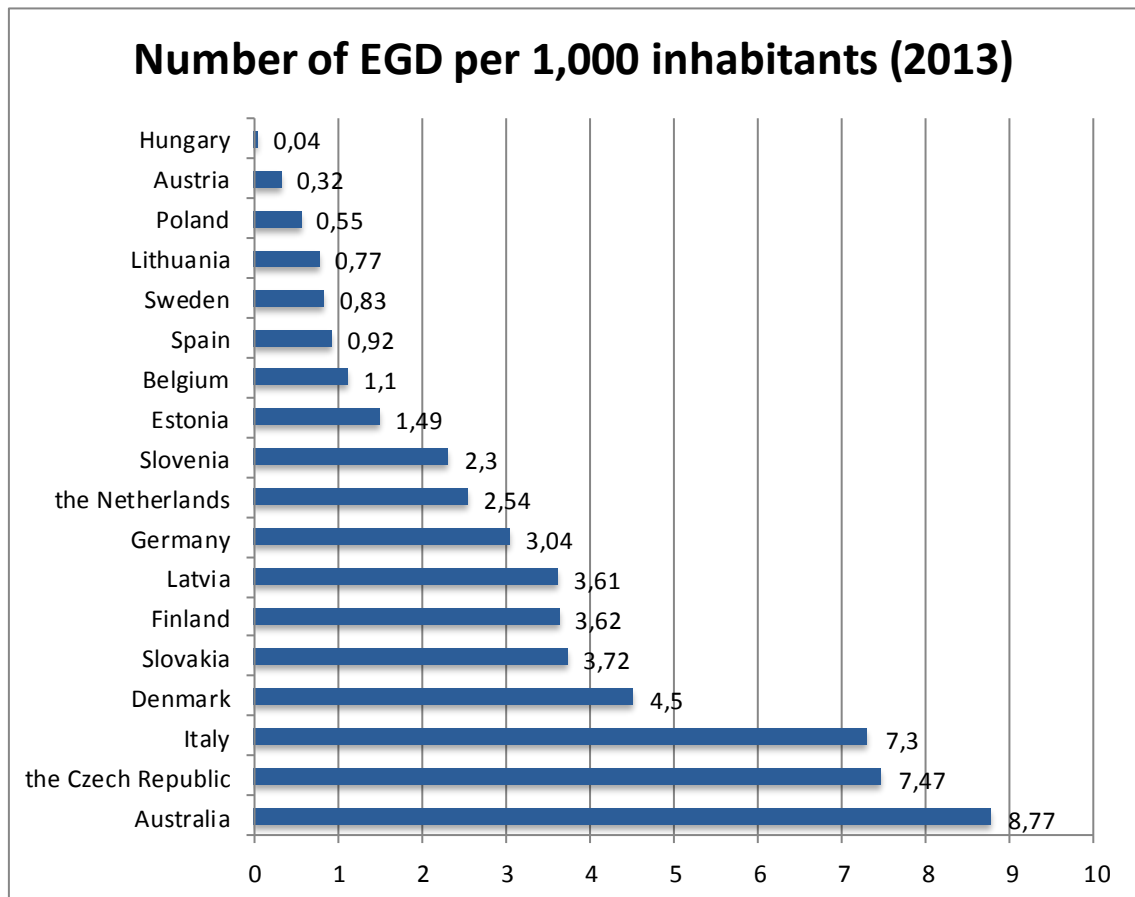


Figure. 5 Number of Electronic Gaming Devices per 1,000 inhabitants (2013)

Source: Mravčík, 2013; adjusted by the author of the bachelor thesis

Range of places, where odds betting is played, is in the Czech Republic relatively high. Betting offices or places, where a ticket can be submitted, are often places where number lotteries can be played or scratch card got. The number of places where odds betting is operated increased in recent years and in 2013 in the Czech Republic operated a total of 7,329 seats with odds betting (Figure 6). In the Czech Republic, race betting offers the only one company TOTO.cz, which maintains a stable number of 360 stores. (Mravčík et al., 2014)

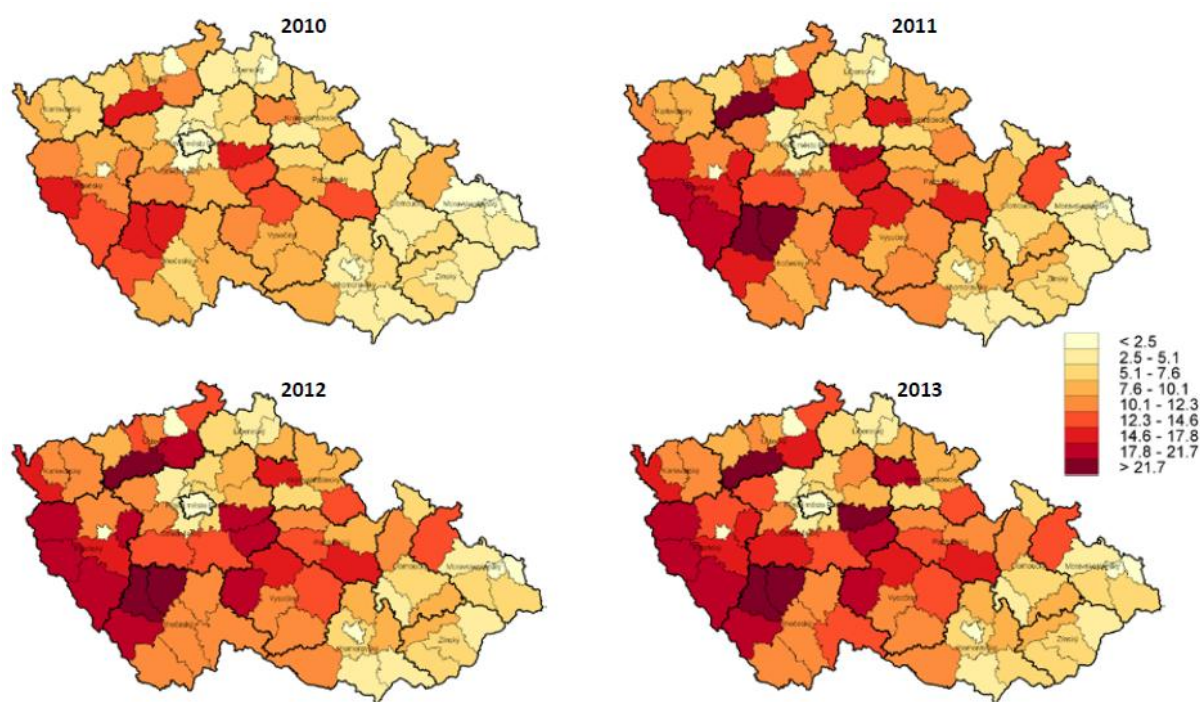


Figure. 6 The number of establishments offering odds betting per 1,000 population by districts (2010-2013)

Source: Mravčík, 2013; adjusted by the author of the bachelor thesis

At the end of the year 2013 was in the Czech Republic 9 licensed operators of gambling via the Internet (Table 1). Since 2009, when the online gambling became legal in the Czech Republic for the Czech operators, the offer expanded from only odds betting to live betting and card gaming like poker.

Tab. 1 Licensed providers of online gambling and betting in the Czech Republic (2013)

Provider	Based in
FORTUNA GAME, a. s.	Praha 1
CHANCE, a. s.	Beroun
NET and GAMES, a. s.	Brno-Jih
SAZKA sázková kancelář, a. s.	Praha 9
SLOT Group, a. s.	Karlovy Vary
SYNOT TIP, a. s.	Uherské Hradiště
TIPSPORT O2, a. s.	Beroun
Tipsport.net, a. s.	Bernoun
Victoria-Tip, a. s.	Praha 1

Source: Mravčík, 2013; adjusted by the author of the bachelor thesis

The current situation is that the Czech Lottery Act of 2012 discriminates against foreign companies registered in other European Union countries. It practically for-

bids them to do business in the Czech Republic – these companies cannot obtain license at all. And even despite the fact that the European Commission regards this regulation as discriminatory. Nevertheless, foreign betting companies did their business in the Czech Republic and still do it via Internet. Their web pages are also in the Czech version and therefore, a participation in games is not a problem even for the less linguistically talented. The Czech Republic thereby loses the tax revenues that disappear abroad. (Hazardní-Hry.eu, 2014)

In the present days, Ministry of Finance prepares fairly drastic changes that should come into force from January 1st, 2016. Apart from the planned abolition of roughly 10,000 gaming machines, the amendment of the lottery law is prepared, that would finally legalize, regulate and tax the online gambling. The whole market would then be more opened to foreign entities through the legalization of foreign betting companies' business and thus enhance a competition. This should benefit bettors, by the margin pressure on betting – better odds, as well as the state budget, as foreign companies should begin to pay taxes to the state.

The amendment of the lottery law should also tighten administrative punishment up, introduce the concept of responsible gaming and build a centralized monitoring system that would allow to manage data and information in the field of gambling and betting.

It is also considered to introduce so-called 'gamer card' and central supervision of the Ministry of Finance. Players will need to register (to prove the identity card), while some people can be totally excluded from participation in games of chance. Meant are people entitled to benefits in material need, persons in insolvency, as well as those who request for entry into insolvency register. Players will also be able to set up so-called 'self-limiting measures' – they can determine to themselves how much they can maximally bet, lose and how long they can play.

The amendment is about to set new limits on slot machines and video-lottery terminals that can be wagered. Limits will also depend on the place where slot machines are run.

In year 2016 gambling games will be taxed more, because more bands will be implemented according to the social harmfulness. (Ihned.cz, 2015) Thanks to the amendment of the lottery law, the Czech Republic would gain about two billion crowns. For example, tax rates of lottery's levy will increase from current 20 to 23 percent, to 28 percent for gaming machines; daily fee for each slot machine will increase by 25 crowns to 80 crowns. The amendment increases deduction from lotteries, odds betting, betting games in casino, a card tournament and cash gambling and other lotteries and other similar games by three percentage points. An increase of eight percentage points waits for slot machines and other technical equipment.

The Chamber has approved the amendment of the lottery law yet. Draft has to be furthermore assessed by senators and signed by the president.

4.2 The current CSR situation in the Czech gambling and betting industry

Usually, gambling and betting industry is reckoned, primarily by the non-professional public, as the sector and economic entity that cannot be associated with the corporate social responsibility. Gambling and betting, that allows fast and high winning (loss likewise), is thus incompatible with the publicly accepted opinion that wealth and esteem must exclusively be accomplished by beneficial work for the society. Tetřevová (2011) claims that gambling and betting industry is associated with a lot of negative externalities referring to, principally, pathological gamblers (financial difficulties, marital break-up, self-destruction etc.) and possible non-transparent financial transactions (e.g. money laundering) or suppression of existing entrepreneurship and spending. Contrariwise, it is also inescapable to take the positive externalities into consideration, as gambling and betting are significant generators of revenue streams for government budget, sources of job opportunities and patrons of many public activities.

It is also needed to contemplate that games are originally meant for amusement and fun. They fulfil human needs and wants for games, contention, as well as for risking with an image of an unearned income, and besides, they generate desired excitement. And it depends on the free will of gamers how frequently they will gamble and how much they will be willing to bet.

The gaming addiction is undoubtedly disputable, however, as asserted by Kasal (1995) the gaming addiction appears seldom as a illness. It is only often abused by psychopathic individuals to justify their crimes. As stated by Hušák: “nevertheless the absence of an ethical dimension of betting games and lotteries does not apply in case where part of the profits raised serves some socially-acceptable purpose. In this case, not only the winner but the whole society benefits from the game.” (Poberová & Tejkalová, 1998). According to Tetřevová (2011), even the enterprises engaged in the gambling and betting can be socially responsible and implement the CSR concept to the full extent.

4.2.1 CSR according Triple Bottom Line

Attention is focused on the issue of assessment of the corporate social responsibility, while the main used methods are based on analysing of the questionnaire survey, available contents of companies' reports and websites, which were used as methods for assessing the corporate social responsibility of the selected gambling and betting activities industry in the Czech Republic.

On the basis of the above mentioned, CSR was examined by using Triple bottom line analysis completed with the components of Carroll's CSR pyramid – in the economic, social, philanthropic and environmental areas. The questionnaire research results indicate that awareness of the social responsibility of organizations in the gambling and betting industry in the Czech Republic is on the high level and 95% of all addressed representatives of companies agree with the statement that they consider their company as socially responsible. Significant share of them in a

form of 76% of respondents confirmed that the corporate social responsibility is a part of their business strategy. As the main reason for responsible behaviour companies in the Czech gambling and betting industry regard the acquisition and maintenance of the good reputation. On the bases of survey follows that 2/3 of enterprises are not forced or under the pressure from outside (the public, customers or the media) to engage in the corporate social responsibility. Consequently, they act so entirely voluntary that is one of the basic principles of CSR.

Economic Dimension

The profit area of triple bottom line is very similar to economical responsibility. The fact that gambling and betting industry in the Czech Republic is business with strict regulations and supervision manifests itself as essential. Their natural objective is to achieve a profit in compliance with applicable law. When achieving profit, enterprises respect social values. Emphasis is mostly placed on the relationships with gamers and betters as the stakeholders, when the enterprises concentrate especially on their customers as well as any other business entity and grow the comfort of special goods and services, or proffer a variety of loyalty services. Moreover, from the available websites was gained the information that some of companies are involved in the recruitment and job creation and offer them online. It is needed to point out the transparency of selected industry while supporting and developing the communication with emphasis on correct information. Furthermore, from the results of the questionnaire emerged that enterprises occupy with the competition advantage and an effort to keep up with the competition and market demand, as well as an effort to get better relationship with the public administration. Introduced ethics codes of the sector deal with the intellectual property and rights protection, ethical and moral values, or labour standards, but bribery and corruption avoiding, environmental stewardship and responsible gambling are rarely and almost not addressed.

Social Dimension

The social pillar is mostly connected to the care of employees, and enterprises in the Czech gambling and betting industry are willing to strongly support their employees as the management of companies is aware of the responsibility for them and their relatives. Companies in the selected sector offer their employees benefits in form of gifts for life of other anniversaries, premium holidays, using of company phone or car for private matter, meal vouchers and pension and life insurance. Furthermore, they provide the opportunity of education programmes, training and courses for their employees. By these means firms also try to attract and keep skilful employees. On the other hand, employees are very seldom offered by both non-smoking benefits, and contribution for recreation and culture, and for sport and health. On the basis of the done research may be said that business representatives seem to be aware that a satisfied and motivated employee is in today's knowledge society a key factor to its successful running.

Philanthropic Dimension

In terms of corporate philanthropy, enterprises in the gambling and betting sector give preference to participate in public or community activities. Philanthropic responsibilities became involved in the biggest part of enterprises by sponsoring activities and donorship, particularly in social, health and sports area. However, companies in the gambling and betting industry, by means of the managers and employees, do not participate in voluntary and charitable activities within their local communities. Furthermore, nearly none of gambling and betting enterprises motivate their employees to get involved in the voluntary donation (e.g. 2% from income tax).

Environmental dimension

As it is obvious that an environmental responsibility does not relate solely to manufacturing companies, non-manufacturing companies can participate as well. Companies in researched gambling and betting sector participate by waste management and implementing of energies saving programs, what includes the effort to reduce energy and water. This activity is related to not only ecological footprint elimination, but also costs saving. Moreover, enterprises use ecological technologies, to which contributes the fact that machines used by gambling and betting companies must be certified by the state laboratory, where is tested, besides other things, their impact on the planet. Despite detected participation of the Czech gambling and betting industry in environmental responsibility, there are still opportunities how to broaden these actions. For instance, companies may create new eco policies and include those environmental stewardship policies into their codes of ethics.

4.3 Processing and interpretation of questionnaire

For better understanding of the awareness about CSR and the current situation in companies, the quantitative research was created in form of a questionnaire, where specific topics from all three pillars were included. Based on the deep analysis of results from the questionnaire, the relative and absolute answers will be defined, graphically analysed and interpreted and suggestions for improvement will be recommended.

The questionnaire has been voluntary and anonymous and realised online through a portal [Survio.com](https://www.surveymonkey.com), which allowed a questionnaire creation based on the knowledge from the literature and had appropriate necessary output for further processing. The survey contains twenty one online questions, which have a form of closed questions with one or multiple choices. Before creation of the questionnaire, a pre-research has been done in order to verify its logic and suitability. Companies were addressed via e-mails gained from Amadeus database. Totally, one hundred and eighteen companies were addressed. In fact, after receiving undelivered e-mails and a consequent deep examination has been detected that more than a half of addressed companies have nothing in common with gambling and

betting. These were the companies that have closed down or completely changed the focus of their business. Ultimately, together with the further research on the portal Seznam.cz was found and addressed a new base of gambling and betting industry in the Czech Republic.

In total, the questionnaire was sent to 66 companies in the Czech gambling and betting industry via e-mail. From all of them, the survey was completed and answered by 21 companies, what indicates that only 32 % of all respondents were willing to cooperate. In this part of the thesis will be discussed the most important questions. From the identifying point of view, 7 of 21 involved companies act internationally (33%), 9 companies act on national market (43%), 4 companies act locally – in selected district (19%) and only 1 act within a city – in the seat of company (5%). The other identifying question examines the size of enterprises. From all 21 participants, 10 of them belong to large enterprises (47%), 6 companies are medium-sized (29%), 4 companies have small size (19%) and 1 is micro enterprise (5%). It is essential to take this into account before making any conclusions.

The most important results gained from the questionnaire may be mentioned as follows:

Question 1

The first fundamental task of the questionnaire for enterprises in gambling and betting industry is whether they are aware of the term 'CSR' or whether they have already met with the term corporate social responsibility. To enable participants who have never met with this term to continue with the questionnaire, the short description about CSR issue was mentioned in an introductory part of the questionnaire.

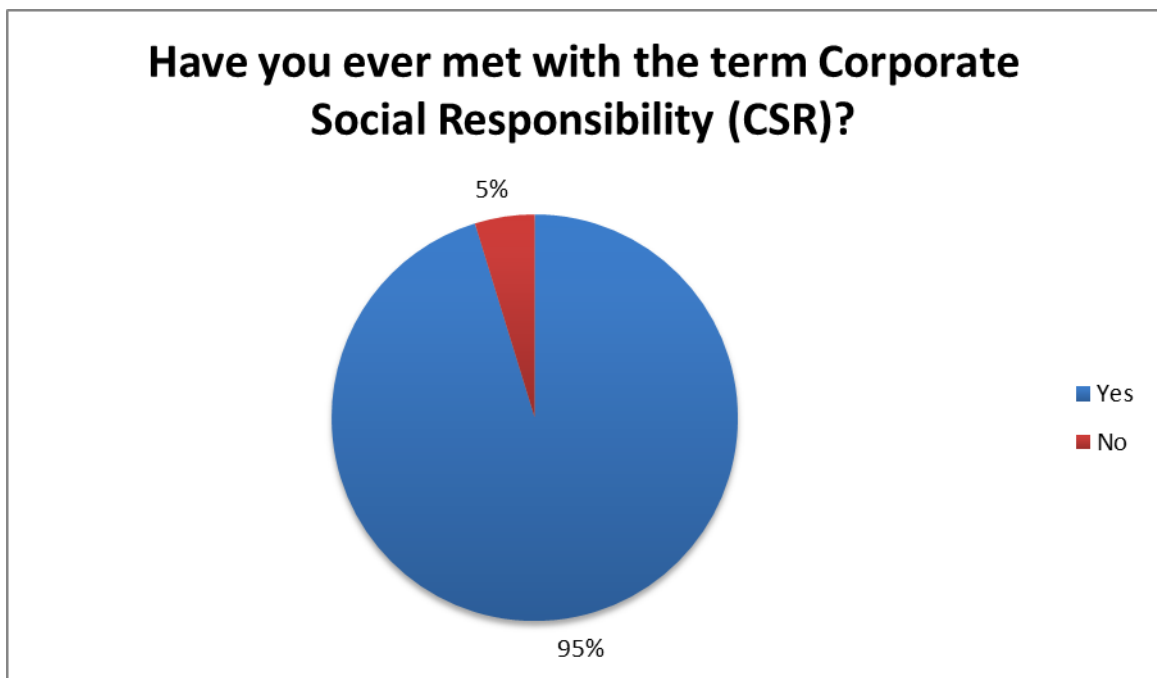


Figure. 7 Awareness of the term 'CSR'

From all 21 respondents, 20 of them answered 'yes' and just 1 said 'no'. It follows that only 5% out of all addressed companies has never met with the term corporate social responsibility and the current level of knowing of the CSR concept within the gambling and betting industry in the Czech Republic is at 95%. Although the idea of CSR began to spread in the '50s of the last century, on the basis of current researches organized by Ipsos TAMBOR (Formánková and Mikušová, 2014), Pavlík et al. (2010) or the CSRportal (2012), the prevalence and the awareness of the CSR term in the Czech Republic were expected poor (Formánková and Mikušová, 2014) and because of that this finding has an extremely positive value. It may be the consequence of the fact that given questionnaire was addressed to company's management not to employees. CSR concept is usually a responsibility of managers so it is more likely they are well informed and know a lot about this issue.

Question 2

The second task of the questionnaire is focused on a source which the respondents in selected industry know about the CSR issue from. This question has a multiple choice form, what means that participants could mark all the answers they considered as right and also could add their missing answer to the part 'others'.

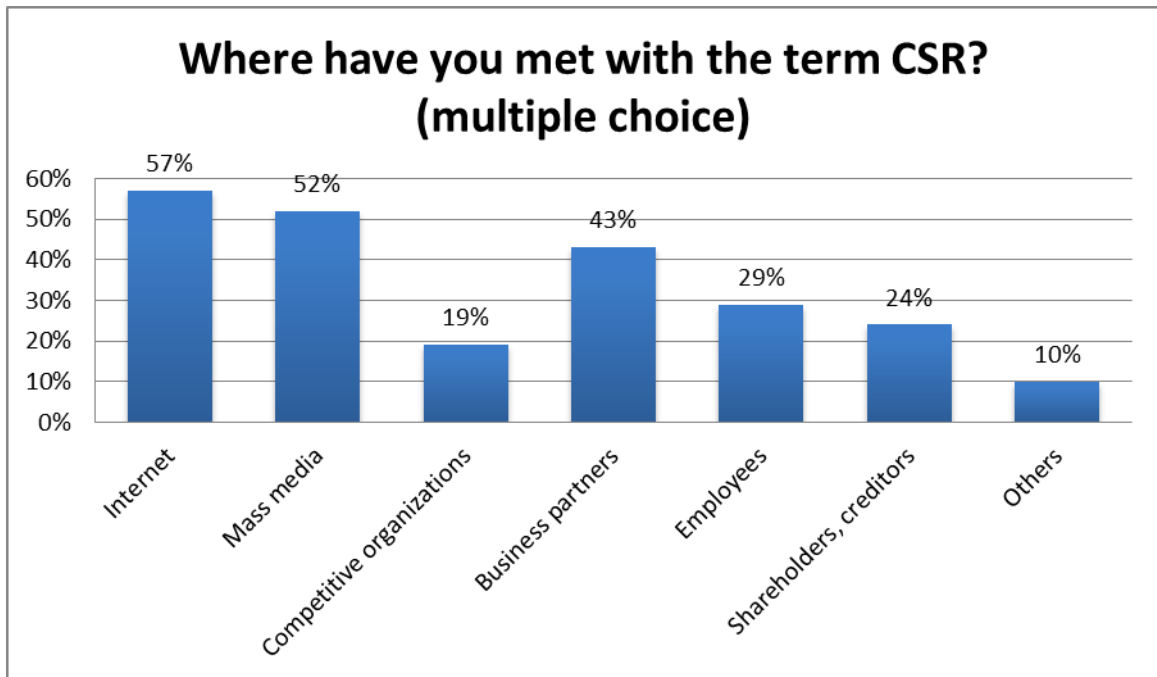


Figure. 8 Source of knowledge about the CSR issue

As can be seen in the graph as the most marked sources may be considered the Internet, which was named by 12 out of 21 participants (57%), the mass media including TV and radio by 11 of 21 (52%) and business partners by 9 of them (43%). These sources may be used by companies in the sector in the future as the crucial means to spread the information about corporate social responsibility. Employees were marked as a source by 6 participants (29%), shareholders and creditors by 5 out of 21 (24%) and competitive organizations by 4 of asked (19%). These were chosen less frequently what denotes that these means of communication may not be as useful as the above mentioned and offer lower scope of activity about the CSR issue. The part 'others' was chosen by 2 of participants (10%) and was completed by answers that participants have met with the term CSR during their studies or from customers.

Question 3

The next question refers to the CSR and the company. The participants were asked whether they agree with the statement that their company is socially responsible.

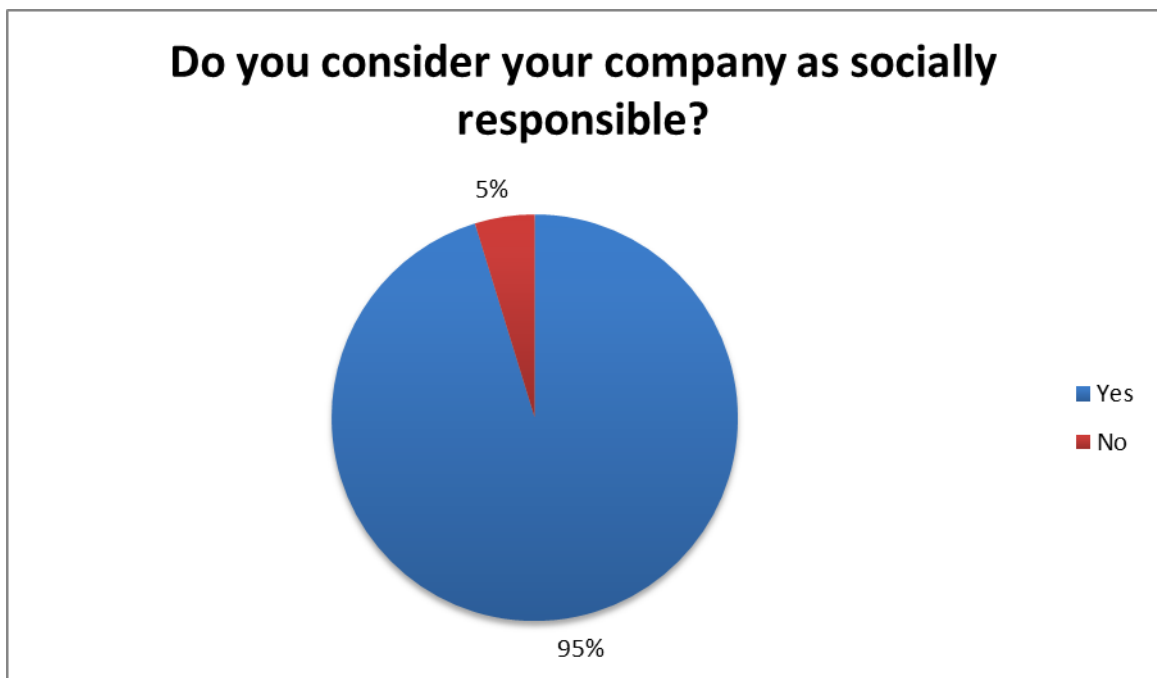


Figure. 9 Consideration about company's social responsibility

As the concept of corporate social responsibility (CSR) is a voluntary commitment of companies to behave in its operating responsibly towards the environment and society in which they act, participants of the questionnaire were questioned whether they consider their company as socially responsible. After the introduction of the corporate social responsibility, 20 of respondents (95%) consider their companies to be socially responsible and only 1 of them (5%) does not consider the company as socially responsible. From these answers may be deduced that there is almost an unambiguous result.

Question 4

In this task was examined a strategy of companies in the Czech betting and gambling industry in connection with the corporate social responsibility.

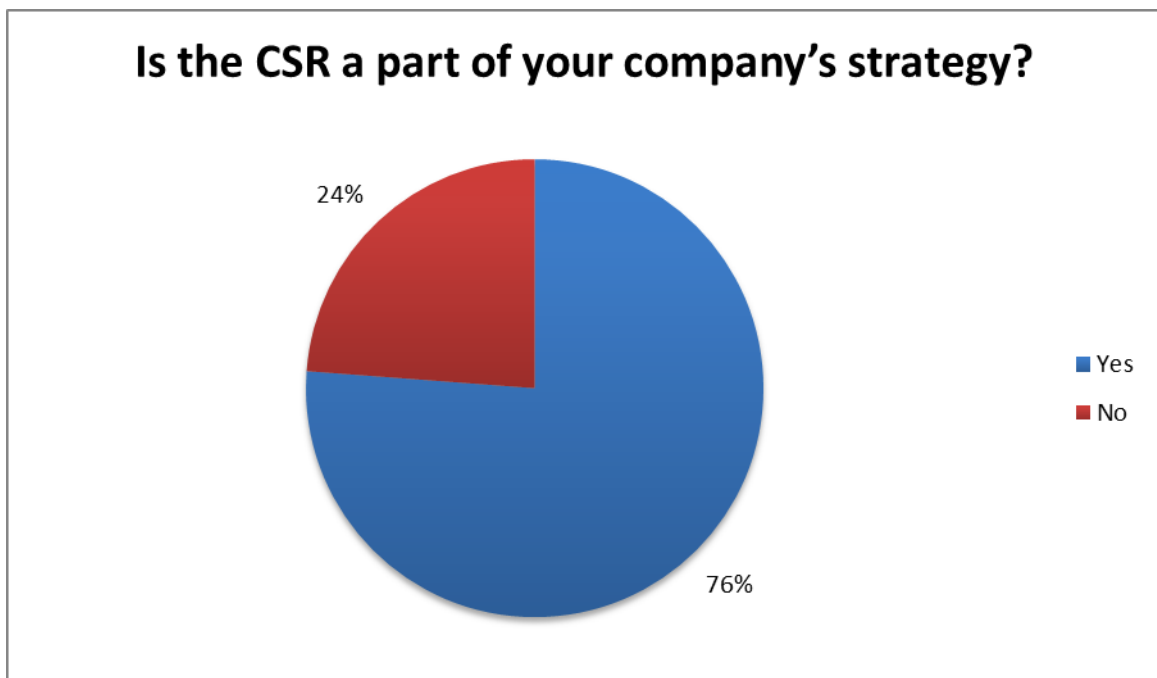


Figure. 10 CSR as a part of corporate strategy

The participants' answers to this question are not as unambiguous as in previous tasks. Out of 21 replies to the questionnaire, 16 (76%) stated that the CSR is a part of their company's strategy and 5 participants (24%) alleged that the corporate social responsibility is not a part of their company's strategy. From the results may be drawn that a part of enterprises in the selected sector still have gaps in the CSR issue and may implement the corporate social responsibility and its activities into their strategy and thereby increase its focus and awareness.

Question 5

The next task is closely connected with the previous one – Question 4. Just as the Question 4 so this question is focused on the CSR and company's strategy, with the difference that this question relates to the foreign parent company. Participants were questioned in case they have the mother company based abroad if their company in the Czech Republic accepts the strategy, respectively practices in the field of CSR from its headquarters.

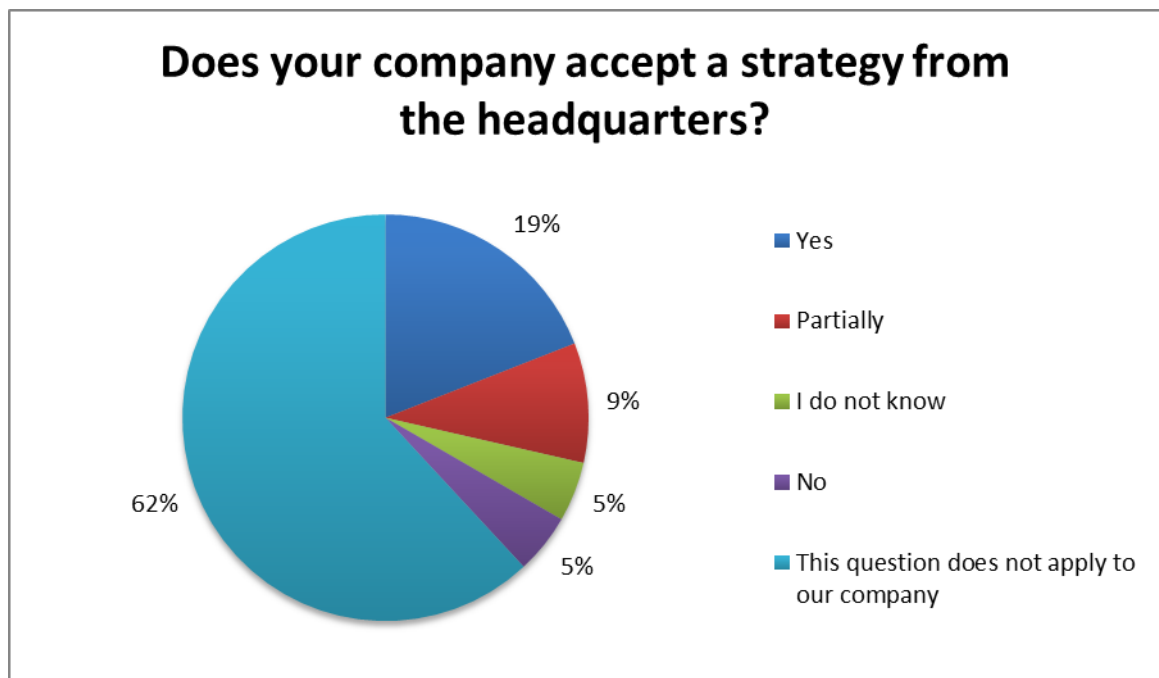


Figure. 11 Acceptance of strategy from foreign headquarters

As in the identifying part 33% of respondents claimed that they act internationally (7 of 21), it logically follows that 13 out of 21 (62%) confirmed that they do not have the parent company abroad and this task does not apply to their company. From the all of respondents approved 4 (19%) that they have the foreign parent company and their enterprise accepts a strategy, respectively CSR practises from the headquarters. It means that 57% of those enterprises which act internationally. 2 of 21 (9%) thought that their company accepts partially the headquarters' strategy and CSR practises that indicates 29% of internationally acting companies, 14% of those companies which act abroad what symbolises 1 of 21 (5%) did not know whether the company does or does not accept and only 1 out of 21 (5%) refused this statement and said that the company with its base abroad does not accept the strategy. By summing up all these outcomes may be declared that the majority of companies, which have their parent company based abroad, are influenced by the headquarters and thanks to them may raise awareness, activities and practises of the corporate social responsibility in the selected sector in the Czech Republic.

Question 6

This task looks into the corporate social responsibility and its field of action. Firms were asked whether they think the CSR should be a part of large companies solely and become their prerogative only or should become a part of the whole business sector.

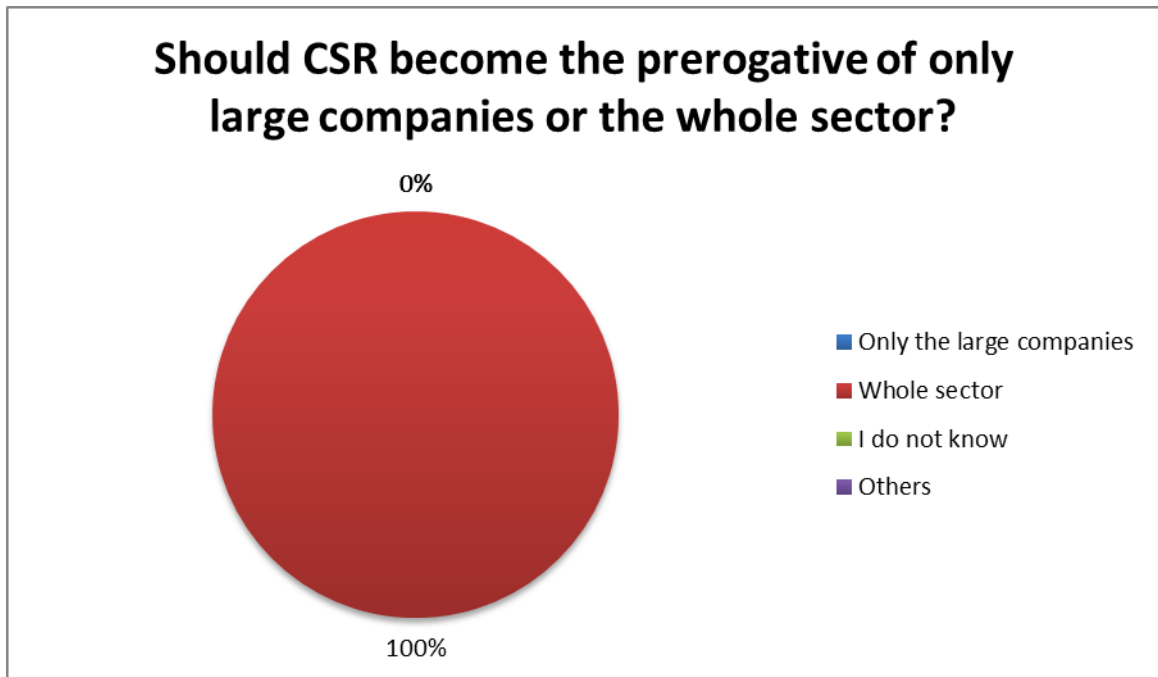


Figure. 12 CSR and its field of action

To this question all of 21 participants answered unequivocally that means an absolute (100%) meeting of minds. This unambiguous outcome shows an interest and a willingness of enterprises, regardless of their size, to participate in the corporate social responsibility and a great opportunity for its implementing in the whole gambling and betting industry sector in the Czech Republic.

Question 7

The next task concentrates on a motivation of companies in selected industry that influences them to behave socially responsible. Any company that thinks about the implementation of the CSR approach into their practice certainly considers the motives and advantages for the organization itself. This question has a multiple choice form, what means that participants could mark all the answers they considered as right and also could add their missing answer to the part 'others'.

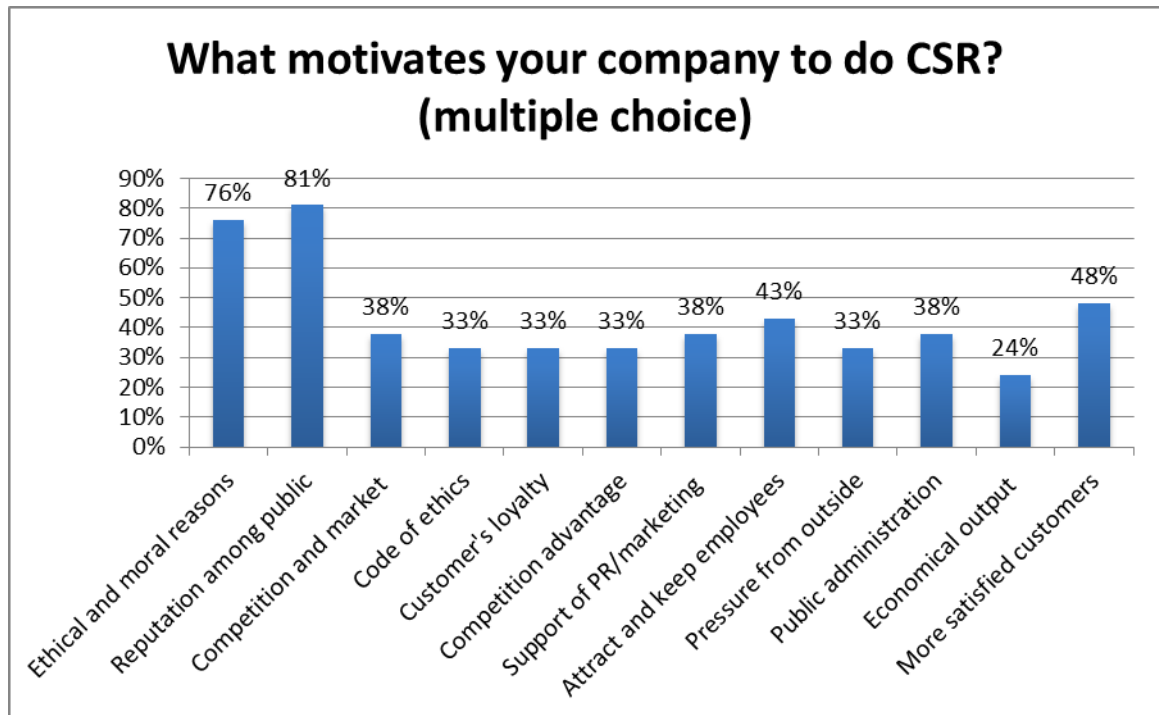


Figure. 13 Motivation of companies to do CSR activities

From the graph it is evident that the top frequent answers were for 17 addressed (81%) an effort to gain better reputation among the public, and ethical and moral reasons for 16 out of 21 (76%). These answers were chosen by more than $\frac{3}{4}$ of respondents which implies that they are so far the strongest motivators within the chosen sector. Another marked answer was an effort to make customers more satisfied by 10 of 21 participants (48%), then an effort to attract and keep employees marked by 9 out of 21 (43%), and by 8 of all (38%) was chosen an effort to keep up with the competition and market demand. These were chosen by almost $\frac{1}{2}$ of respondents, thus from the results may be concluded that these primary stakeholders are significant motivators as well. Social responsibility toward stakeholders is no less substantial, because these are primarily answerable for enterprise's success or, on the contrary, its failure. A socially responsible company should act in the interest of others. From 21 participants, 8 (38%) stated that an effort to get better relationship with public administration is motivation for them, similarly as 8 of them (38%) as important chose a support of PR/marketing activities of the company. By $\frac{1}{3}$ of addressed (33%) were as motivators selected an applying of ethics code, an effort to gain customers' loyalty, an effort to gain a competition advantage and the pressure from outside – public, customers, the media. As the least often answer as a motivation for companies to do the CSR may be considered an effort to grow the economic output – turnover, just by 5 out of 21 asked (24%). The part 'others' was not completed by any participant.

Question 8

In this question were examined main barriers for companies in the Czech gambling and betting industry that obstruct them to realise the corporate social responsibility. The task has, as well as in the previous case, a multiple choice form, what means that participants could mark all the answers they considered as right and also could add their missing opinion to the part 'others'.

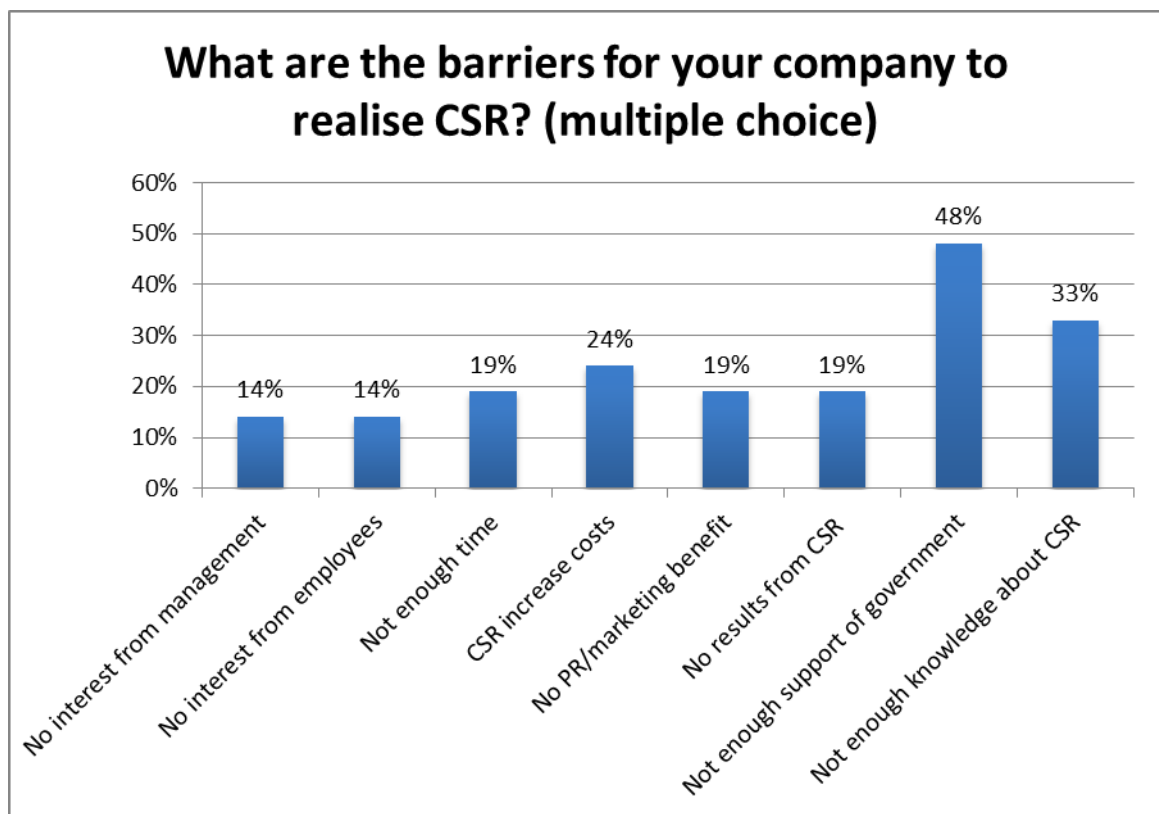


Figure. 14 Barriers to realise CSR

From the graph can be concluded that up to ½ of surveyed (48%) considered as the biggest obstacle to applying the CSR an insufficient support from the government. Kunz (2012) believes that in the current market environment, there is often still a variety of circumstances that prevent the rapid implementation of CSR principles into corporate practice. As the problem in some countries still remains lower support for the dissemination of CSR by the government. As the second biggest barrier by 7 out of 21 respondents is reckoned a deficient knowledge about the concept of CSR. This problem may be solved through the results of the above mentioned question 2, by using the most spread sources – the mass media, but also better knowledge about the CSR should be an interest of the government. According to research done by Pavlík et al. (2010) more than 40% of their surveyed sample operating in the Czech Republic is convinced that the Czech government

should be instrumental in the spreading of the ideas of corporate social responsibility. From all 21 respondents, 5 of them (24%) marked that the CSR activities increase costs of a company, 4 (19%) stated that their firms have not enough time to do the CSR as well as 4 of all (19%) stated that they see no result from doing these activities and 4 of them (19%) considered no PR/marketing benefit from the CSR. As the least mentioned barriers are accounted no interest from company's management and no interest from company's employees by 3 out of 21 asked (14%). The part 'others' was not completed by any participant.

4.3.1 The main conclusions and result of the questionnaire research

Based on the research, after processing and interpretation of the most important gained results in the preceding section, opinions were made on the corporate social responsibility from the perspective of gambling and betting industry in the Czech Republic.

The research results indicate that awareness of the social responsibility of organizations in the gambling and betting industry in the Czech Republic is on the high level. 95% of respondents have already met with the issue of CSR. Those ones who have never met are mainly small enterprises. Although the idea of CSR began to spread in the '50s of the last century, on the basis of current researches organized by Ipsos Tabor in 2010, Pavlík et al. (2010) or the CSRportal (2012), the prevalence and the awareness of the CSR term in the Czech Republic were expected poor (Formánková and Mikušová, 2014) and because of that this finding has an extremely positive value. In a similar way, almost all addressed representatives (95%) of companies agree with the statement that they consider their company socially responsible.

Significant share in a form of 76% of respondents confirmed that the corporate social responsibility is a part of their business strategy. In the majority of firms surveyed (76%) with the concept of CSR occupies management of the company. The main shows of corporate social responsibility of their company are considered, in particular, that they try:

- To behave ethically and be transparent (for instance, enterprises stated their ethic codes)
- To be a good employer properly taking care of employees
- To reduce and eliminate their ecological footprints (for example, waste recycling, using of ecological technologies, energies saving program)
- To offer special services for customers
- To engage in donorship and sponsoring

All of representatives of the Czech gambling and betting sector unequivocally believe that CSR should be applied not only by large firms, but should become the prerogative of the whole sector. Almost all interviewed company representatives (95%) agree with the statement that enterprises should apart from generating profit, also benefit the society in which they act. They claim that CSR activities are

definitely needed, and furthermore for 2/3 of respondents is very important seeing how the money was spent.

Among the reasons why firms deal with the issue of CSR, more than $\frac{3}{4}$ of companies with the parent company domiciled abroad indicated that they accept fully or partly strategy, respectively CSR practices from their headquarters. The realised research further shows that for the majority of surveyed firms, important incentives to CSR implementation are the ethical and moral reasons and an effort to get a better reputation and attraction not only among their customers but also the general public.

Among other benefits, which the company acquires by its societal behaviour, representatives of the companies mentioned for instance:

- To make customers more satisfied
- To attract and keep skilful employees
- Support of PR/marketing activities of the company
- To get better relationship with public administration
- To keep up with the competition and market demand
- To grow the economic output

As the main reason of why firms in the gambling and betting industry in the Czech Republic do not behave more socially responsible, half of the respondents indicated a lack of support from the government. According to research done by Pavlík et al. (2010) more than 40% of their surveyed sample operating in the Czech Republic is convinced that the Czech government should be instrumental in the spreading of the ideas of corporate social responsibility. As emerge from the research, addressed representatives of companies reckon a deficient knowledge and awareness about the CSR concept as another significant barrier to its expansion.

From the answers of interviewed respondents it is clear that companies use many ways how to inform about their CSR activities, most often by way of website and regular reports. Nevertheless, still up to 29% of addressed companies do not inform about their CSR activities at all.

Obtained data describe current CSR situation in the gambling and betting industry activities in the Czech Republic and are good base for future steps and recommendation.

4.4 SWOT analysis

A SWOT-analysis, which identifies the Strengths, Weaknesses, Opportunities, and Threats, is an often-used tool of situation analysis, and can be used to determine whether a firm's business position (or in this case, a sector's business position) is fundamentally healthy or unhealthy. In this paper the modified SWOT-analysis of the betting exchange has been performed by doing a literature study, including both academic studies and recent news articles about gambling in general and the betting exchange in particular.

Strengths

- Various offer of gaming and betting activities/commodities enable them differentiation from their competitors
- Gambling operators can freely set a winning probability – better odds lead to more frequent pay-out to customers which can attract more customers
- 24-hour operating time in gambling industry
- Various offer of financial services – accounts, remittance, foreign exchange, cash issuing etc.
- Technology – use of new technology enables to provide unique products and services in order to better meet customers' needs and wants
- Customers' utility – pleasure, opportunity of winning etc.
- Strong liquidity position – the industry is in a stronger liquidity position in comparison with the others, it means that greater liquid reserves provide a competitive advantage when funding any potential opportunity emerging in the market
- Sponsoring and donorship engagement

Weaknesses

- Poor online presence – the online market is important for displaying information and mainly selling products and services and most of industry companies are not present online
- Problem gaming incompetence – a lack of knowledge about problems related with gaming
- Large debt – enterprises in the industry have large capital investments in gaming equipment and usually accrue a greater debt
- Inefficiency – the industry is influenced by unbalanced utilization of goods and services

Opportunities

- Online market – creation of websites allows the industry to further expand and target new potential customers for relatively little expense
- Expansion to foreign markets – industry can tap the untouched markets available abroad where is no or a little supply
- Attraction of new customers from abroad – gathering of foreign clientele, mainly from countries where this industry is or will be prohibited or strictly regulated (for instance, in Russia is applied Act no. 244-Φ3 from January 1st 2007 that prohibits gambling, except for some regional exceptions)
- Expansion to related sectors – by offering customers a one-stop shop for all of their gambling and betting needs, enterprises may not only increase the total number of customers, but also increase the spendings per customer
- Perception – gambling has become increasingly more socially acceptable than it has been in the past (charitable gambling)
- Synergies acquisition – company merger may lead to higher competitiveness

Threats

- Intense competition
- Online gambling and betting – currently a lot of customers bet abroad via Internet, even foreign companies make it easier for those who do not speak English and offer websites in Czech
- Volatile currencies – volatile currencies make industry's investments difficult, because costs and revenues change so rapidly
- Volatile revenue – volatile revenue makes planning difficult, which could delay key investments in business
- Government regulations – among the others, the aim of the upcoming amendment is a limitation of the number of gaming clubs
- Illegal gambling – as whole industry competitor
- Criminality – the industry is attractive venue for criminals and often linked with them what is consequence of its domestic totalitarian course and trend in the '90s of the last century
- Gambling addiction increase – the popularity of industry is becoming more and more of an issue for concern regarding problematic gambling behaviour and current situation does not solve this industry problem associated with pathological gaming besides official residency regulation and supervision of the Czech Republic
- Economic impacts associated with the problem gambling – personal bankruptcies, divorces, lost productivity due to morbidity, mortality, criminal careers etc.
- Ban on gambling at bus and railway stations – due to the upcoming amendment
- Introduction of self-limiting measures - the upcoming amendment will result in compulsory introducing of a so-called self-limiting measures, which a provider must offer to every single customer (both in permanent store as well as on the Internet)
- Centralized monitoring system – the upcoming amendment obliges gambling enterprises to register gamers into the online database and check their identity cards before every visit, what may lead to reduction of the number of visitors

Strength – Opportunity Strategy

Donations and sponsorship engagement – Better perception of gambling and betting industry

Donations and sponsorship have become an inseparable part of doing public relations and corporate social responsibility in many industries. It seems companies in gambling and betting industry on the Czech market have already started to support interests of society. Further contribution from all over the sector can lead to considerably better perception of gambling and betting industry by the society. There are various opportunities like charitable events, sport events or corporate teambuilding events that can make it happen.

Weakness – Threat Strategy

Poor online presence – Foreign online gambling and betting companies

A weak online presence can result either in lost opportunities or potential threats from foreign markets. Most of the gambling companies in the Czech Republic are not present online and those that are present do not provide gambling online. Plenty of customers bet abroad via Internet and foreign companies make it easier for those who do not speak English and offer websites in Czech. People could be drawn away from gambling in casinos because they could gamble from their home or smartphone. Lack of communication is a qualitative factor that can easily be overcome in short-term period and companies should think about considerable investments into online tools in order to maintain competitiveness.

4.5 Proposal of Recommendations

This chapter is focused on the recommendations and thoughts of how to improve the corporate social responsibility in the gambling and betting industry in the Czech Republic. Recommendations are based on quantitative research, own research done by author and the results of the thesis, where some common weaknesses were discovered, and are suggested and applicable to the whole selected sector.

Suggested recommendations are oriented on improvement in the economic pillar, namely the proposals for improving the communication of CSR via the Internet and implementation of responsible gambling and betting. Moreover is also suggested one philanthropic proposal to motivate employees to involve in CSR activities.

4.5.1 Communication of CSR activities on companies' website

As it emerged from done researches, it is clear that companies in the Czech gambling and betting industry do not fully utilize the potential, which communicating of CSR activities bring. They do not inform the public about their socially responsible behaviour. A few companies mention only several activities that support some individuals or groups and write the list of them or describe in a few sentences on their websites or in regular reports (e.g. Synot TIP, a. s. or Bonver, a. s.). CSR communicating with the public, business partners, potential employees and customers is inadequate or confusing, respectively. CSR without communication of its concept loses its meaning and companies thus lose the benefits that informing the public about corporate social responsibility brings. It's just a stakeholders' consciousness that brings enterprises in most cases certain advantages, whether it's a better perception and satisfaction from employees, from the view of the local community, as well as business partners. Overall, there is an enhancement of corporate image. The annual report about the activities realised by the responsible companies should conduce to improvement of their images and to gain competitive advantage.

Report about the corporate social responsibility should be issued each year in January. It should contain, besides a summary of done CSR activities in the previous year, also information what the social responsibility is, planned activities for the following year and contact to the person responsible for CSR activities. The ideal would be to add on websites a section named Corporate Social Responsibility, where individual activities should be introduced and regularly updated. For clear arrangement, the section should be divided into categories (for example, economic responsibility, social responsibility, environmental responsibility). In each category should then be listed activities that the company done in the specific area, accompanied by a short article. Person responsible for marketing or PR should be charged up with this activity, HR manager should be also involved. Estimated costs calculated in the following tables:

Tab. 2 One-time costs calculation for CSR communication on the website

Activity	One-time costs in CZK
Creation of new section on website	13,103
Total	13,103

Source: (Jobs.cz, 2015), prepared and analysed by the author of thesis

Tab. 3 Annual costs calculation for CSR communication on the website

Activity	Annual costs in CZK
Updating of the section on the website	1,872
Total	1,872

Source: (Jobs.cz, 2015), prepared and analysed by the author of thesis

On the basis of these proposals should be fulfilled the objective of communication establishing of CSR activities of companies in the gambling and betting industry in the Czech Republic.

4.5.2 Responsible gambling and betting

The gambling and betting industry is aware of risks associated with gambling and betting, and should openly declare that it may in some cases cause serious personal and social problems, which may ultimately have devastating effects on gamers, but also on their family.

Companies should set and follow the rules of safe bet and gamble and involve principles of the responsible gambling and betting into their company's culture and code of ethics. By adhering to these principles enterprises should achieve long-term rules setting that would limit the risks associated with gambling and betting. The rules should regard safe play, instruments and measures against the occurrence of risky gaming, recognition of addiction, contacts or mediation of professional

support, and other information such as case studies. There should be also given channels through which it would be possible to obtain any information regarding this issue, but particularly contacts to partner websites (Figure 15) that professionally, in some cases anonymously, deal with means and addressing of problem gambling and betting. As examples may be mentioned GamblingTherapy.org, AnonymniGambleri.cz, ProblemGambling.cz or ProGam.cz, for instance.



Figure. 15 Example of contact to professional partner dealing with problem gambling and betting
Source: (ProblemGambling.cz, 2015)

Companies should communicate these rules openly toward their employees and clients. Employees should acquaint with them so that they would be able to apply them actively in contact with clients of gambling and betting sector.

This information regarding the responsible gambling and betting should be published:

- Online on the websites – the information should to be found in a new special section called Problem Gambling and Betting
- In a form of colour-printed posters – they should contain the fundamental principles and rules of responsible gambling and betting, and contacts to the professional assistance

These principles should not be construed as interfering or attempting to interfere in the government policy of the Czech Republic and the activities within their jurisdiction, but rather as a complement to the relevant policies and activities within.

Estimated costs calculated in the following tables:

Tab. 4 One-time costs calculation for introduction of responsible gambling and betting

Activity	One-time costs in CZK
Creation of new section on website	13,103
Printing of posters (50pcs, A3, coloured, glossy)	2,023
Delivery	offered free by printing company
Total	15,126

Source: (Jobs.cz, 2015), (Cennik-tisku.cz, 2015), prepared and analysed by the author of thesis

4.5.3 To motivate employees to involve in CSR activities

Based on conducted researches, it was found that currently almost none of companies in the Czech gambling and betting sector motivate their employees to support and contribute to philanthropic activities and voluntary donations. In this case of gambling and betting companies is suggested blood donation.

Nowadays, blood donation is a very necessary activity that saves lives and many companies are aware of this fact. The Czech gambling and betting companies should take an action as a group blood donation by all their employees. Even though this activity belongs to the social pillar, its introduction would be of a great importance for the company itself, for employees and last but not least for hospitalized patients. Enterprises would thereby gain moral satisfaction, increase credibility and reputation, strengthen team spirit, while benefits for employees would be a good feeling of helping people, change of stereotype and release. Furthermore, it would increase the interest of employees in other similar philanthropic activities.

Employees should be given the day off with the full wage compensation when donating blood. Blood donating should be realised each year within one week, starting on Monday until Friday. It should be created a list where the employees would be divided into five groups, which would attend blood donation in five consecutive days, and thus the employee absences should have no impact on the business. The blood should be donated at the hospital transfusion department in the city of place of action of individual gambling and betting business entities.

The costs associated with this activity should be covered by the company payroll attributable to one day of a month. Owing to the fact that this proposal relates to all companies in the Czech gambling and betting sectors, a specific cost for this activity is not known. For a rough estimate are made calculations of the average monthly gross wage in the Czech Republic in the year 2015 and are calculated individually according to the company size.

Estimated costs calculated in the following tables:

Tab. 5 Average daily costs due to company size

Company size	Average monthly gross wage in CZK in 2015	Average daily gross wage in CZK in 2015	Average daily costs due to company size in CZK
	26,287	876	
<1;9> employees			876-7,884
<10;49> employees			8,760-42,924
<50;249> employees			43,800-218,124
<250;∞> employees			219,000 and more

Source: (czso.cz, 2015), prepared and analysed by the author of thesis

5 Discussion

The objective of the bachelor thesis was to monitor the current CSR situation in the gambling and betting activities industry in the Czech Republic and suggest the recommendation within chosen sector in terms of the sustainable development and CSR perspective. The initial part of research was done through the quantitative research, where specific topics from all three pillars were included and current CSR situation in companies evaluated. Also authors own research of all individual companies' websites have been done in order to find out their strategies in more details and complete another essential results, which were analysed by using the Triple Bottom Line method complemented with the components of Carroll's CSR pyramid, and thus the suggestions for improvement could be recommended. After the consultation with the statistical specialist, as a consequence of low, unexpected and, above all, unrepresentative number of participants, it was not possible to generalise the sample and conclude any statistical interpretation. In the case of much higher number of participants, it would be possible to solve this problem by statistical method and hypothesis testing with the application of chi square test.

After evaluation of researched results it was found that the level of awareness of CSR concept within companies of the Czech gambling and betting sector is at 95 %. Likewise, almost unambiguous result at 95 % confirmed that companies in the selected sector are considered as socially responsible in all three parts and, furthermore, $\frac{3}{4}$ of the whole sector engages the corporate social responsibility in their company's strategy. In the research realised in 2007 (Kunz, 2012) reported an overall 56% of companies that are aware of the field of CSR and only 36% of respondents believed that their company behaves socially responsible. The rate of recognition of social responsibility of organizations operating in the Czech Republic in 2008 (Business Leaders Forum, 2010) was at 47%. Based on a comparison with the results of previous researches it has to be proclaimed that it has been achieved substantial development of CSR awareness within the gambling and betting industry in the Czech Republic.

In the present time, the corporate social responsibility became a method how an enterprise may distinguish itself from the others. After assessment of researches it can be affirmed that the corporate social responsibility improves competitiveness of enterprises, by the mediation of extended productivity of labour, improved perception of stakeholders or higher economic output, which is besides others affected by lower costs due to energies saving and waste management enhancing, higher number of contracts. The identical outcome, that CSR enhances competitiveness, as well reached Kuldová (2012) Ipsos Tambor (2010), Greeing and Turban (1997), although many studies also reached the result that CSR is not connected with a company competitiveness, e.g. Friedman (1970) who detected a negative effect. In such competitive market as the Czech gambling and betting sector is, companies should be aware of the fact that CSR improves competitiveness of enterprises and perform in the interest of themselves.

Considering the fact that the survey affirmed assumption that the corporate social responsibility enhances competitiveness of enterprises, some suggestions in economic and social pillars have been introduced. The environmental dimension was assessed as sufficient, as companies in the Czech gambling and betting industry realise quite a lot of CSR activities within the environmental area, e.g. energies saving programs or waste management, and also use ecological technologies as the machines used by gambling and betting companies must be certified by the state laboratory. It is evident that enterprises in environment-polluting industries would observe much more and stricter rules. However, detected participation of gambling and betting companies does not mean that there is no place for improvement and are not another opportunities how to broaden these actions. Companies may create new eco policies and include those environmental stewardship policies into their codes of ethics, for instance. Regarding recommendations of the economic area, the first suggested are the proposals for improving the communication of CSR via the Internet, by the reason that CSR without communication of its concept loses its meaning and companies thus loose the benefits that informing the public about corporate social responsibility brings. The second suggestion refers to the implementation of responsible gambling and betting, as the gambling and betting industry is aware of risks associated with gambling and betting and, therefore, should be mindful of protection and education of its customers. As the recommendation within the philanthropic dimension, it is suggested to motivate employees to involve in CSR activities. As based on conducted researches, it was found that currently almost none of companies in the Czech gambling and betting sector motivate their employees to support and contribute to philanthropic activities and voluntary donations. More specifically said blood donation is suggested recommendation as it is very necessary activity that saves lives.

Thanks to the every CSR activity introduced in the future, the enterprises will get even more esteem and credibility, as well as enhance competitiveness and the high level of current CSR situation is the best precondition for its future development.

6 Conclusion

The aim of the bachelor thesis was to analyse the current CSR situation in the gambling and betting activities industry in the Czech Republic. For the accomplishing this aim, economic, managerial and analytical tools were used. For better understanding of current situation in the selected industry was used method of quantitative research – online questionnaire and own research of websites of all companies. For proper analysis of gained data Triple bottom line analysis completed with the components of Carroll's CSR pyramid was used, which deals with the economic, social, philanthropic and environmental dimensions. According to data from questionnaire many essential facts were identified.

For topic understanding was firstly studied professional literature related to the issue of corporate social responsibility and on its basis then analysed existing social responsibility. The analysis showed that the company is primarily active in social and economic pillars, as the environmental pillar is within its possibilities very limited.

According to results that emerged from the researches can be concluded that companies in the gambling and betting industry in the Czech Republic are in relatively high CSR stage – they already perform a lot of various CSR activities in all three pillars. Almost unambiguous result at 95 % confirmed that companies in the selected sector are considered to be socially responsible in all three parts and, furthermore, $\frac{3}{4}$ of the whole sector engage the corporate social responsibility in their company's strategy. It was found that the enterprises invest in CSR relatively large percentage of their turnover. However, it emerged that the companies in the Czech gambling and betting industry have a problem with communication of CSR activities to external stakeholders. For this problem was therefore proposed concrete recommendation that can eliminate it. As the selected industry is aware of risks associated with gambling and betting, it should be mindful of protection and education of its customers and, therefore, suggestion of the implementation of responsible gambling and betting was recommended. Employees' involvement in the CSR activities was found lagging behind the other CSR activities and thus the suggestion for improvement of this problem was introduced.

All data used in the bachelor thesis are based on reality and reliable sources. However, in some cases was author's assumptions required and could lead to subjective estimation of the issue. The methods of analysing the selected industry were sufficient and appropriate to the content of the topic. The bachelor thesis is considered to be transparent document about the corporate social responsibility in the gambling and betting activities industry in the Czech Republic.

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Appendix

A Questionnaire

Dear Sir/Madam,

Please take a few minutes of your time to fill out the following questionnaire. His filling you engages max. 10 minutes and the information obtained from this questionnaire will be anonymous.

My name is Terézia Ševčíková, I am the last year student in bachelor degree at Mendel University in Brno, with study program Business Economics and Management.

I would like to kindly ask you to fill in the questionnaire, which will be part of my bachelor thesis on the topic of corporate social responsibility in the Gambling and Betting Activities Industry.

Corporate social responsibility is a concept that solves besides economic obligations of the company, also the responsibility of the company as part of the society in which it operates. This behaviour is optional and depends on each firm, to what extent is involved in this concept. The company is trying within the concept of minimizing the negative impact of its activities, and vice versa, in turn maximize the positive impact on society.

Thank you for your time you spent in completing the questionnaire.
Sincerely,

Terézia Ševčíková

- 1. On which market does your company act?**
 - a. International
 - b. National – whole Czech Republic
 - c. Local – district
 - d. In the seat of the company – city
- 2. What is the number of company's employees?**
 - a. 250 and more
 - b. 50 – 249
 - c. 10 – 49
 - d. 1 – 9
- 3. Have you ever met with the term Corporate Social Responsibility (CSR)?**
 - a. Yes
 - b. No
- 4. Where have you met with the term CSR? (Please mark all the answers, which you consider as right and also add your missing answer to the part 'others')**
 - a. Internet
 - b. Mass media (radio, TV)
 - c. Competitive organizations

- d. Business partners
 - e. Employees
 - f. Shareholders, creditors
 - g. Others
- 5. The concept of corporate social responsibility (CSR) is a voluntary commitment of firms to behave within their operating responsibly towards the environment and society in which doing business. Do you consider your company as socially responsible?**
- a. Yes
 - b. No
- 6. Is CSR the part of your company's strategy?**
- a. Yes
 - b. No
- 7. If your company has a mother company with the seat abroad, does your company accept the strategy, or rather practices in the field of CSR from its general office?**
- a. Yes
 - b. No
 - c. Partially
 - d. I do not know
 - e. This question does not apply to our company
- 8. Who in your company occupies with CSR?**
- a. Company's management
 - b. Specialised worker
 - c. HR officer
 - d. Marketing officer
 - e. PR officer
 - f. Others
- 9. Do you think that the CSR should become the prerogative of only large companies or should become part of the whole business sector?**
- a. Only the large companies
 - b. Whole sector
 - c. I do not know
 - d. Others
- 10. Do you think your company is transparent?**
- a. Yes
 - b. Rather yes
 - c. Rather no
 - d. No
- 11. What is motivation of your company to do CSR? (Please mark all the answers, which you consider as right and also add your missing answer to the part 'others')**

- a. Ethical and moral reasons
- b. Effort to gain better reputation among the public
- c. Effort to keep up with the competition and market demand
- d. Applying of ethic codex
- e. Effort to gain customers' loyalty
- f. Effort to gain competition advantage
- g. Support of PR/marketing activities of company
- h. Effort to attract and keep employees
- i. Pressure from outside – public, customers, the media
- j. Effort to get better relationships with public administration
- k. Effort to grow the economical output (turnover)
- l. Effort to make customers more satisfied
- m. Others

12. In which form does your company support CSR activities? (Please mark all the answers, which you consider as right and also add your missing answer to the part 'others')

- a. Donation
- b. Sponsoring
- c. Training and courses for employees
- d. Special services for customers
- e. Foundation and funds
- f. Non-cash donations
- g. Waste sorting
- h. Waste recycling
- i. Using of ecological technologies
- j. Energies saving program
- k. Support and development of communication with emphasis on correct information
- l. No corruption
- m. Others

13. How does your company inform its employees and the public about its CSR? (Please mark all the answers, which you consider as right and also add your missing answer to the part 'others')

- a. Website
- b. Regular reports
- c. Company's newspaper
- d. Company's notice board
- e. Events for employees
- f. Information leaflets
- g. Newspapers articles
- h. Our company does not inform

- i. Others

14. What are the barriers for your company to realize CSR? (Please mark all the answers, which you consider as right and also add your missing answer to the part 'others')

- a. No interest from company's management
- b. No interest from company's employees
- c. Not enough time
- d. CSR activities increase costs of company
- e. No PR/marketing benefit
- f. No results from CSR activities
- g. Not enough support of government
- h. Not enough knowledge about CSR
- i. Others

15. Do you think that CSR activities are needed and how important is for you to see how the money were spent?

- a. Definitely yes, and seeing how the money were spent is very important for me
- b. Definitely yes, but seeing how the money were spent is not important for me
- c. Yes, there is need to support, but I am not interested in it
- d. No, such support should be done by government, not by private sector

16. What kind of employees' benefits does your company offer? (Please mark all the answers, which you consider as right and also add your missing answer to the part 'others')

- a. Allowance for meal
- b. Meal vouchers
- c. Pension and life insurance
- d. Premium holidays
- e. Education, training, courses
- f. Gifts for life and other anniversaries
- g. Contribution for recreation and culture
- h. Contribution for sport and health
- i. Non-smoking benefit
- j. Using of company car for private matter
- k. Using of company phone for private matter
- l. Using of company computer for private matter
- m. Others

17. What do you think would motivate the employees for higher performance? (Please mark all the answers, which you consider as right and also add your missing answer to the part 'others')

- a. Individual approach and regular feedback
- b. Career growth, promotion

- c. Regular training
- d. Team-building
- e. Good work environment, leadership style
- f. Financial evaluation
- g. Additional time off
- h. More benefits
- i. Others

18. Does your company motivate its employees to the voluntary donation (e.g. 2% from income tax)?

- a. Yes
- b. Rather yes
- c. Rather no
- d. No

19. Does your company have an ethic code?

- a. Yes
- b. No
- c. I do not know

20. Introduction to ethic code could lead to these changes: (Please mark all the answers, which you consider as right and also add your missing answer to the part 'others')

- a. Improvement of internal communication in company
- b. Improvement in communication with business partners, government and other legal entities
- c. Unification of rights and duties of all employees
- d. Increasing of employees' motivation
- e. Define professional relationship between superiors and subordinate
- f. Ethic code is considered as useless
- g. Others

21. What kind of issues you can find in your company's ethic code? (Please mark all the answers, which you consider as right and also add your missing answer to the part 'others')

- a. Labour standards
- b. Environmental stewardship
- c. Consumer protection
- d. Bribery and corruption
- e. Competition
- f. Information disclosure
- g. Science & technology
- h. Taxation
- i. Others