

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Economics**



**Diploma Thesis**

**Corporate social responsibility and its influence on the  
success of the company**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## DIPLOMA THESIS ASSIGNMENT

Nilufar Babirli

Business Administration

Thesis title

**Corporate social responsibility and its influence on the success of the company**

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### Objectives of thesis

The aim of the thesis is to investigate the corporate social responsibility practices implemented in the business activities of Mercedes-Benz Czech Republic

### Methodology

The thesis will have two parts. The first part will be theoretical, where will be investigated the key theoretical aspects related corporate social responsibility. In the second part will run an interview with the company's manager and a survey among its customers for gaining empirical data on Mercedes-Benz Czech Republic's corporate social responsibility practices. For the purpose of writing this thesis, several key research methods will be used, such as: theoretical overview, interview, survey, statistical and deductive analysis.

**The proposed extent of the thesis**

60 – 80 pages

**Keywords**

Corporate social responsibility, business development, CSR, Facebook, Mercedes-Benz Czech Republic, promotion

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**Recommended information sources**

1. Amaeshi, K., Nnodim, P. and Osuji, O. (2013). Corporate social responsibility, entrepreneurship, and innovation. New York: Routledge. ISBN 9780415880794. 152.
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### **Declaration**

I declare that I have worked on my diploma thesis titled „Corporate social responsibility and its influence on the success of the company“ by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any third person.

In Prague on 14.3.2016

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Babirli Nilufar

### **Acknowledgement**

I would like to thank prof. Eamon Lenihan for his advice and assistance during my work on this thesis. At the same time, I would like to thank family for their support and love.

# Společenská odpovědnost firem a její vliv na úspěch firmy

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## **Souhrn**

Diplomová práce se zabývá problematikou postupů sociální odpovědnosti podniků a jejich role v rozvoji podnikatelských aktivit provozovaných komerčními subjekty. Autor zkoumá klíčové teoretické aspekty související s CSR praktiky v současných podmínkách globálního ekonomického vývoje. Autor zkoumá praktický příklad CSR aktivit realizovaných Mercedes-Benz Česká republika. Výzkum ukazuje, že společenské odpovědnosti firmy hrají zásadní roli v rozvoji podnikání. Nicméně, existuje celá řada oblastí CSR, kde by se mohly zlepšit aktivity společnosti, a to v souvislosti s větším důrazem na vzdělání a ochrany životního prostředí, větší využívání on-line komunikačních technologií, a zaměřit se na zlepšení zpětné vazby od zákazníků. Výsledky práce by měly být užitečné při následném průzkumu věnovaného CSR aktivitám v obchodní praxi podnikatelských subjektů.

## **Klíčová slova:**

Společenská odpovědnost firem, rozvoj podnikání, CSR, Facebook, Mercedes-Benz Česká Republika, propagace

# **Corporate social responsibility and its influence on the success of the company**

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## **Summary**

The thesis deals with the issue of corporate social responsibility practices and their role in the development of business activities run by commercial entities. The author investigates the key theoretical aspects related to CSR practices in the current conditions of global economic development, and investigates the practical example of CSR activities implemented by Mercedes-Benz Czech Republic. The research reveals that the company's social responsibility practices play an essential role in the development of its business. However, there are a range of CSR fields where the corporation's activities could be further improved, namely in the context of greater attention to education and environment protection, greater use of online communication technologies, and focus on the improvement of customer feedback. The findings of the thesis should be helpful in the subsequent research dedicated to CSR activities in the commercial practice of business entities

## **Keywords:**

Corporate social responsibility, business development, CSR, Facebook, Mercedes-Benz Czech Republic, promotion

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## **1. Introduction**

In the current conditions of doing business on the global scale, the level of competition between companies is constantly growing. This is due to the rapid technological progress of the global economy, and the ever-growing liberalization of economic activities between countries. Therefore, for the purpose of withstanding such fierce competition, companies are forced to undertake measures for improving their competitive positions, and thus for ensuring steady financial performance in the long-term perspective.

There are different methods which a company can apply for improving its level of corporate competitiveness. For instance, this can be done by implementing technological innovations, running promotional campaigns, integrating the activities with suppliers of components and raw materials, largely using the Internet technologies, etc. However, as the ultimate performance of any company is predefined by the loyalty of its customers, customer relations play a particularly important role for improving financial performance. In this context, corporate social responsibility practices, namely the activities of companies aimed at promoting benefits for the population in the social field beyond the scope of their financial interests may become a key factor for reaching market success.

## **2. Aim and methodology**

The aim of the research is to investigate the corporate social responsibility practices implemented in the business activities of Mercedes-Benz Czech Republic.

The goals of the research are as follows:

- to investigate the key theoretical aspects related to corporate social responsibility;
- to evaluate the link between corporate social responsibility and corporate financial results;
- to investigate the corporate social responsibility practices of Mercedes-Benz Czech Republic;

- to run an interview with the company's manager and a survey among its customers for gaining empirical data on Mercedes-Benz Czech Republic's corporate social responsibility practices;
- to provide recommendations for the company to improve its corporate social responsibility practices;
- to draw conclusions based on the findings of the research.

The research question is what measures Mercedes-Benz Czech Republic should implement in order to improve its corporate social responsibility practices.

In the course of the research, several hypotheses will be tested for the purpose of fulfilling the aim of this thesis.

Hypothesis 1: The corporate social responsibility practices of Mercedes-Benz Czech Republic are not effective due to the fact that they aren't highlighted in the media.

Hypothesis 2: Customers of Mercedes-Benz Czech Republic perceive well the company's corporate social responsibility practices, and this increases their brand loyalty.

For the purpose of writing this thesis, several key research methods will be used. Thus, theoretical overview will be used for investigating the key theoretical aspects related to corporate social responsibility practices. Interview and survey will be used for learning the opinion of the company's manager and customers on the corporate social responsibility practices of Mercedes-Benz Czech Republic. Statistical analysis will be used for processing the data gathered in the course of the interview and survey among customers. Deductive thinking will be applied for drawing conclusions in line with the findings of the research, and for providing recommendations to the company's management for improving the corporate social responsibility practices of Mercedes-Benz Czech Republic.

Lately, many research publications have been dedicated to the topic of corporate social responsibility and its role for improving corporate financial results. Among other prominent papers in this source, the following should be pointed out: Amaeshi, K., Nnodim, P. and Osuji, O. (2013). *Corporate social responsibility, entrepreneurship, and innovation*; Coombs, W. and Holladay, S. (2012). *Managing corporate social responsibility*; Gottschalk, P. (2011). *Corporate social responsibility, governance and*

*corporate reputation*; Mallin, C. (2009). *Corporate social responsibility*; Mullerat, R. and Brennan, D. (2011). *Corporate social responsibility*; etc. Those and other bibliographic sources in print and electronic forms will be used for maximizing the added value of the research.

The conclusions drawn based on the findings of the research will allow providing practical recommendations for Mercedes-Benz Czech Republic to improve its corporate social responsibility practices.

### **3. Theoretical part**

#### **3.1 Definition of corporate social responsibility**

When investigating corporate social responsibility and the corporate social responsibility practices implemented by companies, it is first of all worth understanding the definition of this term. Although the term can be constructed differently in different scientific sources depending on the particular researcher's approach, in general terms, corporate social responsibility is commonly referred to as companies' responsibility toward society and the environment in which they carry out their business activities (Gössling 2011, p. 12).

As can be seen from the definition above, all corporate social responsibility activities implemented by entities can be conditionally divided into two main directions as follows:

##### **1. Responsibility toward the community**

This direction of corporate social responsibility activities stands for a company's desire to implement its business practices for generating profits with the simultaneous goal of contributing to the economic, technological and cultural development of society or the community in which such entity operates. In those terms, corporate social responsibility in fact stands for a company's moral responsibility toward society, and its undertaking of certain moral duties. For instance, such duties may include the support of deprived or poor persons through charity, commitment to higher health or education standards through the sponsorship of sports or education development programs, and so on. I.e. the aforesaid duties in aggregate constitute a company's devotion to the general social good destined to increase the wealth and welfare of society (Baxi and Prasad 2005, pp. 44-46).

##### **2. Responsibility toward the environment**

Corporate social responsibility in terms of the maintenance of high environmental standards stands for a company's devotion to environment protection, and prevention of harm to nature. Such activities may include the implementation of up-to-date technologies for reducing emissions to the atmosphere or pollution of the environment, use of energy-efficient technologies and equipment with the aim of reducing the share of non-renewable sources in energy consumption, investment in local or regional environment protection

programs beyond the corporate scale, and so on. This direction of corporate social responsibility has become particularly important in recent years, as the concerns over environment protection have been constantly rising around the globe lately (Crane 2009, pp. 30-31).

Most often, companies aim to combine both aforesaid directions of corporate social responsibility activities with the aim of achieving greater synergic effect contributing to the promotion of their image as socially responsible brands. Within the framework of the activities described above, companies primarily aim to publicly spread their positive image in society, which should provide them with competitive advantages over rivals. Thus, according to the proponents of the greater focus on corporate social responsibility activities, such activities allow companies expanding their customer base and attaining competitive advantages by increasing their goodwill. Customers tend to be more loyal to, and thus to buy greater amounts of products from companies positioning themselves as socially and environmentally responsible entities and proving such positioning in practice (Schwartz 2011, pp. 23-24).

However, there is another opinion among the researchers and corporate practitioners, which stands against the promotion of corporate social responsibility activities. Thus, according to the proponents of this approach, corporate social responsibility activities negatively affect business. This happens due to the fact that corporate social responsibility events aren't directly related to a company's commercial activities, and therefore resources are diverted from their primary goal of ensuring the highest financial performance possible, and are directed to charity activities, which assumes excessive expenses (Hancock 2005, p. 9).

Corporate social responsibility activities assume the involvement of two main groups of actors as follows:

1. Customers

Customers form the overall trends of corporate social responsibility activities by their preferences publicly demonstrated to companies in the market. The demand of customers for particular types of social or environmental responsibility activities on the part of companies are thoroughly monitored and subsequently analyzed by corporate

specialists with the aim of understanding where funds should be invested for the purpose of generating the greatest positive outcome for the respective entity's image and goodwill.

## 2. Managers

Managers are responsible to process the data on customer demand for corporate social responsibility activities gathered in the market, and to subsequently develop plans with the aim of implementing particular corporate social responsibility events. Such plans should be effectively budgeted by entities by comparing the expenses to be incurred and the expected positive outcome to be generated (Coombs and Holladay 2004, pp. 19-20).

Therefore, it can be stated that corporate social responsibility activities play an important role in the development of corporate business, and therefore should be performed by companies with due respect for the possible positive results as evaluated against the costs to be incurred.

In the current conditions of globalization and the rapidly changing market environment, corporate social responsibility tends to evolve as well. In the next chapter of this thesis, the evolution of corporate social responsibility will be investigated more in detail.

Thus, it can obviously be stated that the market of luxury goods is quite spacious, and a wide variety of such products are offered to the customers who may have different motivations for purchasing them. The main particularity of luxury goods is that their key value is intangible, in contrast to the ordinary goods offered on the market, where the value is transmitted directly through their consumption parameters. Luxury goods satisfy human desires rather than human needs, and this is what makes this market unique. However, it should be understood that the market of luxury goods is quite limited due to the low affordability of such goods, and the competition on this market is overall very specific due to its particularities. In the next section, such competition will be investigated more in detail on the international level, just as the key features of the global luxury goods industry.

### **3.2 Evolution of corporate social responsibility**

The evolution of corporate social responsibility and the associated corporate activities stands for the historical course of the development of the aforesaid term and the practical tools of its application in practice. The evolution of corporate social responsibility can be conditionally divided into the following stages:

#### **1. Genesis of the concept of social responsibility (early 1800's – 1960's)**

The concept of social responsibility first emerged in the early 1800's when it was associated with the development of the movement for the protection of workers' rights due to the changes brought by the industrial revolution. Robert Owen, a British industrialist, was one of the founders of the corporate social responsibility doctrine. Thus, he developed a plan for the improvement of social standards for his factory's employees. Owen communicated with European governments promoting the adoption of international labor regulations to be applied to the working conditions and social standards of hired employees. The need to develop and implement such international regulations was explained by Owen by the prospective increase in employees' performance, and the prevention of their involvement in illegal unions or associations (Gottschalk 2011, pp. 12-13).

In the early 1900's, the paradigm of capitalist charity emerged in the US. According to this paradigm, companies had to invest part of their profits in the development of social wealth, thus funding social needs. This doctrine was supported by major American corporations. The wealthiest persons and companies started investing their funds in the development of educational and healthcare projects, and charity donations rapidly increased their popularity among businesses. This trend started growing at greater pace (Anderson 1989, p. 66).

Howard Bowen's book "Social Responsibilities of the Businessman" marked the end of the first stage of corporate social responsibility's evolution in the 1950's. In this research, corporate social responsibility was defined as businesses' liability to implement policies, adopt decisions and investigate activities which are desired by the population in the context of the goals and values shared within society (Gottschalk 2011, p. 13).

## 2. Political stage (1960-1980's)

The second stage of the development of corporate social responsibility, commonly referred to as the political stage, was associated with the formation of international cooperation institutes. In the 1960's, the greater focus was put on environmental issues promoted within the framework of international organizations' activities. In 1970, the first global models aimed at imitating the processes occurring on the global scale were developed by Jay Forrester. The key component of those models was the concept of zero growth. Due to the excessive focus on globalization, the concept of zero growth was subsequently replaced by the concept of organic growth which aimed to ensure the equal development of all parts of the international system (Anderson 1989, pp. 67-68).

In the mid-1970's, the concept of sustainable economic growth was put into the focus of research. This period was characterized by the growing impact of international corporations on the global scale on the one hand, and the emergence of new civic movements such as the movement for environment protection, protection of human rights, customer communities, etc. As a result of the greater penetration of major corporations, society sought limiting their impact and the creation of monopolist unions. This period was also characterized by the existence of different standards in different fields of corporate management as related to corporate ethics, relationships with employees, and environment protection, but still by the lack of standards developed in the social sphere; growing tensions on the part of the state imposing stricter standards in the field of labor and environment protection; and growing impact of trade unions.

In the 1980's, three main concepts of a socially responsible business emerged. Thus, the traditional concept (also referred to as the theory of corporate egoism by Milton Friedman) affirmed that the only responsibility of any business is to effectively use its resources in the commercial activities run in the target market, until such activities do not violate the market rules. The second theory, namely the theory of corporate altruism, opposed the first theory, and promoted companies' greatest contribution to the improvement of social standards. The third theory, commonly referred to as the theory of reasonable egoism, stood on the moderate position, and promoted the corporate focus on the generation of profit, but with the simultaneous contribution to social welfare with the aim of obtaining greater opportunities for generating further corporate income.



Additionally, in the 1980's, Thomas Donaldson developed the concept of "social agreement between the business and society" which stood for the need for companies to run their activities within the moral standards commonly adopted in society (Mallin 2009, pp. 75-77).

### 3. Social and economic issues (1992-present time)

On the third stage, the formation of the concept of corporate social responsibility was finalized, and continued its development within the established framework. The concept of sustainable development was officially recognized by major international organizations, namely by the United Nations, and therefore became the predominant paradigm of business activities. The key idea of this concept as regards corporate social responsibility consists in the fact that companies should focus on the long-term impact of their activities, and not on the short-term one. Therefore, they have to focus on the welfare of future generations, and on the preservation of the environment for them. Companies refraining from investing in corporate social responsibility activities are considered to have limited market potential due to their limited popularity among brand customers, and thus deteriorated brand image (Mallin 2009, pp. 79-80).

After the investigation of the key milestones in the development of corporate social responsibility as a term and set of practical activities, in the next chapter, the focus will be put on the types and approaches to corporate social responsibility activities.

## **3.3 Types of and approaches to corporate social responsibility practices**

As corporate social responsibility activities performed by entities include a great number of different tools and methods, different types of corporate social responsibility can be pointed out as follows:

### 1. Corporate social responsibility in the field of human rights

Within the framework of this type of corporate social responsibility activities, companies should seek promoting the prevention of labor force abuse, illegal use of child force or overnight work, promoting the avoidance of discrimination on any racial, national, ethnical or social grounds. Companies should seek having partnership ties only with proven suppliers and counterparties which do not violate any human rights, and should

participate in various corporate social responsibility events aimed at investigating more deeply the issues existing in the violation of human rights at the workplace, and so on. This issue has become of particular importance as of today, when international relations are dominated by the tendencies of globalization, and the intensive transborder movement of labor force imposes greater threats of violation of human rights (Amaeshi et al. 2013, pp. 51-53).

## 2. Fiscal corporate social responsibility

As all commercial entities run their business activities with the ultimate goal of generating profits, they are subject to taxation, and therefore have relationships with the state in terms of budget settlements. Although the liability to pay taxes is mandatory for all companies, it also makes part of corporate social responsibility. Thus, socially responsible business entities are required not only to pay taxes in full and in a timely manner, but also have to ensure the greatest transparency of their accounting procedures and financial statements, and provide all stakeholders with accurate and reliable data related to the ultimate financial results of their activities. In the long run, the funds paid by companies to the budget as taxes are used by the state for social benefits and the funding of the economy, and therefore the responsible approach to the payment of taxes on the part of companies to a large extent predefines how effectively the state is able to ensure the high social standards for the population (Innes and Norris 2005, pp. 44-45).

## 3. Environmental corporate social responsibility

Environmental corporate social responsibility stands for a company's responsible approach to the interaction with the environment, and the contribution to its protection. The importance of this issue has become particularly important in recent decades, with the growing industrial production around the globe, and thus with the growing intensity of environmental pollutions. Companies can perform their corporate social responsibility activities for environment protection using different tools, methods and techniques. Thus, on the one hand, companies can invest in the implementation of up-to-date technologies and equipment reducing their own pollutions, or promote the overall improvement of the situation with environment protection by participating in dedicated events, investing funds in third-party environment projects, etc. (Innes and Norris 2005, p. 45).

#### 4. Philanthropic corporate social responsibility activities

This type of corporate social responsibility activities assumes that companies should seek improving the overall social standards in society by contributing to the development of healthcare, educational, water supply projects, and so on, or by participating in various charity projects dedicated to the provision of funds or improvement of infrastructure for poor or deprived persons. Other important aspects of philanthropic activities can include the sponsorship of sports events or any cultural events aimed to improve the social good of society (Grünewälder 2005, p. 24).

Approaches to corporate social responsibility activities implemented by commercial entities in their business activities stand for the particular combinations of different tools and methods described above and their intensity, i.e. they actually reflect how actively a company is involved in corporate social responsibility activities. The main approaches to corporate social responsibility activities are as follows:

##### 1. Obstructive approach

Companies following the obstructive approach to corporate social responsibility activities seek refraining from any investment of funds in such activities. They often violate human rights or environment protection regulations, tend not to contribute to the development of social standards, and so on. Thus, the obstructive approach assumes that no corporate social responsibility activities should be run by companies, as they require significant investment of funds, and moreover, impose substantial limitations on their business activities.

##### 2. Defensive approach

Under the defensive approach to corporate social responsibility activities, companies do not undertake any intensive actions to increase social welfare. The main goal of the entities following this approach is to generate profits through their activities. Corporate social responsibly activities can be undertaken by them only in case when they are inevitable (for instance, in order to avoid fines or public blame).

### 3. Accommodating approach

Companies following the accommodating approach to corporate social responsibility activities primarily focus on the achievement of their financial goals set for business activities. However, they pay great attention to corporate social responsibility as well, and both invest funds in the development of social standards and participate in various events aimed to increase the population's access to information in order to promote the value of corporate social responsibility in the community where they operate.

### 4. Proactive approach

Companies with the proactive approach to corporate social responsibility activities focus on the development of such activities as their top priority. Such entities tend not to react on any criticism arising on the part of society or public bodies, but seek proactively implementing corporate social responsibility activities in their business. Such companies contribute most to the development of social standards (Mallin 2009, pp. 130-131).

As the main types of and approaches to corporate social responsibility have been investigated, the next chapter of the thesis will consider the motives pursuing by companies when implementing corporate responsibility activities.

## **3.4 Motives for adopting corporate social responsibility practices**

The motives for adopting corporate social responsibility practices in the business activities implemented by commercial entities stand for the driving factors which promote companies' desire to get involved in CSR activities. All such motives can be conditionally divided into three main types as follows:

### 1. Financial motives

Although corporate social responsibility activities assume significant investment of funds on the part of companies in the short-term perspective, and do not bring any profits directly, as such projects do not assume any returns, companies might profit from the improvement of their brand image in the mid- and long-term perspectives for the purpose of generating additional profits which would otherwise be unavailable to them. In this context, it should be understood in particular that the effective performance of corporate social responsibility activities provides additional opportunities for companies to promote

themselves in the eyes of customers, thus increasing their brand awareness and loyalty. However, in this case, when making the ultimate decision on the implementation of corporate social responsibility practices, companies should avoid any excessive use of such practices, as this might divert customers from them, if such customers believe that the companies do that purely for the motives of financial profits (Amaeshi et al. 2013, p. 90).

The greater brand awareness of target customers means that they are more likely to buy products from the respective company instead of opting toward its competitors. Thus, in cases where several competitors offer products of relatively the same quality and consumption parameters, the intensity of their involvement in corporate social responsibility practices may become a decisive factor driving the customers' choice. As of today, companies actively running their corporate social responsibility activities have greater opportunities to succeed in the market, particularly if they have great feedback from their customers. The public distribution of the information of corporate social responsibility activities therefore plays an essential role in the achievement of greater ultimate financial results (Innes and Norris 2005, p. 58).

The financial benefits generate by companies as a result of their implementation of corporate social responsibility activities may in the long run exceed the expenses made through them, even though the numerical correlation between the expenses made and the profits obtained is most often hard to track down and calculate (Coombs and Holladay 2012, pp. 71-72).

## 2. Ethical motives

Ethical motives means that companies' involvement in corporate social responsibility activities is first of all preconditioned by their desire to comply with the generally adopted ethical codes and regulations, or by their will to comply with the moral norms and standards existing in society. Therefore, in those cases, entities do not follow any financial goals, but primarily focus on the maintenance and further improvement of their corporate brand image in the eyes of target customers and society in general. Often, such approach can be passive, i.e. companies can only react to some external factors or changes in them, without undertaking any active measures with corporate social responsibility (Amaeshi et al. 2013, pp. 33-34).

Ethical motives do not mean that companies invest their funds in corporate social responsibility activities for the purpose of improving the population's social standards as a primary goal. To the contrary, in this case, they primarily seek complying with the existing rules of conduct in the industry, thus avoiding any negative effects for their corporate brand image. However, corporate social responsibility activities do not become the top-priority measures when they are first of all driven by ethical motives (Coombs and Holladay 2012, p. 72).

### 3. Altruistic motives

Altruistic motives stand for companies' commitment to the increase in social standards and the living conditions of the population without seeking any benefits for themselves. Thus, companies driven by altruistic motives may invest funds in projects of social and environmental responsibility even when no information on them is provided to the public, and therefore no positive changes for the brand image are expected to occur. The performance of such practices driven by altruistic motives brings expenses or even losses to companies, but it contributes to the effective development of society (Gössling 2011, pp. 101-102).

Companies driven by altruistic motives in their corporate social responsibility activities tend to actively participate in various charity projects, provide donations for various social projects, invest in the development of healthcare, and so on (Coombs and Holladay 2012, p. 74).

Financial, ethical and altruistic motives driving corporate social responsibility activities of business entities may coexist and be implemented together, and this might even raise the synergic effect generated for both the company initiating such practices and society in general (Gottschalk 2011, p. 36).

As the main motive driving companies to implement corporate social responsibility practices have been investigated, in the next chapter of the thesis, the focus will be put on the investigation of the correlation between CSR activities and the ultimate financial results achieved by companies.

### **3.5 Correlation between corporate social responsibility and financial results**

As has been proven earlier in this thesis, corporate social responsibility activities may contribute to the improved financial performance of companies through their improved brand image. However, the ultimate financial success of commercial entities associated with their implementation of corporate social responsibility activities is preconditioned by a great number of both internal and external determinants, and therefore each company should make the ultimate decision on the amount of funds to be invested in CSR activities depending on its own vision of the situation, goals followed through such activities, and the estimations regarding the future (Gottschalk 2011, pp. 112-113).

Taking into account the great number of differently vectored factors affecting corporate social responsibility activities, it can be stated that the opportunity to statistically evaluate the expected financial outcome of corporate social responsibility activities is much limited. This is true when speaking of both forecasted evaluation and the analysis of results obtained after the implementation of the aforesaid activities in corporate practice (Mallin 2009, pp. 133-134).

The calculations of the effects of corporate social responsibility activities can be done using various linear regression models with investment in CSR taken as the fixed value, and the profits generated – as variables. Such models may give estimated evaluations, but they would be much prone to errors (Coombs and Holladay 2012, pp. 95-96).

In order to minimize such statistical errors, companies might prefer monitoring the market for the target customers' predisposition to the respective corporate social responsibility activities. Such monitoring is required in order to avoid excessive expenses which wouldn't be effective to generate customer demand (in case that the company isn't following purely altruistic goals). Companies might run polls or surveys among customers with the aim of evaluating their opinion and understanding where they should invest less or more for generating the greatest possible returns from their respective corporate social responsibility activities (Grünewälder 2004, pp. 65-66).

Managers' expert evaluation of the contribution made by corporate social responsibility activities to the ultimate financial results generated by entities represents

another important tool and method of the measurement of corporate social responsibility effectiveness. The ultimate decision on the continuation or cessation of any existing corporate social responsibility activities, or the integration of new CSR practices on the corporate scale should be adopted on the strategic management level, as such activities play a key role in the establishment of any company's image in society, i.e. among the widest range of target customers (Hancock 2005, pp. 144-145).

Overall, it can be stated that correlation exists between corporate social responsibility activities implemented by commercial entities and the financial results generated by them through market activities. The degree of such positive correlation is preconditioned by how effectively the respective entity is able to analyze and anticipate customer trends in the market, and how effectively it is able to position itself as a socially responsible brand in the market (Innes and Norris 2005, p. 93).

After the investigation of the key theoretical aspects related to corporate social responsibility, in the next part of the research, the focus will be put on practical analysis.



## **4. Practical part**

### **4.1 Overview of Mercedes-Benz**

Mercedes-Benz is a worldwide popular international car brand which has long established its positive reputation as a responsible manufacturer of cars for a wide range of customers. The company is a production division of Daimler AG, a German multinational corporation specialized in the production of cars.

The parent corporation of Mercedes-Benz is headquartered in Stuttgart, Germany, and currently employs over 280,000 staff members all over the globe. Daimler AG was established back in 1926, and is mostly owned by institutional investors. The group of companies is among the global leaders in terms of the total car production output.

The history of Mercedes-Benz started even earlier, in 1886, when the first petrol-engine car was created. The first Mercedes brand car appeared in 1901, and the first products under the name Mercedes-Benz were launched to the market already in 1926, with the merger of Benz and Daimler into Daimler-Benz. In the 1930-1940's, the company saw its great growth due to the constantly growing needs in cars against the rapid and intensive militarization of Germany. After the end of World War, Daimler-Benz started the reconstruction of the destroyed factories, and gradually restored its production volumes. Since that time, the company has been constantly involved in the development of new car models and technologies, and has significantly expanded its range of products offered to customers (Mercedes-Benz 2016).

In 1999, the company was restructured and made part of DaimlerChrysler under the name Mercedes-Benz AMG. Since then, the brand Mercedes-Benz has been developing its core products currently known to the market and popular among the company's target customers.

As of today, Mercedes-Benz remains one of the world's most popular car brands. The company has its production facilities located on all continents. Thus, the company's factories are located in Europe (Germany, Austria, Serbia, Spain, United Kingdom, etc.), Asia (Thailand, Vietnam, Malaysia, Jordan, etc.). Africa (Algeria, Nigeria, South Africa,

etc.), South America (Argentina, Colombia, etc.), and North America (United States, Canada, etc.) (Mercedes-Benz 2016).

The target customers of Mercedes-Benz include a wide range of customers in the middle-to-upper price segments, and the company's key values in the process of car production include the highest quality of products offered and the maximum safety of drivers on the road. Moreover, the corporation declares its dedication to the constant improvement in the technical parameters of its cars such as the power offered, and therefore constantly develops its own innovations for maximizing the effectiveness of its brand products in all respects.

Mercedes-Benz manufactures a wide range of passenger cars. Its subdivisions involved in the production of trucks and buses have been restructured and included in the parent corporation of Daimler under other brand names, namely EvoBus GmbH, and Mercedes-Benz Trucks (Mercedes-Benz 2016).

The current model range of Mercedes-Benz is given in Appendix 1 to this thesis.

The company's history of innovations started with the invention of the internal combustion engine in 1886, and thereafter included innovations such as float carburetors, four-wheel brakes, safety cages, traction control systems, air bags, ESP devices, and so on. This proves the company's focus on innovations as a key driver of its market success.

In addition to the provision of brand Mercedes-Benz products to the market, the corporation is also engaged in a wide range of corporate social responsibility activities, including the sponsorship programs for sports events, charity fundraising campaigns, involvement in a range of environment protection and education programs, and a wide range of other corporate social responsibility activities which the company believes to form the backbone of its business activities (Mercedes-Benz 2016).

Taking into account the key specificities inherent of Mercedes-Benz's business activities, in the next chapter of the thesis, the analysis will focus more specifically on the company's geographic division in the Czech Republic, namely Mercedes-Benz Czech Republic.

## **4.2 Introduction of Mercedes-Benz Czech Republic**

Mercedes-Benz Czech Republic is a subdivision of Mercedes-Benz responsible for the performance of corporate business activities in the Czech Republic. The company's target activities include the sales of Mercedes-Benz brand cars across the territory of the Czech Republic, and the promotion of the corporation's image and brand among the Czech customers. The company is also responsible for the effective performance of marketing and advertising activities in the parent company's name.

The product range offered by the company in the Czech Republic includes the entire range of Mercedes-Benz brand cars described in the previous chapter of this thesis. The prices for the company's cars vary from medium to high, and are destined to target the widest range of customers in the Czech Republic at once. In addition to the sales of brand new cars, Mercedes-Benz Czech Republic is also involved in a range of additional or supporting activities. Namely, the company also sells used Mercedes cars, offers a wide range of spare parts to Mercedes cars, and also provides services related to the maintenance and repairs of Mercedes-Benz brand cars. This ensures the provision of the company's target customers with the entire range of services required to them (Mercedes-Benz Czech Republic 2016).

The company's headquarters is located in Prague, the Czech capital, and the main sales turnover is accounted for by the Prague division of Mercedes Czech Republic. The company hires only professionals with an extensive experience in the car manufacturing sector and its different branches, and thus aims to maximize the satisfaction of its customers with the range of services provided.

Another important part of the services provided by Mercedes-Benz Czech Republic to its target customers is financial services. Namely, the company offers loan facilities to the customers purchasing its cars, which allows for the more efficient interaction between Mercedes-Benz Czech Republic and its customers, and also offers insurance services with the aim of ensuring the effective full-life maintenance and servicing of Mercedes-Benz brand cars (Mercedes-Benz Czech Republic 2016).

The company's service centers operate in several cities of the Czech Republic, and their main goal is to ensure the customers' uninterrupted access to the full range of car-related services helpful for the maintenance and repairs of their cars. Such service centers

include the up-to-date car diagnostics, full-scale repairs, and advising on the subsequent maintenance of the owners' vehicles.

Mercedes-Benz's strategic focus in the Czech Republic's domestic market is to ensure steady market growth through increased sales, and thus to achieve greater market share, however always in line with the parent corporation's key values and the corporate focus it promotes on the global scale through its activities.

Within the framework of its marketing and advertising focus, the strategy pursued by Mercedes Czech Republic is similar to the one applied by the parent corporation. Namely, the company promotes its image as an innovative brand dedicated to the constant improvement of the performance parameters of its brand cars, and to the effective satisfaction of all customers' needs. At the same time, Mercedes Czech Republic aims to promote its image as an environmentally friendly brand dedicated to environment protection, which is one of the global trends in the entire car manufacturing industry due to the growing concerns over environment protection in the world (Mercedes-Benz Czech Republic 2016).

The organizational structure of Mercedes-Benz Czech Republic is linear-functional, as the company has separate departments for each individual branch of its business activities within which the re-distribution of powers and liabilities occurs in a linear way. The company is managed by its Chief Executive Officer accountable directly to the managers of the parent corporation, and features departments such as the Finance Department, Accounting Service, HR department, Legal Department, and so on (Mercedes-Benz Czech Republic 2016).

Among the values declared by Mercedes-Benz Czech Republic as the key ones guiding the performance of the company's business activities, it is particularly worth noting the following:

1. Aspiration to leadership. The company's key target in the Czech domestic market of cars is to achieve the greatest share in the aggregate distribution turnover, and to make Mercedes-Benz the most popular brand of cars sold in the country;

2. Effective partnership. The company believes its suppliers and other third-party contractors to make an integral part of Mercedes-Benz's success in the target market. Therefore, the company aims to build up effective long-term partnership ties with its

contractors in order to achieve the maximized benefits delivered to customers. Also, the company actively interacts with the parent Mercedes-Benz corporation in order to ensure the constant exchange of supplies and experience for the best results of the business activities run;

3. Market integrity. The company sees integrity as one of the key driving factors of its steady growth, and therefore seeks achieving integrity in every single domain of its corporate business activities. Namely, Mercedes-Benz Czech Republic aims to achieve the effective integration of all its business departments' and units' activities, their effective coordination, and the preservation of effective partnership ties across all such departments for the best synergic effect to be reached in the company's key business;

4. Transparency. The corporation aims to be fully lawful and transparent before both the public authorities and the customers, and therefore provides the full transparency of its business structure, business activities, and financial results, namely through the provision of free access to all of the company's financial statements to all third-party stakeholders, and through the establishment of developed public relations with the customers;

5. Diversity. This principle means that Mercedes-Benz Czech Republic aims to provide the company's customers with the widest range of products possible, and therefore offers all car models currently available from the parent Mercedes-Benz corporation. Moreover, the company also ensures the effective access of all customers to all car models for the purpose of reducing their money and time expenditures.

6. Quality. Just as the parent corporation, Mercedes-Benz Czech Republic is dedicated to ensuring the top quality of all products offered to customers, for which purpose the company only uses the official spare parts delivered from other Mercedes-Benz units around the globe, and ensures the most effective diagnostics of all products both on the pre-sales stage and within the framework of the after-sales service.

7. Responsibility. Mercedes-Benz Czech Republic positions itself as an environmentally and socially responsible company distributing cars in the Czech Republic, and therefore participates in a number of corporate social responsibility programs aimed at ensuring the maximization of the company's positive brand image in the eyes of Czech

customers, and at achieving the subsequent growth of Mercedes Benz's brand sales in the country (Mercedes-Benz Czech Republic 2016).

Taking into account the above information, in the next chapter of the thesis, the research focus will be put on the investigation of Mercedes-Benz Czech Republic's corporate social responsibility activities, and the effect they have on the company's business results

### **4.3 Overview of the company's corporate social responsibility practices**

On the global scale, Mercedes-Benz's corporate social responsibility practices cover a wide range of activities which can be conditionally divided into several key fields, namely as follows:

#### **1. Charity/community projects**

Within the framework of this field, Mercedes-Benz participates in a wide range of different humanitarian and charitable programs. Namely, the company invests its own funds for the provision of aid to people in different regions of the world on the one hand, and also cooperates with various humanitarian organizations for the creation of mutual projects with the same aims. A bright example of such cooperation may be the 2013 humanitarian aid convoy organized by Mercedes-Benz together with the aid organization Wings of Help for the provision of humanitarian aid to children in Syria suffering from the civil military conflict. As part of its own initiative, in 2013, Mercedes-Benz provided EUR 500,000 as humanitarian aid to the population in the Philippines suffering from the typhoon. Moreover, the company also called for the private help of its employees for supporting the local population in need. In 2014, Mercedes-Benz provided EUR 300,000 to the population in the Balkans suffering from floods. In South Africa, Mercedes-Benz has been one of the main initiators and founders of Ekukhanyeni Project since 2010. Under this project, a daycare center and a school were opened for poor people in South Africa, and as of today, it is involved in the development of farming lands for increasing the population's employment rate in the region. There are many other similar charity or community projects in which Mercedes-Benz is involved around the globe, and this proves the company's commitment to one of its key principles of activities, namely the integrity in all kinds of activities (Mercedes-Benz 2016).

## 2. Arts and culture

Mercedes-Benz' corporate social responsibility activities in the field of arts and culture stand for the support of the global, regional and local culture, and consist in the provision of financial and other support to artists, arts facilities and platforms, teams, etc. For instance, in Germany, Mercedes-Benz is one of the sponsors for the Berlin Philharmonic Orchestra and the Mecklenburg-Vorpommern Music Festival. The parent corporation of Mercedes-Benz, Daimler AG, also has its own Daimler Art Collection which features works by many contemporary artists. In China, Mercedes-Benz is one of the key partners for the National Center for the Performing Arts, and also acts as a sponsor for Art Beijing and the International Music Festival. In South Africa, Mercedes-Benz is one of the main supporters of the project called 21 Icons. This project is destined to raise the cultural education of the local population and to increase the self-conscience of the local people based on the examples of South African leaders. Another bright example of Mercedes-Benz's corporate social responsibility practices in the field of culture is the support of the Prussian Cultural Heritage Foundation, one of the world's major institutions involved in the international popularization of culture. In addition to all the aforesaid, Mercedes-Benz supports and acts as a sponsor for a great number of music and film festivals, cultural events, concerts, and individual performers, as the company believes that one of its key goals in the relationships with society is promote the role and popularity of culture among the world's population (Mercedes-Benz 2016).

Also, within this context, Mercedes-Benz's initiatives in the field of sports activities should be noted. Namely, as of today, the corporation acts as a sponsor for Formula 1 contests, and namely for the racing team McLaren, funds international golf contests, football cups, and a wide range of other sports events. On the one hand, such activities are destined to advertise and promote the company's positive image in the eyes of society, but at the same time, they are set to promote the popularity of sports and the healthy lifestyle among the youth (Mercedes-Benz 2016).

## 3. Education

Within the framework of this direction, several sub-directions can be pointed out. Thus, first of all, as a car manufacturer, Mercedes-Benz believes that one of its key missions is to teach children how to behave on the road in order to raise children's

awareness and to reduce the number of road accidents involving children. Namely, the company has been running its MobileKids program since 2001. The main aim of this program is to teach the basics of road traffic to schoolchildren, and to raise their knowledge about how they should cross the roads in cities, what dangers exist in this context and how they can be avoided, which behavior is strictly prohibited on the road, and so on. The program is currently run in Germany, Hungary, Turkey, and China, and according to the corporation's estimates, over 1 million children have already passed it.

At the same time, another key sub-direction in the corporation's social responsibility programs dedicated to education is the support for various education programs around the globe. Namely, the company acts as a sponsor for the establishment of schools at a number of African countries, as it declares its commitment to the provision of the free and effective access to education to all children around the globe, regardless of their wealth and social status. Moreover, in a number of countries, Mercedes-Benz also organizes its own courses aimed to teach the basics of technical sciences to children (Mercedes-Benz 2016).

Overall, it can be stated that education programs play an important role in Mercedes-Benz's corporate social responsibility practices, and the company invests substantial funds in this particular direction.

#### 4. Science, technology, and environment

Within this direction of its corporate social responsibility practices, Mercedes-Benz focuses on the development of technologies which should help achieve the sustainable development of the global economy and the preservation of the environment against the major threats which exist to it on the part of the global community. In addition to the own development of environmentally friendly and energy-efficient technologies and equipment, Mercedes-Benz is also providing financial support to a number of research institutions dealing with the issues of sustainable development and environment protection.

For instance, one of such research institutions is the Nature and Biodiversity Conservation Union of Germany. Together with one of its regional units, Mercedes-Benz launched a project for the renaturation of marshes in the Baden-Württemberg area. Due to the heavy industrial production, the marshes in the region have been drying out for decades. The aforesaid project is destined to restore the primal nature in the area in the



long-term perspective, and to preserve the biodiversity in Baden-Württemberg through the minimization of the negative impact caused by industrial production.

Mercedes-Benz also actively cooperates with the Global Nature Fund. Namely, the company is currently funding a project in India, Sri Lanka, Cambodia, and Thailand destined to protect the local mangroves. This project is aimed for the renaturing of the local forests severely damaged by industrial production, and to preserve the biodiversity of the local flora and fauna in the long run.

Mercedes-Benz participates in a wide range of other nature protection initiatives, and the company's main aim in this field is to ensure the sustainable development of the global economy, and to provide the future generations with the opportunity of living in a clean and safe planet (Mercedes-Benz 2016).

## 5. Political dialogue

In the context of political dialogue, Mercedes-Benz focuses on ensuring the intercultural exchange between countries and peoples around the globe with the aim of preventing the emergence of ethnic conflicts, and with the aim of ensuring the peaceful coexistence of the global community. Also, Mercedes-Benz supports democracy initiatives around the globe, and acts as a sponsor for international organizations and institutions promoting the development and spreading of democratic principles on the global scale.

Moreover, in Germany, Mercedes-Benz is also involved in the funding of political parties. Thus, as the company's corporate website states, *"In 2013, we supported democratic parties solely in Germany, donating a total of €320,000 (2012: €435,000). Of this total, the CDU and SPD parties each received €100,000 (2012: €150,000), and the FDP, the CSU, and BÜNDNIS 90/DIE GRÜNEN each received €40,000 (2012: €45,000)."*

Therefore, it can be stated that, within the political part of its corporate social responsibility practices, Mercedes-Benz mainly aims to promote the establishment of democratic principles and values on both the regional and global levels (Mercedes-Benz 2016).

In addition to the aforesaid key directions of Mercedes-Benz's corporate social responsibility practices, it should also be noted that the corporation is dedicated to the promotion of the same principles of corporate social responsibility among all its

employees. Namely, Mercedes-Benz organizes the so-called “Days of Caring” when the company’s employees are free of work and act as volunteers for charity organizations. Moreover, the company also encourages the individual participation of its employees in various social programs, and promotes the staff’s involvement in such activities (Mercedes-Benz 2016).

Thus, it can be stated that Mercedes-Benz’s corporate social responsibility practices indeed cover a wide range of different activities each of which is destined to ensure the company’s greatest contribution to the development of the global community in all respects. In addition, the corporation also seeks promoting its positive image in the eyes of customers through the manifestation of its commitment to the sustainable development of global society, and through the tangible support of such initiatives.

Mercedes-Benz Czech Republic is actively involved in corporate social responsibility practices as well, and tends to follow the same directions of corporate social responsibility activities as its parent company. However, in contrast to the corporate social responsibility of the parent corporation, Mercedes-Benz Czech Republic’s similar activities mostly focus on the sponsorship of cultural, art and sports events, and aim to promote the popularity of culture and sports among the Czech population.

For instance, since 2015, Mercedes-Benz has been the general sponsor of the Czech Jockey Club, and has been funding all horseracing events organized by the Club. The corporation’s main goal in this context is to promote the popularity of equestrianism in the Czech Republic, and to raise those sports activities’ role as a type of leisure for families (Dostihovy Svet 2015).

Mercedes-Benz Czech Republic also acts as the general sponsor for the Prague Fashion Week, and this event is called Mercedes-Benz Prague Fashion Week. The company’s main aim in this context is to promote the role of fashion events in the promotion of culture in the Czech Republic, and to ensure the cultural exchange between the Czech and foreign designers. The company provides financial support to the organizers, and ensures the availability of all spaces required for running the fashion week (Mercedes-Benz Prague Fashion Week 2016). Mercedes-Benz Czech Republic is also a sponsor of the worldwide famous Czech model Petra Němcová, and the model acts as the endorser for Mercedes-Benz cars, which is aimed to promote fashion as a direction of

culture on the one hand, and Mercedes-Benz's positive social image on the other hand (Mercedes-Benz 2015).

Another key sponsorship of Mercedes-Benz Czech Republic is the Mercedes-Benz Grand BMX Championship. This all-Czech context is held among the country's freestyle bicycle riders, and is combined with music festival events. The target audience of such complex events is the youth, and Mercedes-Benz Czech Republic's key task in this context is to promote the healthy lifestyle among the young people, and to popularize sports among the Czech population (VSA Extreme 2015).

In the context of the rest of corporate social responsibility practices, Mercedes-Benz Czech Republic doesn't highlight them in its official corporate website, and therefore, a conclusion can be drawn in this context that those initiatives in the Czech Republic are mostly implemented within the framework of the international practices run by the parent corporation, and do not specifically differ for the Czech Republic's territory.

Therefore, the findings of this chapter allow stating that the corporate social responsibility activities play an important role in the business development and growth of Mercedes-Benz on the global scale, and more specifically, of the company's Czech division in the Czech republic, Such activities are destined to contribute to the sustainable development of global society on the one hand, and to the promotion of the company's positive social image on the other hand. The effective performance of such activities contributes to the maximum popularization of Mercedes-Benz Czech Republic's brand among the Czech population.

Taking into account the specificities of Mercedes-Benz Czech Republic's corporate social responsibility activities, in the next chapter of the thesis, an interview will be held with a manager of Mercedes-Benz Czech Republic for learning more about the current situation with corporate social responsibility activities in the Czech Republic, and for investigating the corporation's plans for the future, and to reveal where advantages and drawbacks exist in such activities.

#### **4.4 Interview with a manager of Mercedes-Benz Czech Republic**

The interview with Mercedes-Benz Czech Republic's manager was held based on a preliminary designed list of questions aimed to investigate more in detail the current situation with corporate social responsibility activities in the Czech Republic, their specificities, and the possible future development. The results of the interview are given below.

**1. Hello. Thank you for agreeing to give this interview. Can you please state how the strategies and plans for Mercedes-Benz Czech Republic's corporate social responsibility activities are designed?**

- Thank you for this opportunity. Our strategies in the field of corporate social responsibility activities are based on the ones generally adopted by our parent corporation Mercedes-Benz in Germany. The company aims to cover the same range of activities, and our core corporate values are the same as the ones of the parent corporation. So, overall, this is what our integrity principle stands for: we are consistent in what we do, and we aim to spread our key values throughout all our divisions.

**2. However the parent corporation's corporate social responsibility practices do differ across different regions and countries.**

- Indeed, they do. However, this doesn't mean that the basic values differ. You know, there are simply differences in different countries' levels of economic development and the social sector's stability. For instance, while the population in Africa often doesn't have access to potable water, medicine or education, you can merely find such facts in developed European countries, and namely in the Czech Republic. This does precondition the differences in our particular operational activities undertaken within the corporate social responsibility practices.

**3. Could you please specify how this affects the corporate social responsibility practices of Mercedes-Benz Czech Republic?**

- Let's see. In the Czech Republic, we mostly focus on the development of particular cultural and sports activities in the region, and we are less involved in humanitarian or education activities. On the one hand, this is due to the fact that the Czech Republic is quite a developed state, and therefore no problems exist here with the

population's access to healthcare or education: there are enough schools, medical centers, and the government deals well with all that public management stuff. On the other hand, the humanitarian aid flows are mostly allocated by our parent corporation, and that may be any country in a state of need due to any force-majeure events whatsoever, including the Czech Republic. So, we mainly focus on the promotion of cultural and sports events, which is a major direction of the parent corporation's target corporate social responsibility activities.

**4. Does this mean that you take part only on the culture/arts/sports direction?**

- Surely not! You probably know that Mercedes-Benz has its own education program for children's safety MobileKids. As of today, it is only operating in three European countries. However, we currently have negotiations with our parent corporation's headquarters for the implementation of that program in the Czech Republic. We also share Mercedes-Benz's concerns over environment protection, and we organize and sponsor some seminars dedicated to those issues, as we believe them to play a key role in the sustainable development of the Czech Republic. So, just as the parent company, we cover the entire range of corporate social responsibility activities.

**5. As far as I know, Mercedes-Benz declares its commitment to the employees' involvement in social activities beyond the company's corporate social responsibility. Is it true when speaking of Mercedes-Benz Prague?**

- Yes, we do quite the same. You know, many people believe that corporate social responsibility activities are just another source of PR or, let's say, advertising for a company wishing to promote its positive image in the eyes of customers. Although it is indeed true, this doesn't negate the fact that we are truly committed to the things we declare within the framework of our corporate social responsibility practices. So, we understand that simply running our sponsorship and other similar activities is not enough, and we want to persuade people that this is the task of the entire community to ensure the better life for the next generation. So, we start with our employees.

**6. And how do you do it?**

- We regularly organize some short seminars, where we explain the importance of such socially-oriented activities to our staff, and where we encourage our employees to participate in them. We also organize some newsletters on specific occasions in which we

encourage our employees to do the same. Finally, we may organize the voluntary collection of funds for some specific purposes, where our employees can donate right from the workplace, and the corporation thereafter transfers the funds collected.

**7. What are the major projects you implement now within the framework of corporate social responsibility practices?**

- There are quite a few. Hard to speak of one major project... Probably I should note the Mercedes-Benz Prague Fashion Week here. The project isn't new itself, and we have remained the event's main sponsor for years already. However, this project is indeed important for us, and we believe for the entire community as well.

**8. What is this project's particular goal?**

- Cultural enrichment. Culture may take quite different forms: arts, music, even culinary. And fashion is another manifestation of culture. Fashion weeks are destined to ensure the cultural exchange between cities, regions and countries, and to provide people with the opportunity to learn more about the current trends in vogue, to know the tendencies in this field, and so on. So, the fashion week we organize is our own attempt to implement that cultural exchange. It has been growing over years, and features a great number of demonstrations made by major foreign designers, so the event is known on the European level.

**9. Are there any other cultural initiatives run by your company?**

- Surely, we act as sponsors for a number of music festivals, and we also sometimes act as sponsors for foreign arts collectives coming to the Czech Republic. The aim is just the same here: cultural enrichment. It should be achieved in all fields in our opinion.

**10. And what about sports? I have learnt that your company is very active in this field.**

- Indeed, we are proud of our successful efforts in the popularization of sports activities in the Czech Republic. We have recently become the sponsor of the Czech Jockey Club, so now we focus on the popularization of horseracing, and in fact, all major contests in those sports activities will now be organized under our auspices. However, our activities are not only limited to horseracing, we also act as sponsors of events, teams and particular athletes in football, tennis, and extreme sports.

**11. Do you think that your activities are effectively covered in the media?**

- Sure, and moreover, I am persuaded that this is one of the key factors contributing to the most effective results of our corporate social responsibility activities. Some companies have to pay for being covered in the media, but this is not our case. The events we organize are widely covered in the media because they are interesting and relevant to society. Thus, people can learn about CSR activities and about Mercedes-Benz Czech Republic more, and this allows us further improving those practices thanks to the feedback we get.

**12. How would you rate the overall effectiveness of Mercedes-Benz Czech Republic's corporate social responsibility activities?**

- Hard to tell, really, because this process is uninterrupted. We always review our social activities at the end of each financial year, and we make changes to them depending on how we believe some goals were or weren't achieved, how our customers and other people are satisfied with what we have been able to do, and what our further actions might look like in all those fields. As of today, we are satisfied with what the company has been able to achieve, but we never stop there, and try to further improve our corporate social responsibility practices in all respects.

**13. You said that the particular activities are preconditioned by the corporate social responsibility strategies adopted by the parent corporation, and their adaptation to the Czech specificities. Could you please specify whether you rely on some feedback on the part of your customers, and more largely, of the entire Czech society?**

- Yes, we do. Otherwise, we would never be able to know what we should do and what we shouldn't. So, getting feedback from people is just the thing which thereafter shapes the patterns of our adaptation which you mentioned.

**14. And what channels do you use for gathering such information?**

- I guess that three things should be noted here. First, our PR department monitors the trends and tendencies in social development, analyzes the polls provided by public organizations, and runs some research in the social field for learning more about people's interests and preferences. Second, our managers do some subjective evaluation of those

trends and processes based on their own vision. And third, and probably most important, we actively use online social networks for learning more about people's opinion, and namely Facebook. We organize some surveys and polls in order to learn public attitudes toward particular events or trends on the one hand, and we also get the people's evaluation of our projects already implemented on the other hand. So, in the long run, this helps anticipate the possible future trends, and thus to develop our subsequent corporate social responsibility activities.

**15. And what about the company's plans for the future in the context of corporate social responsibility practices?**

- We will definitely continue implementing our projects already started, as we require fulfilling our initial aims. Some of them are continuous, and we even don't plan to stop them. As I already said, one of our key priorities within the framework of corporate social responsibility activities will be the implementation of MobileKids program in the Czech Republic. We also have some major plans in the field of cultural activities, and we plan to fund even more sports events already in the near future. This inspires us, and this gives us an impetus to achieve excellence in what we do.

So, based on the interview with Mercedes-Benz Czech Republic's manager, it can be stated that the company's corporate social responsibility activities indeed do play an essential role in the company's business development. A particularly important thing learnt from this interview is the fact that the company's corporate social responsibility practices are developed based on the extensive feedback on the part of customers and the Czech community in general. The fact that Mercedes-Benz Czech Republic uses online social networks for collecting the feedback on corporate social responsibility events indicates that the corporation uses the most up-to-date communication channels, and therefore is able to effectively develop its dedicated activities in the field of corporate social responsibility.

Taking into consideration the aforesaid, in the next chapter of the research, a survey will be run among the customers of Mercedes-Benz Czech Republic on Facebook.



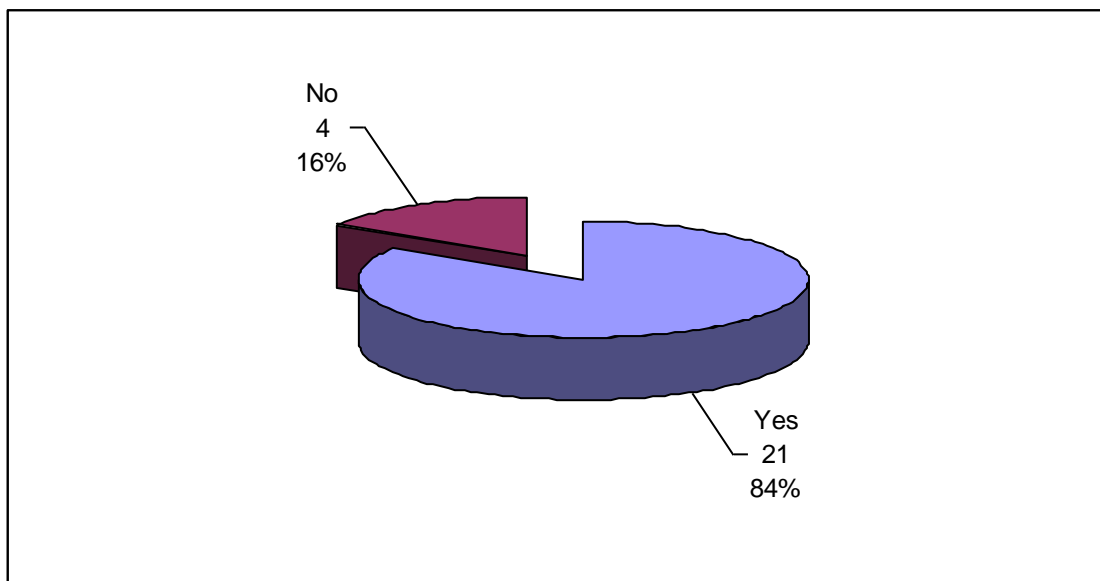
#### 4.5 Survey among customers of Mercedes-Benz Czech Republic

In order to learn how the public perceives the corporate social activities of Mercedes-Benz Czech Republic, a survey was held on Facebook among the Czech subscribers to the corporation's account. The survey was designed in a way to investigate the target customers' opinion on how effectively the company's current corporate social responsibility activities aim at Mercedes-Benz Czech Republic's audience, how it responds to them, what things people value most, and what further steps Mercedes-Benz Czech Republic should undertake in the field of corporate social responsibility practices in order to further raise its image in the eyes of customers.

The responses were obtained from 25 Czech respondents, and their results are given below.

##### 1. Do you regularly follow the news published by Mercedes Benz-Czech Republic on the company's Facebook page?

Figure 1. Answers to question 1 of the survey



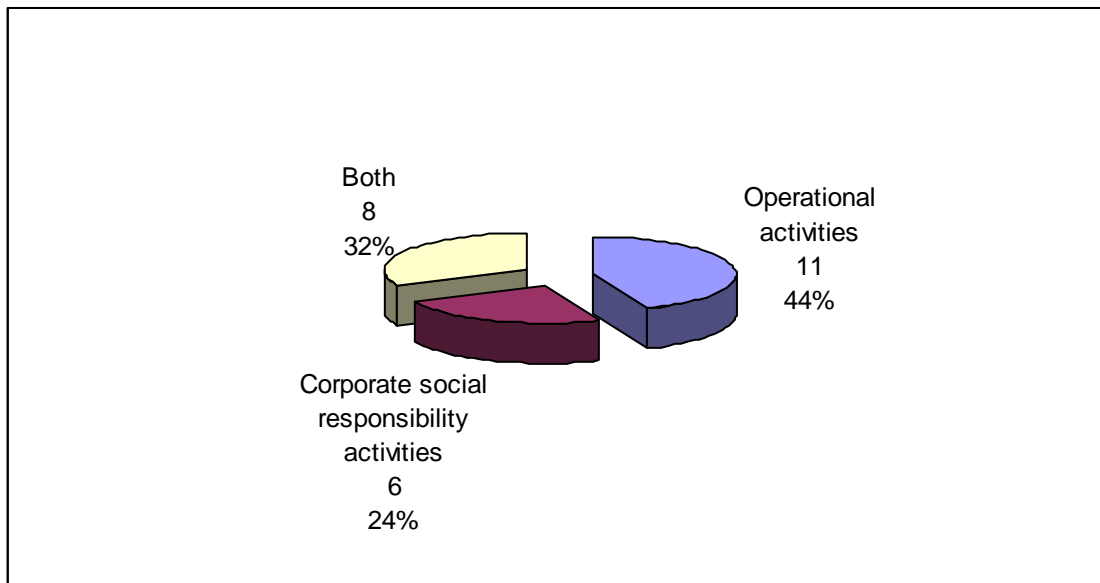
Source: own creation

As can be seen from Figure 1 above, 21 out of the 25 respondents, or 84% of all respondents involved in the survey regularly follow the news published on Mercedes-Benz Czech Republic's Facebook account, while only 4 respondents do not stay tuned to the

company's news on a regular basis. This might suggest the representation of the chosen sample of respondents for this research, as the vast majority of them know well the company's latest achievements and activities undertaken in different fields.

**2. What is of greater interest to you: the company's operational or corporate social responsibility activities (or both)?**

**Figure 2. Answers to question 2 of the survey**

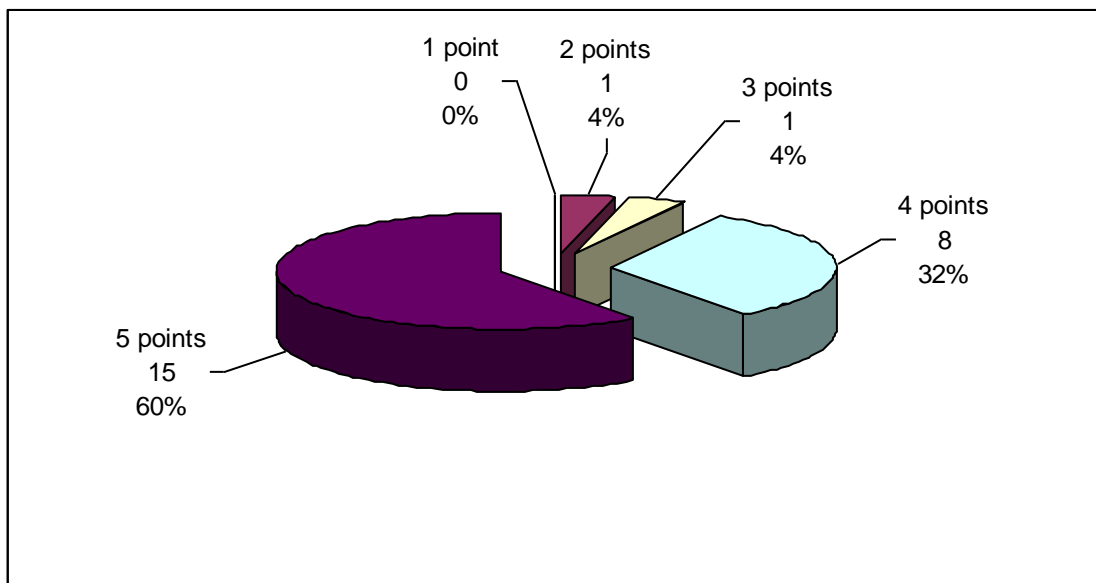


**Source: own creation**

As can be seen from Figure 2 above, most respondents are primarily interested in Mercedes-Benz Czech Republic's operational activities (i.e. the car models offered, services rendered, technological updates, and so on) – 44% in all respondents. This rate is well justified, as indeed, most customers are interested first of all in the company's products offered in the market, while corporate social responsibility practices are seen as secondary or auxiliary. At the same time, the shares of those who are mostly interested in corporate social responsibility activities (24%), and those interested in both CSR practices and operational activities (32%) are quite high as well, which proves the importance of Mercedes-Benz Czech Republic's corporate social responsibility practices for the company's effective business performance.

**3. How would you rate the effectiveness of Mercedes Benz-Czech Republic's corporate social responsibility practices on a scale from 1 to 5?**

**Figure 3. Answers to question 3 of the survey**

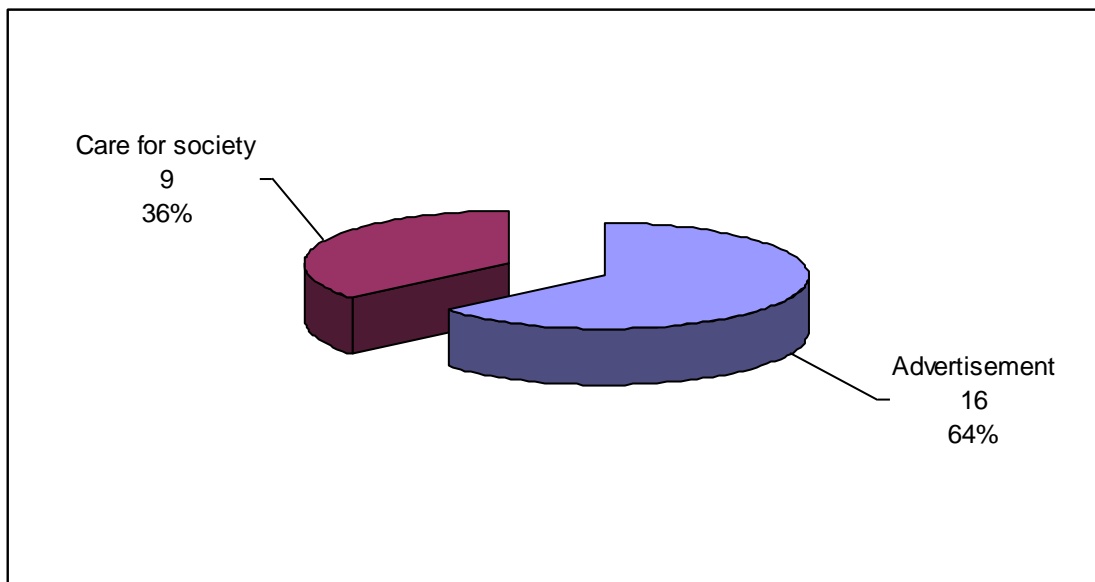


**Source: own creation**

As Figure 3 above reveals, 60% of the respondents who took part in the survey rated the effectiveness of Mercedes-Benz Czech Republic's practices as maximum, and 32% gave it 4 out of 5 points. This might testify to the company's effectiveness in terms of CSR activities in the eyes of its customers.

**4. In your opinion, what is the main driving factor behind the company's corporate social responsibility activities: advertisement or care for society?**

**Figure 4. Answers to question 4 of the survey**

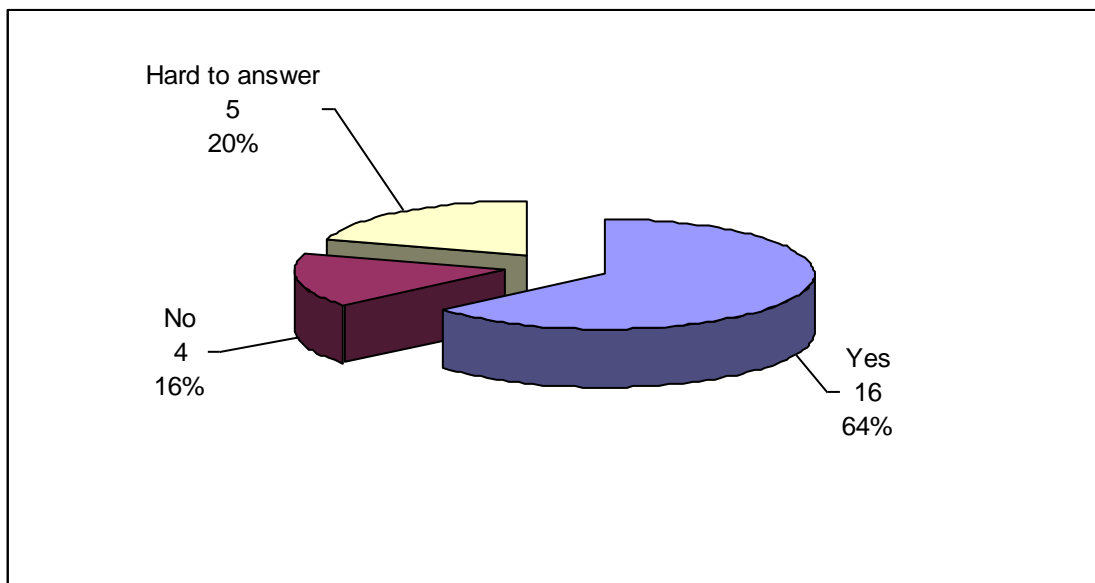


**Source: own creation**

As can be seen from Figure 4 above, 64% of the respondents (16 out of the 25 persons who participated in the survey) believe that the corporate social responsibility activities run by Mercedes-Benz Czech Republic are mostly driven by the desire to advertise the company's brand among the target audience, while only 36% believe that such practices are driven by care for society. This might testify to the lack of effective feedback between the company and its customers, and probably Mercedes-Benz Czech Republic should better explain the essence of and motivation for its corporate social responsibility activities to its customers.

**5. Have you ever visited any cultural or sports events organized or sponsored by Mercedes-Benz Czech Republic?**

**Figure 5. Answers to question 5 of the survey**

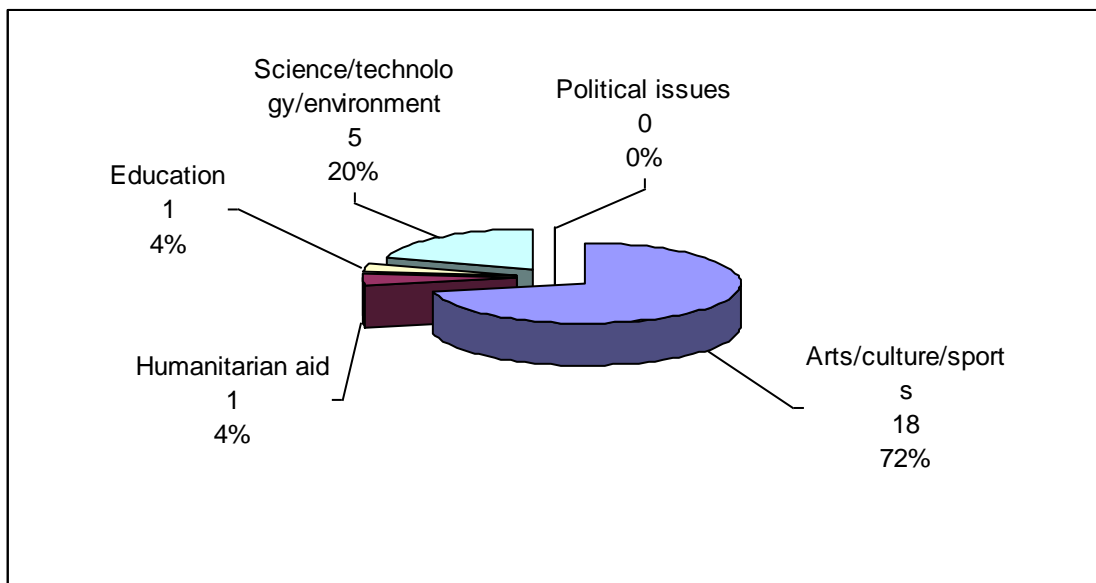


**Source: own creation**

As can be seen from Figure 5 above, as much as 64% of all respondents have at least once visited an event organized or sponsored by Mercedes-Benz Czech Republic, while 16% have never done so, and 20% find it hard to answer this question. Those replies might indicate that the events sponsored by Mercedes-Benz Czech Republic within the framework of its corporate social responsibility activities indeed cover a wide range of people belonging to Czech society, and this again might prove the importance of the corporation's CSR practices.

**6. What field of the company's corporate social responsibility activities do you believe to be the most important?**

**Figure 6. Answers to question 6 of the survey**

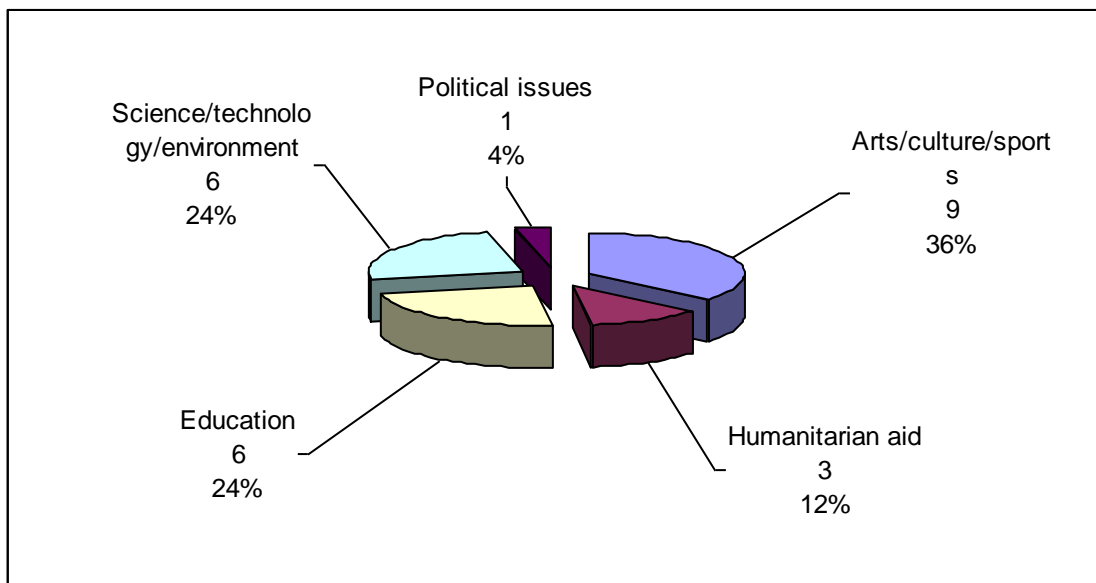


**Source: own creation**

As Figure 6 above suggests, most respondents believe that the company's most important field of corporate social responsibility activities as of today is arts, culture, and sports (72%). Also, a great number of respondents (20%) believe that science, technology, and environment is the essential field of Mercedes-Benz Czech Republic's CSR practices.

**7. In your opinion, in which fields of corporate social responsibility should the company apply its major efforts in the near future?**

**Figure 7. Answers to question 7 of the survey**

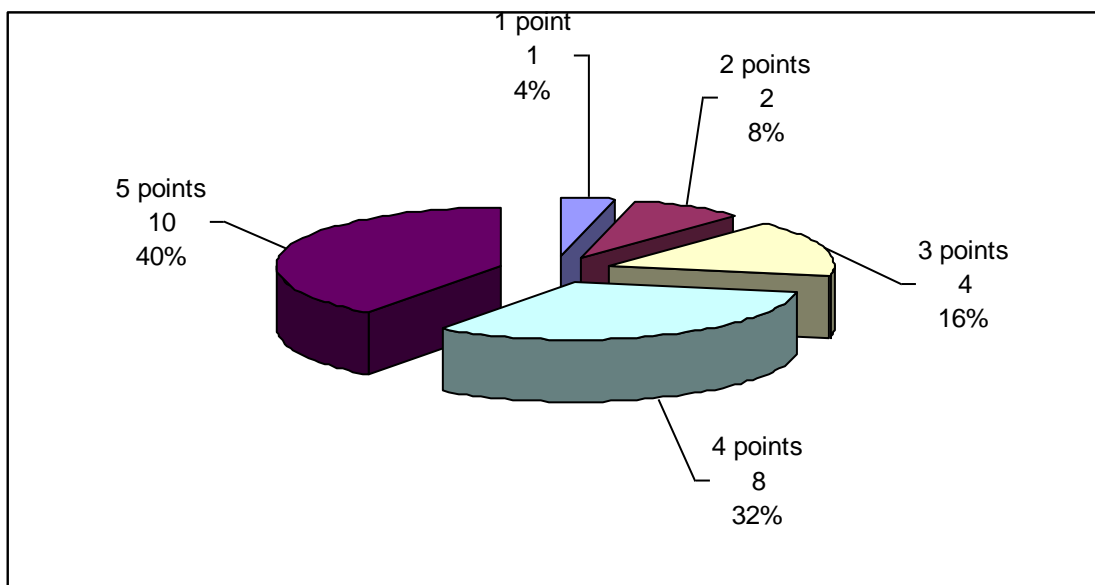


**Source: own creation**

As Figure 7 reveals, 36% of the respondents believe that Mercedes-Benz Czech Republic should continue focusing on arts, culture, and sports as the target field of its corporate social responsibility practices in the near future. At the same time, 24% believe that the company should focus more on science, technology, and environment, 24% - education, and 12% - humanitarian aid. This should be taken into account by the company in order to design the CSR activities which are most demanded by society.

8. Do you believe that the company effectively takes into account the recommendations of the public, and namely of its customers in the process of design of its corporate social responsibility practices? Please rate on a scale from 1 to 5.

Figure 8. Answers to question 8 of the survey



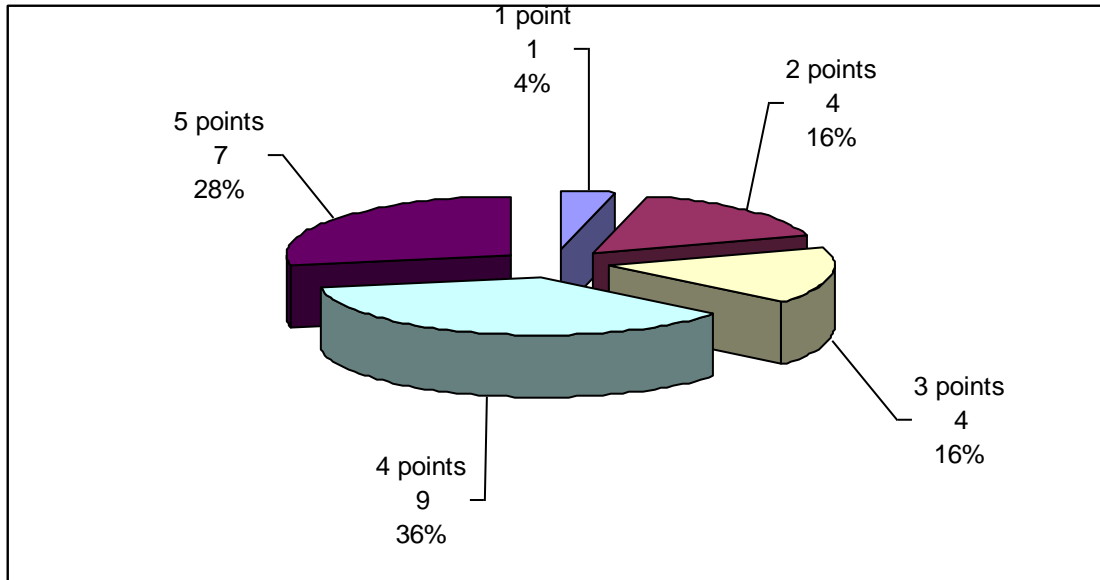
Source: own creation

As can be seen from Figure 8 above, 40% believe that the company fully takes into account the recommendations provided by its customers in the context of CSR. At the same time, 32% of the respondents gave it 4 points out of 5, while 28% rated it 3 or less. Although most respondents believe that the company effectively takes into consideration the recommendations provided by its customers, the above responses testify that there is much room for improvement, and Mercedes-Benz Czech Republic should aim to take into account its customers' opinion more effectively.



**9. How effective do you believe the company's feedback with its customers is?  
Please rate on a scale from 1 to 5.**

**Figure 9. Answers to question 9 of the survey**

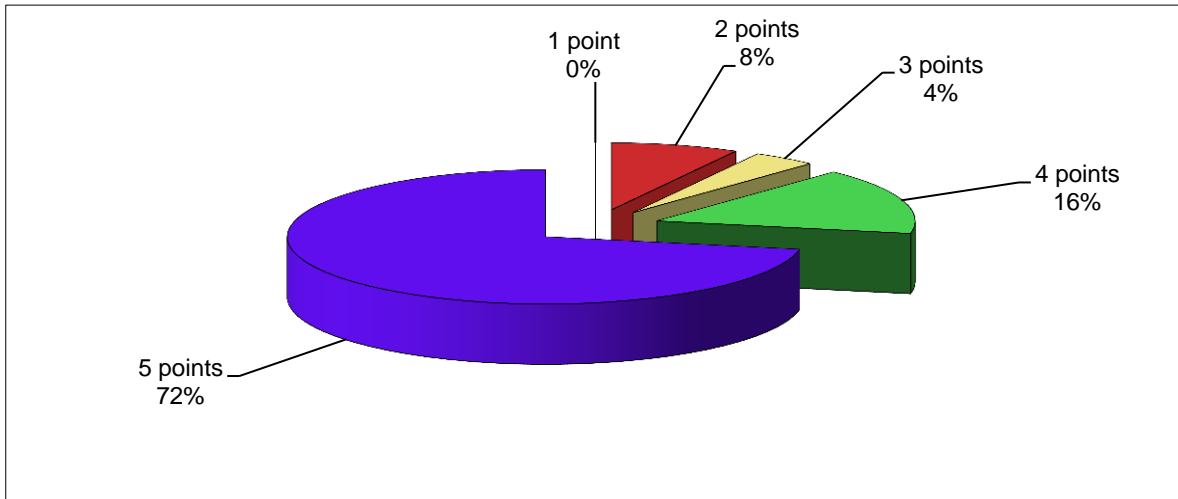


**Source: own creation**

Figure 9 above reveals that the situation with the company's feedback with its customers is not perfect. Only 28% of the customers do not believe that such feedback could be further improved, while 36% rated in 4 out of 5, and 36% rated it 3 or less. This proves that Mercedes-Benz Czech Republic should not only take into account its customers' recommendations in the context of CSR, but should also aim to improve the communication with the target audience for explaining how it integrates its CSR practices into its activities, and what benefits this brings to society.

**10. In your opinion, do the media effectively cover the corporate social responsibility activities of Mercedes-Benz Czech Republic (is there sufficient information on the company's CSR activities in the media)? Please rate on a scale from 1 to 5.**

**Figure 10. Answers to question 10 of the survey**

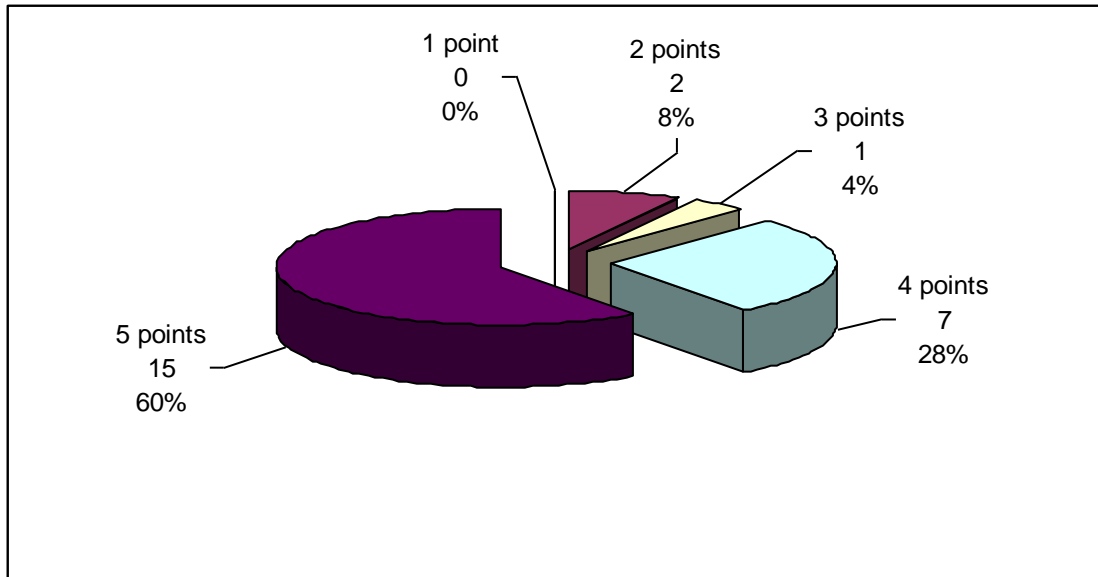


**Source: own creation**

As Figure 10 above illustrates, most respondents to the survey believe that Mercedes-Benz Czech Republic's corporate social responsibility activities are sufficiently covered by the media, and therefore people can learn more about the company and its practices implemented in the field of CSR through the public sources of information, which is very important for the company's business.

**11. How much do the company's corporate social responsibility practices contribute to the positive image of Mercedes-Benz Czech Republic in your eyes? Please rate on a scale from 1 to 5.**

**Figure 11. Answers to question 11 of the survey**



**Source: own creation**

Finally, as Figure 11 above suggests, for 60% of the respondents the corporate social responsibility activities run by Mercedes-Benz Czech Republic play an essential role in the formation of the company's positive image, while 28% rated this factor's importance 4 out of 5, and only 12% rated it 3 or less. Therefore, this again confirms that the company's CSR practices play an essential role in the promotion of its brand image in the Czech society.

Taking into account the above findings and the previous findings of this research, in the next chapter of the thesis, the focus will be put on the development of recommendations for Mercedes-Benz Czech Republic to further improve its corporate social responsibility practices.

## **5. Discussion**

The findings of this thesis indicate that the case of Mercedes-Benz Czech Republic may be illustrative in the context of the research of corporate social responsibility activities performed by companies. Namely, a major important finding of this thesis is the fact that the corporate social responsibility activities run by Mercedes-Benz Czech Republic can be hardly segregated from the entity's promotion and marketing activities. Thus, within its CSR policies, the company mostly deals with the sponsorship of cultural and sports events where its brand image is promoted through the display of its logo, ads, and so on. Therefore, such activities can be deemed as the company's promotion of its brand image among customers, even though they indeed do contribute to the development of society.

This finding is important to take into account in any subsequent research dedicated to corporate social responsibility activities, regardless of the particular corporation investigated within its framework. Namely, when evaluating the benefits achieved by companies through their CSR practices, it is worth understanding where such benefits are generated directly by CSR, and where they are rather products of the respective entity's marketing and promotion, and therefore can be associated with the respective company's marketing approach.

This is also important from the managerial point of view, as managers need to be able to track effectively where their company performs well, and where it underperforms, and thus where the greatest improvements should be sought. Moreover, the managerial implications of this finding are also important due to the fact that ineffective CSR practices and the excessive reliance on promotion within the presumable CSR activities might bring negative results in terms of corporate image, thus significantly impairing the overall ultimate financial results achieved by the corporation.

Another finding of this thesis which should be helpful for any subsequent research dedicated to its topic is the indication that corporate social responsibility practices should always sought to be improved in line with the changing needs and preferences of customers. Any rigidity in those activities is unacceptable, just as any rigidity in the course of ordinary business activities. Companies should develop their plans for future periods in the context of their CSR, and should adapt to the changing conditions of the external business environment for attaining the best results possible.

However, as revealed by this thesis, it is worth remembering that any company's ultimate goal is to generate commercial profits through its business activities. Therefore, when developing and implementing their activities in the field of corporate social responsibility, companies need to take into account the associated financial aspects, namely the associated expenses and potential benefits. As revealed by the case of Mercedes-Benz Czech Republic, this becomes especially important when there is no opportunity to segregate distinctly CSR activities from promotion. Therefore, in this case, the justified financial evaluation of all possible implications in terms of funds should be run for the purpose of avoiding any negative consequences for the business.

Overall, it can be stated that the research structure of this thesis, methods used for running the research, and both theoretical findings and the analysis of practical implications represent an important added value, and they can be used further in any subsequent research dedicated to the topic of corporate social responsibility in the business practice of commercial entities.

## **6. Conclusion**

In the current conditions of global economic development, the competition between companies tends to get intensified in all market segments. This is due to the greater openness of international borders, and to the growing interdependence between individual states' national economies. The convergence of markets allows companies targeting their audience in different states more effectively on the one hand, but at the same time makes the risk of losing competition higher.

In order to succeed in this struggle, companies need to be able to attract their target customers by values or assets beyond the high quality of products offered. Corporate social responsibility activities which do not belong to the key fields of corporate economic activities, and relate to the respective entity's efforts in fields of social development, are those activities which may be used effectively for promoting the brand image of enterprises. Such activities are destined to show an entity's responsible relation to society and the environment, so that the customers would appreciate such activities and at the same time would benefit from them through boosted social development.

The company investigated within the practical part of this research is Mercedes-Benz Czech Republic, the Czech subsidiary of the global automotive giant Mercedes-Benz. The company is involved in a wide range of activities aimed to ensure the promotion, sales, maintenance and repairs of the company's brand products. The main aim of Mercedes-Benz Czech Republic's business is to ensure the effective promotion of the brand in the Czech market through greater sales.

In addition to its primary business activities, Mercedes-Benz Czech Republic is also involved in a wide range of corporate social responsibility activities. Such CSR activities implemented by the enterprise in the Czech Republic are fully consistent with the development and promotion strategies adopted by the parent corporation, and are set to promote the same values of Mercedes-Benz in its target regions.

As of today, the company's CSR activities in the Czech Republic mostly focus on the funding of cultural and sports events across a wide range of directions. This helps the company contribute to the development of society on the one hand, and also raises the

positive image of Mercedes-Benz Czech Republic in the eyes of its target customers on the other hand, which is a major positive achievement of the company. However, the company's CSR activities are easily confusable with promotion, as the corporation mostly focuses on the sponsorship of some particular events in the field of culture where its brand is advertised. Therefore, there is no clear segregation between the company's promotion and corporate social responsibility practices.

Within the framework of this research, several hypotheses have been tested, namely as follows:

Hypothesis 1: The corporate social responsibility practices of Mercedes-Benz Czech Republic are not effective due to the fact that they aren't highlighted in the media.

Hypothesis 2: Customers of Mercedes-Benz Czech Republic perceive well the company's corporate social responsibility practices, and this increases their brand loyalty.

Hypothesis 1 one can be disapproved. This hypothesis is erroneous due to two main aspects. On the one hand, as indicated by this research, the CSR activities run by Mercedes-Benz Czech Republic are quite effective, even though they can be further improved. On the other hand, the corporation's CSR activities and events are effectively covered in the media. The company's events organized in the field of culture and sports activities, as well as other activities in the field of corporate social responsibility are popular in the Czech society, and the information on them is spread among the Czech population in different media sources. This is indicated by both the opinion of the company's manager interviewed in the course of this research and the entity's subscribers polled on Facebook. Therefore, it can be stated that the media strategy of Mercedes-Benz Czech Republic is effective, and moreover, the media are interested in promoting the company's events on their own due to their high popularity among the Czech population.

Hypothesis 2 can be confirmed. Indeed, most of Mercedes-Benz Czech Republic's customers perceive well the corporation's corporate social responsibility practices. Furthermore, such activities contribute much to the promotion of the company's positive image in the eyes of both its customers and the rest of society in general. Mercedes-Benz Czech Republic is very active in the organization of events in the field of culture and sports, education, etc. All those activities help promote positive values in the Czech

society, and thanks to this, the brand of Mercedes-Benz Czech republic is getting promoted as well, which is a very positive tendency for the corporation.

Although the corporate social responsibility activities of Mercedes-Benz Czech Republic can be deemed effective already as of today, there is still room for improvement, and the recommendations developed for the company within the framework of this research should contribute to Mercedes-Benz Czech Republic's even greater effectiveness in the target market. Namely, the corporation could benefit from the extension of its range of CSR activities from culture and sports to other important segments, namely education and environment protection. This would fit the current trends in CSR practices on the global scale, and would also contribute to the more effective targeting of the Czech customers. On the other hand, this would help focus more on the CSR side of the company's respective activities, instead of putting any excessive focus on Mercedes-Benz Czech Republic's promotion, which in its turn should be helpful for further improving the company's image in the eyes of society.

At the same time, the company should continue developing its major CSR activities, as they are already effective. Mercedes-Benz Czech Republic should also focus on improving the bilateral communication with its customers performed throughout the course of its CSR activities, as this is one of the key preconditions for the corporation to further improve and promote its image in the eyes of Czech customers.

Overall, it can be stated that Mercedes-Benz Czech Republic's activities implemented in the field of corporate social responsibility already play an important role in the enterprise's business, and their subsequent improvement as described above could bring much to the company's better image in society, and thus to its better financial results in the long-term perspective.



## **7. Suggestions and Recommendations**

The findings of this research allow stating that as of today, Mercedes-Benz Czech Republic is already quite effective in the performance of its corporate social responsibility activities, and the company's CSR practices play an essential role in the effective performance of its business activities overall. As the findings of this research point out, this is largely preconditioned by the company's parent corporation's positive experience in the field of CSR, and the long-proven effectiveness of such Mercedes-Benz's practices on the global scale.

However, a key finding of this research worth being highlighted in order to develop grounded recommendations for Mercedes-Benz Czech Republic is the fact that the corporation's corporate social responsibility practices can be confused with promotion, and there is no clear segregation of such two directions of activities. Namely, as testified in this thesis, most of the company's CSR activities focus on sponsorship events, i.e. they cannot be deemed purely CSR practices, as the company advertises itself by acting as a sponsor, and thus by making its logo, brandmark and other corporate symbols featured in the respective events' presentations. Therefore, this rather acts as promotional activities, as the company uses this as an advertising channel for boosting its popularity among car owners.

At the same time, the abovementioned activities do not bring harm to society, and moreover, contribute to its cultural development and better healthcare, etc. Therefore, it can be stated that, in addition to promotion, the company indeed brings positive effects to society. Thus, it can be stated that the activities of Mercedes-Benz Czech Republic in the field of CSR should be considered as CSR and promotion at once, and the recommendations developed for the company should take into account the above findings.

Despite the current effectiveness of Mercedes-Benz Czech Republic's corporate social responsibility/promotion practices, the company still has opportunities to further improve those activities, and it should use those opportunities available in order to further enhance its positive image in the eyes of Czech society.

Thus, first of all, the research indicates that the company should extend its range of corporate social responsibility activities beyond the scope of sponsorship of cultural, arts

and sports events. Although, as said by the manager in the interview, as of today, the company performs its CSR activities in all of the target CSR fields as defined by its parent corporation, the research suggests that the focus is put excessively only on one field, which prevents the company from maximizing its positive image in the eyes of the community.

Namely, the findings of this thesis point out that the company should put a greater focus on the performance of corporate social responsibility activities in the field of education. The Czech Republic is known for its educational traditions which date back to the Middle Ages, and therefore, the performance of CSR practices in the field of education could effectively reach the Czech audience. The manager said that the company is currently negotiating the implementation of its MobileKids program with the parent corporation in Germany. However, as the research testifies, Mercedes-Benz Czech Republic shouldn't stop only on that program, and could benefit from running its own projects in the Czech Republic.

For instance, the company could offer its employees with the opportunity of organizing seminars for schoolchildren regarding traffic safety. This shouldn't imply any major costs for the corporation, as it would only have to find volunteers from the number of the staff, and provide them with a day off work. The interaction with children in such educational context would definitely provide the company with greater opportunities to promote its image as a socially responsible brand. Mercedes-Benz Czech Republic's activities in that context would be perceived well by the Czech population, and the company thus would be able to contribute to the education of Czech society on the one hand, and would at the same time get commercial benefits on the other hand.

The abovementioned enhancement of Mercedes-Benz Czech Republic's CSR activities in the field of education would allow for a clearer and more distinct segregation between the company's corporate social responsibility practices and commercial promotion activities. In case of the provision of free education services, the company would act within the field of only CSR, and this could further raise the corporation's image in the eyes of customers making part of society.

Also, the research indicates that the company could run its corporate social responsibility activities more effectively in the field of environmental issues. Namely, as shown earlier in this research, environment protection is one of the main pillars of

Mercedes-Benz's business philosophy. The company could organize seminars in the Czech Republic together with local environment protection organizations with the aim of explaining to the local audience how the corporation deals with the reduction of emissions into the atmosphere, how it integrates energy-saving and eco-friendly technologies into its production process, and so on. This should make people more aware of the company's efforts in the field of environment protection, and thus should contribute to the more positive of Mercedes-Benz Czech Republic in the eyes of society. Furthermore, such seminars and meetings are necessary for the company to build an effective long-term dialogue with the Czech community, and thus for being able to establish effective feedback.

At the same time, Mercedes-Benz Czech Republic's corporate social responsibility activities in the field of arts, culture and sports are much effective, and as suggested by the findings of this thesis, the Czech population perceives well the company's efforts in those sectors. Therefore, as the findings of this thesis suggest, the company should continue effectively using its opportunities, experience and expertise in those fields of CSR practices in order to further enhance its positive image in the eyes of the Czech customers, and for raising their brand awareness and brand loyalty.

Moreover, the company could further deepen its CSR activities in sports by extending them to the most popular sports activities such as football. According to the findings of this thesis, as of today, the company puts its key focus in terms of CSR on those sports activities which are popular only among some rather narrow audience or some social groups. Mercedes-Benz Czech Republic could benefit even more from such activities, if the corporation initiated the sponsorship of some football teams or contests in the Czech Republic, as this kind of sports is much popular among the Czech population. Similarly, those CSR activities could be further extended to basketball, hockey, etc.

Next, in order to maximize the effectiveness of its corporate social responsibility practices, Mercedes-Benz Czech Republic should ensure the most effective bilateral communication with its customers, and should pay greater attention to the consideration of its customers' opinion when designing the strategies and plans of CSR activities for the subsequent periods.

Thus, the findings of the survey held among the company's customers within this research testify that Mercedes-Benz Czech Republic's efforts in that context should be focused first of all on two key directions, namely the improvement of the channels used for the communication with its customers, and the improvement of feedback.

For the purpose of establishing effective communication with its customers, the company should use all methods and tools available, including both traditional communication media and the opportunities of online social networks. Namely, as the research indicates, the company could benefit from signing up for official accounts in online social networks other than Facebook, for instance such as Twitter, Instagram, and so on. This would expand the company's target audience in the online segment, and would also provide Mercedes-Benz Czech Republic with the opportunity to collect the customers' opinions more easily, and to bring the corporation's ideas to them more effectively. The company should also closely monitor any trends in social networks with the aim of staying tuned to all possible innovations in online communication. This should bring to the corporation's more effective CSR activities aimed at its customers, and should allow it competing more effectively with its market rivals through the positive promotion of its brand image.

In order to ensure the better feedback with its customers, Mercedes-Benz Czech Republic should use online social networks more intensively not only for displaying its new or achievements to the public, but also for explaining to the customers or subscribers how the company relied on their ideas when implementing its corporate social responsibility practices. The customers would feel that their ideas, preferences, wants and needs are valued by the corporation in all respects, and that the corporation indeed aims to bring maximized benefits to Czech society through its corporate social responsibility practices.

Also, in this context, the corporation could get substantial benefits from the better explanation of its CSR activities' impact on the Czech community. The company shouldn't promote its own merits in the achievement of those positive results, but should emphasize the benefits brought to Czech society. This should prevent the company's current and potential customers from believing that Mercedes-Benz Czech Republic's corporate social responsibility activities are primarily run with advertising aims. At the same time, the

customers would understand themselves how Mercedes-Benz Czech Republic contributes to the better future of the Czech Republic, and more globally, of the entire international community, and this should promote the company's positive image in the eyes of society even more effectively.

The coverage of Mercedes-Benz Czech Republic's corporate social responsibility activities in the media is already extensive and effective as of today. The company doesn't have to seek any improvement in the context of the expansion of such media coverage, but could further benefit more effectively from its ability to communicate with the customers using the press and other media which cover the entity's CSR initiatives. The company should improve the quality of its feedback gotten from customers and the information the entity shares with them. Although online social media represent an important source of feedback, the use of the media could bring significant advantages to Mercedes-Benz Czech Republic in the context of the improvement of the company's CSR practices with the focus on those fields which generate the greatest interest among the Czech society.

The fulfillment of the above recommendations should help make Mercedes-Benz Czech Republic's customers perceive the company CSR/promotion activities as activities directed to the increase in the commonwealth of society rather than activities aimed in the first turn to raise the company's popularity through advertising. In its turn, this should contribute to the corporation's image in the eyes of society.

If Mercedes-Benz Czech Republic is able to effectively implement the above recommendations, the corporation will be able to get significant benefits from its corporate social responsibility activities, and thus will be able to even further improve its positive brand image in the eyes of its Czech customers. In its turn, this should contribute to the company's overall better financial results, and to its ability of further expanding the customer base in the Czech Republic. However, when further investing in the expansion of its corporate social responsibility activities, Mercedes-Benz Czech Republic should always remember that all such activities should be closely interconnected with its primary business practices, and therefore should complement them and should make them more effective, as it is the performance of primary business activities which provides the corporation with profits as its source of business development.

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## Appendices

### Appendix 1. Current model range of Mercedes-Benz

- A-Class: compact hatchback cars



- B-Class: compact multi-purpose vehicles
- C-Class: saloon, estate, coupé and cabriolet cars



- CLA-Class: 4-door coupé and estate cars
- CLS-Class: 4-door coupé and estate cars
- E-Class: saloon, estate, coupé and cabriolet cars
- G-Class: sports utility vehicles



- GLA-Class – compact sports utility vehicles / crossovers



- GLC-Class: sports utility vehicles
- GLE-Class: sports utility vehicles
- GLS-Class: large sports utility vehicles



- S-Class: luxury saloon, coupé & cabriolet cars



- SL-Class: grand tourers



- SLC-Class: roadsters
- V-Class – multi-purpose vehicles / vans



- AMG GT – sports cars / supercars



Source: Mercedes-Benz 2016