

Czech University of Life Sciences Prague
Faculty of Economics and Management
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Diploma Thesis

Implementation of CSR principles in a selected company

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Declaration

I hereby declare that I have worked on my Diploma thesis titled “Implementation of CSR principles in a selected company” solely and completely on my own and that I have marked all quotations in the text. The literature and other material I have used are mentioned in the Bibliography section of the thesis.

In Prague on 29th March 2011

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Silvie CARDOVÁ

Acknowledgment

I would like to thank especially to my supervisor Richard Selby, Ph.D. for his very valuable advices, comments and the time which he devoted to me and I am greatly indebted to him.

Implementace principů společenské odpovědnosti firem ve vybrané firmě

Implementation of CSR principles in a selected company

Summary

As the title suggests, this Diploma thesis concerns the implementation of Corporate Social Responsibility principles into a selected company. The first, theoretical part presents a literature overview of the theory of CSR, its past and present, guidelines, measurement, benefits and the Triple Bottom Line approach.

The practical part comprises of an analysis of a selected company which, based on the current circumstances, chose to withhold its name.

Nevertheless, the main aim of the Diploma thesis was to analyze the processes as well as the internal and external environment within the company using the Triple Bottom Line approach - economical, social and environmental pillars. The following recommendations in each part are easily applicable within a short period of time and in most cases do not require financial expenditure. Analysis discovers that some CSR principles are automatically implemented therefore the chosen company can easily introduce the CSR approach, alongside existing Philanthropy and Sponsoring, due to its existing experience.

Keywords

Corporate social responsibility, triple bottom line, economic pillar, social pillar, environmental pillar, stakeholders theory, business ethics

Resumé

Jak již vyplívá z názvu, diplomová práce se zabývá implementací principů společenské odpovědnosti firem ve vybraném podniku. První, teoretická část představuje literární rešerši, která obsahuje teorii společenské odpovědnosti firem, včetně historie a současnosti, směrnice společenské odpovědnosti firem, měření a výhody společenské odpovědnosti firem a přístup „Triple Bottom Line“.

Praktická část se skládá z analýzy ve vybrané firmě, která se kvůli současným okolnostem rozhodla upřednostnit nezveřejnit své jméno.

Hlavním cílem diplomové práce byla analýza firemních procesů, externího a interního prostředí na základě přístupu „Triple Bottom Line“, který sestává z ekonomického, sociálního a environmentálního pilíře. Doporučení, která následují za každou částí jsou velice snadno aplikovatelné v krátkém časovém období a ve většině případů tato doporučení nenesou žádné finanční náklady. Zpracované výsledky odhalily zajímavé zjištění, že firma podvědomě implementovala a dodržuje některé principy společenské odpovědnosti firem. Proto do budoucna, na základě doporučení v každé ze tří částí, může být firma aktivní ve všech třech pilířích společenské odpovědnosti firem.

Klíčová slova

Společenská odpovědnost firem, triple bottom line, ekonomický pilíř, sociální pilíř, environmentální pilíř, obchodní etika

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1 INTRODUCTION

The concept of corporate social responsibility has only been popular since the 1960s however, if we look at the past we can observe that people had always used a similar way of thinking.

People have always noticed the behaviour of the person with whom they do business with. For instance, a scandal involving a businessman in a small town may be totally unrelated to his business but could make him close his shop. Nowadays, we cannot judge the moral values of employees such as cashiers in the supermarket, therefore people have started to notice the attitude and behaviour of the companies which produce goods and provide services.

CSR covers all areas of business activities and it is crucial to understand that companies do not operate in a vacuum but have an impact on the environment, society and the economy through their production processes and finally by the goods and services which they sell on the market.

In today's world, corporate social responsibility should be a necessary part of the strategic planning of each company. It is no longer just acceptable that a corporation does well by doing good. It is expected. (Kotler, Lee, 2005)

The first theoretical chapters of the thesis contain the past and the present of CSR stating the attitude of the EU towards CSR, and the stakeholders theory which presents all groups who have a „stake“ in a company. The triple bottom line presents economic, social and environmental pillars which are further elaborated on in the practical part. In the last theoretical chapters the thesis deals with the often discussed benefits of CSR and also explains what companies often wrongly consider as CSR.

The practical part of the thesis is based on the concept of the triple bottom line which consists of economic, social and environmental pillars. Each pillar contains a summary *What is done* which includes all current practices in the selected company in this area. The summary of former or current practices is followed by *Recommendations* which include the most suitable recommendations for each pillar.

2 OBJECTIVES OF THESIS AND METHODOLOGY

The primary goal of the thesis is to analyze the selected company and provide as accurate recommendations to the company as possible.

The first part of the diploma thesis provides the theoretical background to the concept of CSR. The aim was to create a practical guide to companies which would cover all key points of CSR.

The practical part analyzes the processes and the internal and external environment in a selected company. The goal was to find a tailor-made solution for a mid-sized bank which viewed the implementation of CSR principles as costly. Furthermore, to find out whether the company, alongside Sponsoring and Philanthropy, had unconsciously adopted any CSR principles according to the triple bottom line- economic, environmental, and social pillars. Therefore, the diploma thesis aims firstly on ascertaining if there are some unconsciously implemented principles which in fact come under the CSR approach. According to the triple bottom line are divided former and current practices *What is done* which are followed by *Recommendations* in each part.

Moreover, instead of coming up with the implementation of new processes the effort was to made to review and improve current and former practises. Secondly, new CSR processes which are based on recommendations in the diploma thesis require little or no financial expenditure. Finally, all recommendations, principles and processes should be easily applicable within a short period of time.

During elaboration of my diploma thesis I have used the following research methods. The theoretical part consists of a literature overview.

In the empirical research part prevails the analysis of corporate documents such as directives, contracts, guidelines and annual reports. Furthermore, based on the theoretical background in the first part and comparison of the ongoing activities of other companies in the Czech Republic are formulated recommendations for further development.

3 LITERATURE OVERVIEW

3.1 Concept of Corporate Social Responsibility

The nature and scope of corporate social responsibility (CSR) has changed over time. The concept of CSR is a relatively new one—the phrase has only been in wide use since the 1960s. As the breakthrough year is considered 1953 when Howard Bowen published his book *Social Responsibilities of the Businessman* where he stated the definition of Corporate Social Responsibility. (Franc, Nezhyba, Heydenreich, 2006)

In the eighteenth century the great economist and philosopher Adam Smith expressed the traditional or classical economic model of business. In essence, this model suggested that the needs and desires of society could best be met by the unfettered interaction of individuals and organizations in the marketplace. By acting in a self-interested manner, individuals would produce and deliver the goods and services that would earn them a profit, but also meet the needs of others. The viewpoint expressed by Adam Smith over 200 years ago still forms the basis for free-market economies in the twenty-first century. However, even Smith recognized that the free market did not always perform perfectly and he stated that marketplace participants must act honestly and justly toward each other if the ideals of the free market are to be achieved.

In the century after Adam Smith, the Industrial Revolution contributed to radical change, especially in Europe and the United States. Many of the principles espoused by Smith were borne out as the introduction of new technologies allowed for more efficient production of goods and services. Millions of people obtained jobs that paid more than they had ever made before and the standard of living greatly improved. Large organizations developed and acquired great power, and their founders and owners became some of the richest and most powerful men in the world. In the late nineteenth century many of these individuals believed in and practiced a philosophy that came to be called "Social Darwinism," which, in simple form, is the idea that the principles of natural selection and survival of the fittest are applicable to business and social policy. This type of philosophy justified cutthroat, even brutal, competitive strategies and did not allow for much concern about the impact of the successful corporation on employees, the

community, or the larger society. Thus, although many of the great tycoons of the late nineteenth century were among the greatest philanthropists of all time, their giving was done as individuals, not as representatives of their companies. Indeed, at the same time that many of them were giving away millions of dollars of their own money, the companies that made them rich were practicing business methods that, by today's standards at least, were exploitative of workers. Around the beginning of the twentieth century a backlash against the large corporations began to gain momentum. Big business was criticized as being too powerful and for practicing antisocial and anticompetitive practices. Laws and regulations, such as the Sherman Antitrust Act, were enacted to rein in the large corporations and to protect employees, consumers, and society at large. An associated movement sometimes called the "social gospel," advocated greater attention to the working class and the poor. The labor movement also called for greater social responsiveness on the part of business. Between 1900 and 1960 the business world gradually began to accept additional responsibilities other than making a profit and obeying the law. (Barnett, 2010, p.1)

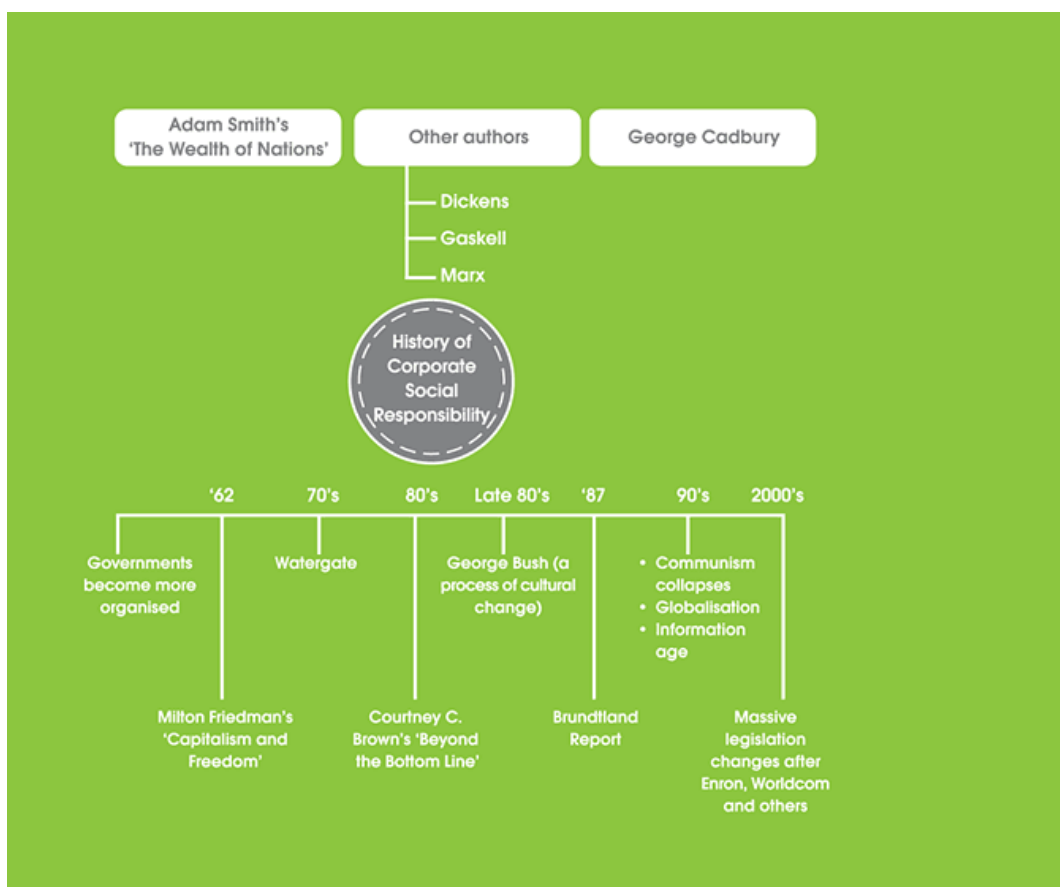
CSR has always continuously evolved, and it is still evolving till today. A recurrent theme in terms of social and environmental disasters involving businesses has been a failure to learn the lessons of the past. Consumers and business owners alike now more recognize that ignoring environmental and social issues can be bad for business. Companies that pollute their local communities risk harming their customers' health and ill-treating workers risks union backlash and training costs. (Bilson, 2010, p.1)

3.1.1 The Past and the present of Corporate Social Responsibility within the European Union

The European Union begins to engage in the issue of CSR in the second half of the nineties and especially at the turn of millennium. Important turning point came in 1995 when Jacques Delors initiated creation of a European centre for expert issue of corporate social responsibility named CSR Europe, which brings together both business and partnership organization. CSR Europe has the aim to help corporations achieve profitability, sustainable growth and development of human capital by enshrining CSR into their business practices. (The European business network for CSR, 2010)

CSR Europe has 65 members including members from the world's biggest companies and 18 partnership organizations over the Europe. In the Czech Republic the partnership organization is Business Leaders Forum. (Trnková, 2004)

Figure 3.1.1.1.: A short history of Corporate Social Responsibility



Source: A short history of Corporate Social Responsibility, 2009

The important milestone for EU in the area of CSR was Lisbon Summit in March 2000, where the 15 Heads of State and Governments set an ambitious goal making the EU in 2010 the most competitive and dynamic knowledge-based economy in the world, capable of sustainable growth with more and better jobs and greater social cohesion by 2010. In the Lisbon Strategy the European Council for the first time officially appealed to corporations and their sense of social responsibility. (The European business network for CSR, 2010)

The Lisbon summit was directly followed by several initiatives. **In June 2001 European Commission issued Green paper** with the subtitle "Promoting a European Framework for Corporate Social Responsibility", which contained the first definition on CSR. Its aim is to start the discussion about the CSR concept and to determine the best way to promote CSR and develop it on European and Global level. One of the discussed topics were the tools of measurement and evaluation of CSR and the possibility of verifying the verity of corporate CSR proclamation. The European Union however favours a voluntary not mandatory obligation toward CSR. In Athens in November 2001 was launched CSR Business Marathon, a series of more than 14 conferences, which took place until the 2005 in member or candidate EU countries. The CSR marathon was fully supported by European Commission and its aim was to address the topic of CSR to more than 500 000 representatives of the commercial sector. (Trnková, 2004)

Starting October 2002, CSR Europe coordinates the European Multi-Stakeholder Forum on CSR hosted by the European Commission. The European Multi-Stakeholder Forum associate Employer's Union (4 together, for example CEEP, Eurocommerce), Entrepreneurial Associations (for instance CSR Europe, WBCSD), Unions (for example Eurocadres), Non-Governmental Organizations (such as Amnesty International, Green G8, Platform of European Social NGOs). (Trnková, 2004)

In 2005 CSR Europe celebrates its 10th anniversary with the first European MarketPlace on CSR, where 400 business and stakeholders come together to share practical CSR solutions. The European Roadmap for Businesses - "Towards a Competitive and Sustainable Enterprise". In response to the Roadmap, European Commission President José Manuel Barroso offers businesses a new partnership. Building upon the outcomes of the European Multi-stakeholder Forum and further consultations with business leaders, the

European Commission renews its policy on CSR through a communication to the European Parliament, the Council and the European Economic and Social Committee. The communication entitled *"Implementing the partnership for growth and jobs: making Europe a pole of excellence on corporate social responsibility on CSR"* entails key elements such as: the integration of CSR within relevant European policies - with a strong focus on development and trade; the European Multi-Stakeholder Forum on CSR; the European Alliance for CSR; the High Level Group of Government Representatives on CSR; support for CSR Research.

In the second European MarketPlace in 2006 more than 500 practitioners gather at CSR Europe's. More than 120 company solutions on CSR are presented in and around the ten priority areas defined in the European Business Roadmap and the European Alliance for CSR. Together with its national partner organizations, CSR Europe launches a European Cartography on CSR. Based on a survey of over 500 business solutions and 140 business networking activities, it provides valuable indications on how and where in Europe CSR business innovation is occurring.

In 2008 CSR Europe launches the European Toolbox for a Competitive and Responsible Europe based on the first results of the CSR Laboratories, cross-sectoral business-stakeholder cooperation projects under the umbrella of the European Alliance for CSR. The Toolbox includes information, ideas and advice designed to help companies and their stakeholders address socio-economic and environmental challenges and integrate CSR into mainstream business practice. (The European business network for CSR, 2010, p.1)

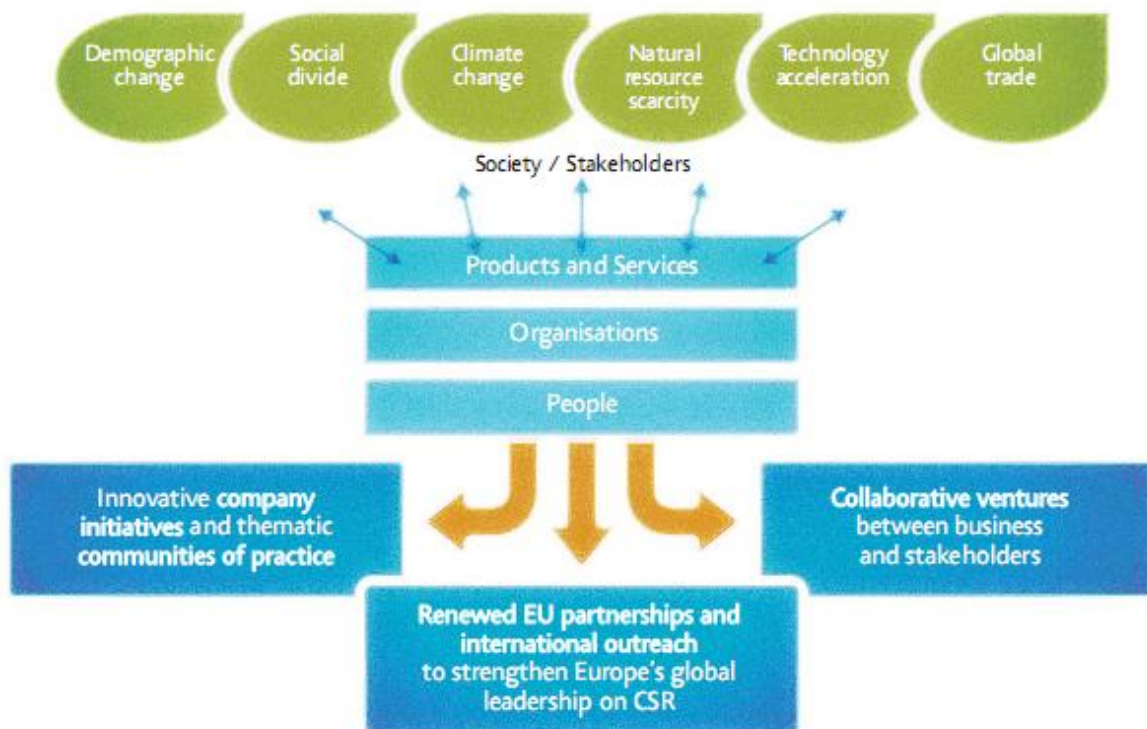
Most recently in the 2010 the CSR Europe launched a strategic program Enterprise 2020 which should help to contribute to the 2010 strategy. The program is focused on global, regional and national socio-economic challenges. Enterprise 2020 is an initiative launched by CSR Europe to:

- Support companies in building sustainable competitiveness by providing a platform for innovation and exchange
- Foster close collaboration between companies and their stakeholders by exploring new ways of working together to create a sustainable future

- Strengthen Europe’s global leadership on CSR by engaging with EU institutions and a wider range of international players

The initiative is supported by CSR Europe’s network of corporate members and national partners in 23 countries, the European Commission, the Belgian EU Presidency and a growing number of governments in Europe. (Enterprise 2020, 2010)

Figure 3.1.1.2.: Enterprise 2020



Source: Enterprise 2020, 2010

According to Lászlo Andor (European Commissioner for Employment, Social Affairs and Inclusion): "The recent crisis has highlighted several issues. For the private sector, ethics in business is coming to the fore. Rather than companies saying that CSR is no longer cost-effective because of the crisis, socially-responsible activity is being maintained. " And he continues: "My own attention in relation to Europe 2020 is focussed on inclusive growth.

First, the Commission is examining how we can contribute to a "green revolution". Companies' buying into "green" new skills for new jobs is a good combination of the social

and environmental aspects of CSR. Higher-skilled jobs bring social benefits, combined with the environmental benefits of reduced emissions, cleaner technologies, and less waste.

Second, and related to new skills for new jobs, the Commission will aim to promote flexicurity. This is about combining flexibility with more security for both companies and employees in an ever-changing job markets. To implement this policy further, having companies on board is essential, especially in the area of up-skilling workers.

Third, by improving the quality of education and training in the EU, the Commission hopes that the employability and mobility of young people will improve. We hope that companies will do their fair share in addressing these issues too.

Fourth, companies are at the forefront of innovation. We would also like to see them taking the lead on social innovation.” (The European business network for CSR, 2010)

3.1.2 Stakeholders Theory

As was said in the beginning a company does not operate in a vacuum therefore it should try to be good neighbour to the others.

In 1984, Freeman came with Stakeholders theory, which described business environment and identified the most important groups which influenced a company or vice versa. The theory helps managers to aim their attention and specifies the responsibility in order to apply the CSR in a practise. There are many groups who are influenced by a company but it is important to keep in mind that the primary occupation of a company is to make a business so a company can't please everyone.

Probably the most well-known division of stakeholders is on primary and secondary. Among the primary stakeholders are owners, shareholders, employees and customers, suppliers and so called public stakeholders including local authorities and communities. Among the secondary stakeholders belong groups whose „stake“ in a company is not so obvious. It includes government, lobby, competitors, civic associations and trade unions. (Kašparová, 2006)

Concerning stakeholder engagement, companies are searching ways how can the cooperation enhance business strategies and operations. Most of them find out that the engagement brings real value to their business which includes:

- **Issue forecasting-** ongoing conversation with external parties, particularly those knowledgeable about the broader impacts of one's business, can be sophisticated tool for identifying emerging trends and issues.
- **Risk and opportunity management-** as business risks and opportunities emerge, having external stakeholder perspectives and resources to draw on can greatly enhance the efficiency of company actions.
- **Mutually beneficial relationships-** interaction and the ability to develop individual and long term relationships is often the most effective approach to building the trust and credibility of the company.

- **Goal setting and performance monitoring-** engagement with a range of stakeholders can facilitate the development of meaningful goals and evaluation of actual performance through the eyes of the external world.
- **Informed decision-making-** access to information and relationships that go beyond traditional sources can quickly be translated into competitive advantage when filtered into business planning and other core business activities. (Rader, 2004, p.7)

3.1.2 Triple Bottom Line

The growth of Corporate Social Responsibility caused the creation of the Triple Bottom Line. The priorities of the company move along from their focus on 'profit only' to the wider perception called as **3 P – People, Planet and Profit**. This means that companies not only aim on economic growth but also on social and environmental issues, taking into account not only their internal needs but the needs of society as a whole.

The Triple Bottom line concept contains three pillars: **economic**, **social** and **environmental**. Each company should cover all three areas in their CSR report. Some companies hardly cover one area and they call it their CSR strategy. This act itself explains that companies do not clearly understand the concept. However it is possible to choose some of the activities according to the specialization and to the requirements of stakeholders. (Oblasti CSR, 2004)

Figure 3.1.2.1.: The Triple Bottom line



Source : Own depiction, 2011

Economic Pillar

In the economic sphere, a socially responsible company expects that it operates transparently and enhance ethical advertising, offer quality products, creates ethical codes, does not violate intellectual property rights and finally fosters good relations with investors, customers, suppliers and other business partners. In general, we can observe the impact of the company's business on the whole society. For instance, how active is the company in the fight against corruption, how increase or decrease the growth in the particular region or the influence on the development of the infrastructure. The division of the topics within the Economic Pillar is following:

Management of the company

Transparency enhances the access to company's financial and non-financial information and exchange of information. Transparency is a big plus even if an organization is less than perfect, because there is no space for barriers between the society and the company.

In recent years, many companies increased their interest in enacting their own codes of conduct co called corporate code of conduct. The main reasons to create own codes of conduct are: the fact that it creates goodwill with customers and investors. It might be seen as an opportunity to foster an ethical and responsible attitude in their employees. Also it might be viewed as an opportunity for self-regulation that could forestall the enactment of more restrictive national laws and regulations. The Levi Strauss & Co. Global Sourcing and Operating Guidelines are generally recognized as the first code of conduct created by a multinational corporation and made applicable to its foreign suppliers. (Schaffer, Earle, Agusti, 2004) In some cases companies created their corporate code of conduct just because they needed to improve the public reputation.

Responsible approach to customers

It is important to understand the relationship between the supplier and customer as mutual. Many companies do not care about customer's opinions, satisfaction with the company's products or services and needs. In spite of the fact, that the outcomes of the feedback make in the most cases the added value and can help to reach competitive

advantage. Through these activities and suggestions customers can be engaged in the decision-making process of the company. Consequently, they can also influence the orientation of the CSR direction.

The quality of the company is also possible to recognise by the level of its customer service. The contact with the customer should not end by a purchase but should continue with after sales services such as depending on the product delivery and manipulation, programming etc. The customer service also includes disabled access, loyalty programs, user friendly web pages and free customer service hotline.

Finally, nowadays more and more companies understand the necessity of obtaining the quality management system ISO 9001. The common belief that ISO is only for manufacturers, or huge conglomerates, or global enterprises is about to disappear. ISO standards produce numerous benefits for any company willing to go that route and benefit clients.

Relationship with the suppliers and business partners

The right choice of suppliers when implementing CSR is crucial. In the moment when a company decides to behave responsibly they are naturally searching suppliers and business partners with similar values. For example, when Levi Strauss decided to create the corporate guidelines it included also Business Partner Terms of Engagement. They represent an effort by Levi Strauss to control the activities of its more than five hundred overseas contractors and suppliers. In the 1990s the company discovered that 25 percent or more of its subcontractors had abused employees in some fashion. The company reacted quickly to stop the practice and developed guidelines to ensure that its contractors could not do it again. (Schaffer, Earle, Agusti, 2004) On the other hand, the business partner or supplier can help with the dissemination of CSR activities. The feedback to the product or service satisfaction, complaints should be part of the relationship with the suppliers as well.

One of the essential ways how to strengthen the business relationship with suppliers is proving the solvency of the company, payment of invoices always in time.

Marketing and advertisement

The marketing information about products and services should be accurate and not deceiving. When companies are reviewing marketing strategies they need to consider whether the marketing decisions that they are making are ethical and reflect consumer and market expectations. (Ethical Marketing 2009) This information should include the marketing ethics into the marketing process. Ethical marketing results in a more socially responsible and culturally sensitive business community.

Social Pillar

The Social Pillar contains two areas which are worthy to pay close attention. These two areas are **1) Internal- employees and the working environment, and 2) External-community which is in interaction with the company.**

Human resources are the most expensive and important assets of each company. It is said that a company is as good as its employees. On the other hand, people spend most of their lives in the work; they are dependent on their salaries, working conditions and relationships in the workplace. If an employee has problems in his personal life or in the work then not only that he will not be able to deliver his true potential, which will be detrimental for the survival of the company but it will also impact his private life and health. (Shukla, 2006)

1) Internal area- employees and the working environment

Job evaluation and remuneration

Employee Remuneration refers to the reward or compensation given to the employees for their work performances. Remuneration provides basic attraction to an employee to perform job efficiently and effectively. Salaries affect the employee's productivity and work performance therefore it should correspond to the position and occupation which an employee holds. (Employee Remuneration, 2009)

The benefits other than money or financial benefits are called non financial benefits. These benefits indirectly affect the performance of an employee; they cover wide range of activities such as sport, relaxation and wellness, culture, vacations etc. Some companies also offer one or two sick days or personal days, subsidized commuting,

employer assistance for childcare, kindergartens, personal comfort such as car, notebook and mobile. Another benefit is that employees may receive company shares as a benefit of their employment.

Training and development

The major factors in determining long-term profitability of a business are the quality of employees and their development. The common mistake is that training is provided only for new employees or is not provided at all. The main purpose of training includes:

- Increase of productivity by investing in developing employee's skills
- Helps to adjust to rapidly changing job requirements
- Ensuring adequate human resources for expansion into new programs
- Enhance the employee's motivation
- Creating a pool of trained and readily available and adequate replacements for personnel who may leave, retire, go on maternity leave or move up in the organization (Employee Training and Development, 2009)

Career planning is mutually beneficial for an employee and an employer. Career planning incorporates short-term and long-term career goals, personal goals and constraints. With career planning employees know that employer has considered their future and promotion and development in the company.

Workplace safety & health, Work-life balance

Corporations are legally required to take care of the health of employees. Usually the company offers health care above standard such as flu vaccination, ergonomics in the workplace etc.

The role of work has greatly changed throughout the world due to rapid changes, economic situations and social demands. Originally, work was a matter of necessity and question of survival. During the whole period of time, the role of "work" has evolved and the composition of the workforce has changed. Today, work still is a necessity but it should be source of personal satisfaction as well because people spend in their work most of their lives. (Bird, 2006) That is why the issue of work-life balance is so important. The

employer should be able to offer a possibility of home office, flexible working time, part time jobs, job- sharing. Some employers offer also child care or they build or rent kindergarten close to work. Last but not least, the contact during the maternity leave and the support after the return from maternity leave is important as well.

Outplacement, Community Support

Outplacement is for people who are soon-to-leave or have been recently dismissed. The support usually consists of facilitating requalification training, assisting in finding a new job.

The corporations encourage employees to volunteer with charitable and community organisations by manual work or lectures in the schools during the working hours. Long term involvement in the local community builds partnership with non-profit organizations. As a part of the CSR programme companies seek opportunities to provide support to the communities in which they work.

Diversity Management

Companies which decided to implement the CSR concept should be willing to apply systematic approach in working with variety of people and want to use it as a strategic value. This also means equal opportunities for everyone. A responsible employer will protect and employ minorities- ethical minorities, disabled people and elder workers. Its main purpose is to build a corporate culture that is open to everyone regardless of their age, sex, education, work experience, religion, sexual orientation, nationality etc.

2) External area- community which is in interaction with the company

At the start of a business, the company becomes a part of the surrounding community. A socially responsible company is making effort to establish good neighbourly relations also by decreasing its negative impact on the society and contribute to solve local problems. This all will pay off in the way of potential clients and potential employees. The openness considerably contributes to strengthen customer loyalty, motivation of employees, establish relationship with local authorities, cooperation with schools and attract media attention. Finally, community support significantly helps to build corporate reputation.

Environmental Pillar

Last but not least the third Environmental Pillar creates complex area. The company which tries to minimize their negative impact on the environment can profit by acquiring new business opportunities. The company which is active and socially responsible has the opportunity to participate in the tender of large corporations and public administration or to gain new customers among environmentally conscious customers. The green business also brings financial savings. Energy and water economics, pollution prevention, waste minimization and recycling, fuel reduction and the purchase of ecologically frugal materials.

Environmental Policy

Environmental strategies or services of organizations which are certified according to the ISO or EMAS or environmental audit are necessary when a company decided to reduce its environmental impact. They try to optimize the process of production according to ISO norms.

Concerning the environmental protection Recycling is processing of used materials into new materials in order to prevent waste of potentially useful materials. Energy savings can be ensured by heating regulation, isolation and energy saving technologies. Company should also invest in renewable resources.

The question of transportation and pollution environment has been rapidly rising during lat years. In a developed country almost each family owns more than one vehicle. One of the solutions is sparing commuting and substitution of business travels by videoconferences.

Last point in environmental protection is products and packaging. The priority should be given to ecological products and materials with eco labels, reduction of packaging and where possible the purchase should be made from local suppliers. (Ekonomický pilíř, 2008)

3.1.3 Additional division of CSR

Except the above mentioned division of CSR on three pillars according to content areas there are also a few alternative divisions. These divisions refer to attitude toward the concept of Corporate Social Responsibility. Each division includes just a few examples in the given area.

Internal and External perspective of CSR

We can divide the CSR activities according to their internal or external focus. Within the Triple bottom line a company can choose only areas which have the impact on external environment such as philanthropy, sponsoring, transparency, customer service, community support, cooperation with students etc.

Or the company can decide to support only projects and practices which are focused on its employees. These projects would include employee's surveys, various non financial benefits, training and development, diversity management, sorting and recycling waste in a workplace and many others. (Čaník, 2006)

Financial and Non-Financial activities of CSR

The overall prevalent opinion is that CSR activities are very expensive. But not many managers do realize (or want realize) that CSR activities can be for free or can be inexpensive. Among the activities which are free belong for instance: donation of old computers, free rental space, transparency, refusal of deceiving information about products, signs whether shops/branches have barrier free entrance etc.

Financial activities include for example philanthropy, sponsoring, convenient loans. The donations are tax-deductible from a tax base. Basically a company select the appropriate area or in some cases agency that deals with the subject and support him by one of the above mentioned forms.

Reactive versus proactive CSR initiatives

Next possible division of CSR practices is on reactive and proactive attitude. The older one, reactive approach represents an effort to deal with some situation which occurred. If a company behaves reactively, it also means that it is in the passive role,

basically is just waiting for incoming requests and inquiries from various organizations and individuals. Consequently, the company decides which of the projects support or does not support. Mostly it concerns ad hoc projects and support of one time projects.

On the contrary, the proactive approach means that company itself seeks opportunities and new ways in their social responsibility. Such conduct requires incorporation of CSR principles in the overall company's strategy consequently the company can better pursue their goals. (Čaník, 2006)

3.1.4 CSR Guidelines

In particular, large corporations issue various more or less complex reports prepared beside the annual financial reports. These reports have to include corporate policy in relation to environment and sustainability or they are directly aimed on achieving commitments of corporations within CSR concept (CSR report). This way of communication with public has become a matter of reputation, prestige and demonstration of effective and conscious management. (Franc, Nezhyba, Heydenreich, 2006)

There are several concrete initiatives which were developed within European Union or UN. These initiatives have a clear aim to promote the expansion of corporate social responsibility as the business standard on national and global level. Except below mentioned important guidelines there are also many others such as ISO 26001, SA800, AA100 etc.

Global Compact (UN)

In July 2000, the UN Secretary General Kofi Annan declares initiatives called Global Compact. It is an international network of UN agencies, nongovernmental organizations, representatives of more than a thousand companies and representatives of international organizations such as International Labor Organization and World Business Council on Sustainable Development). This global initiative builds on existing international declarations and aims to enforce nine basic principles of business around the world:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: Businesses should not be complicit in human rights violations.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor;

Principle 5: Businesses should uphold the effective abolition of child labor

Principle 6: Businesses should uphold the elimination of discrimination in employment and occupation.

Environment

Principle 7: Businesses should support an approach to environmental issues, based on the precautionary principle;

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility;

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery. (United Nations Global Compact, 2008)

Global Compact wants to benefit the most from its global nature and the international credit. It is based on dialogue and partnership; the principles are not enforced but offer the possibilities to those who are not indifferent to issues of sustainable development. Companies who are interested in Global Compact can enrol by sending official letter to the UN Secretary General Kofi Annan.

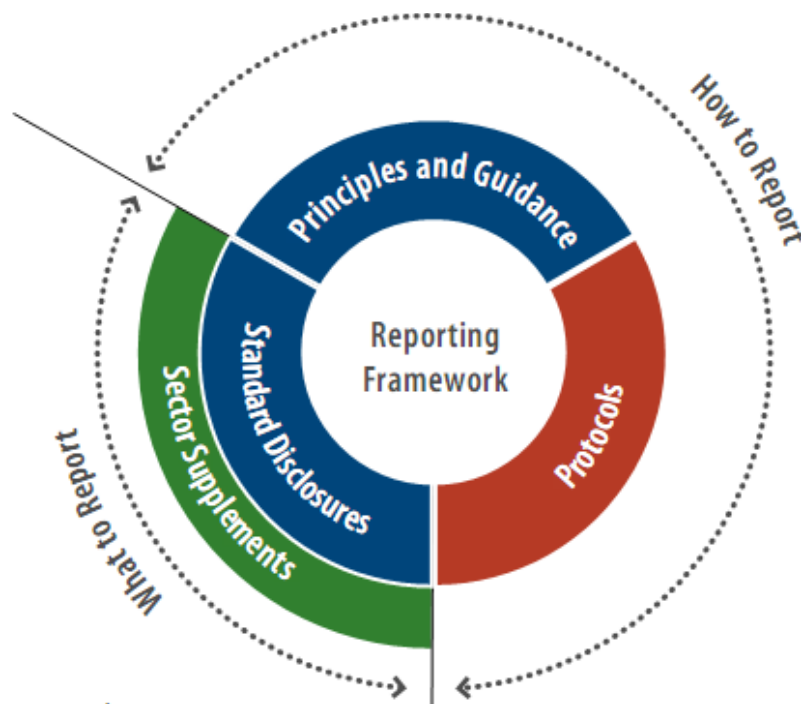
GRI Global Reporting Initiative

Global Reporting Initiative (GRI) is an independent international organization based in Amsterdam. GRI has pioneered the development of the world's most widely used

sustainability reporting framework. In 2002, GRI presented its Sustainable Reporting Guidelines. The aim of the GRI Guidelines is to help companies to create objective CSR report about its activities. GRI framework is used to measure organizational performance with respect to laws, norms, codes, performance standards and voluntary initiatives and compare organizational performance over time. (What is GRI?, 2010)

The GRI Guidelines are trying to be flexible in order to remain open and meaningful to the greatest spectrum of companies. The GRI Guidelines consist of 24 social indicators, 10 economic indicators and 16 environmental indicators. A company which wants to issue a report in accordance with GRI is obliged to adhere to these indicators or explain why some of them are omitted. There are several reasons why socially responsible companies should try to create report in accordance with GRI. (Trnková, 2004)

Figure 3.1.4.1.: The GRI Reporting framework



Source: Sustainability Reporting Guidelines, 2006

In 2006 GRI released the third and latest generation of guideline and called it G3. The new version is the result of years of development and improvement of the previous G2 from 2002. The Guideline recommends indicating the basic information about the company, to set the CSR concept to a strategic context, to describe the involvement of

stakeholders and state the process of creation the report in particular to publish corporate performance using indicators in all aspects of CSR.

The main benefit is a list of quantitative and qualitative indicators by which the company describes its socially responsible performance. Each company can choose the indicators that are significant and relevant for the company and which will be used during the creation of the report. Depending on the quantity and nature of the published indicators the company gets "stamp" or by another name is classified into one of the three major application levels: A, B, or C. If the report is externally verified the company gets A+, B+ or C++. However, it should be emphasized that the application level, indicate extent of report but not the quality of corporate performance. (CSR Iniciativy, 2008)

Principles of report preparation

G3 guidelines define ten basic principles that help to make decisions on defining the content and scope of the report. The first four principles help to select the topics of report, the remaining six to increase its quality. The overview of principles and their description describe the table on the following page. (GRI Sustainability Reporting Guidelines, 2008)

Figure 3.1.4.2.: 10 basic principles of GR Guidelines

Areas	Principles	Description of principles
Define report content	Principles of materiality	It should cover topics and Indicators that reflect the organization's significant economic, environmental, and social impacts or that would influence assessments and decisions of stakeholders
	Stakeholder inclusiveness	The reporting organization should identify its stakeholders and explain in the report how it has responded to their reasonable expectations and interests.
	Sustainability context	The report should present the organization's performance in the wider context of sustainability.
	Completeness	Coverage of the material topics and indicators and definition of the report boundary should be sufficient to reflect significant economic, environmental, and social impacts and enable stakeholders to assess the reporting organization's performance in the reporting period.
Ensure report quality	Principles of balance	The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.
	Comparability	Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and could support analysis relative to other organizations.
	Accuracy	The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.
	Timeliness	Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.
	Reliability	Information and processes used in the preparation of a report should be gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.
	Clarity	Information should be made available in a manner that is understandable and accessible to stakeholder using the report.

Source: GRI Sustainability Reporting Guidelines, 2008

Performance Indicators

Together the guidelines counts 79 indicators divided into three basic areas, six categories and fourteen subcategories. Each indicator is indicated as basic or supplementary and has its own protocol, which includes its detailed definition and methodology and procedure for filling.

Economic indicators concern direct and indirect corporate impact on economic resources of the stakeholders and on the economic system in local, national or global level. It includes wages and non-financial benefits provided to employees; the money received from customers and paid to suppliers; taxes paid and subsidies received.

Environmental indicators observe environmental impacts of products and services on the environment, energy, materials and water consumption, the quantities of greenhouse gases and other emissions, waste and recycling system, the impact on biodiversity, the use of hazardous chemical substances and other phenomena.

Social indicators interrelate with the company's impact on the society and are divided into three categories: working conditions (diversity, health and safety at work), human rights (child labor and forced labor) and broader social issues affecting consumers, community, and other stakeholders (corruption, community support). In case where social issues cannot be easily quantified, GRI uses qualitative indicators. (CSR Iniciativy, 2008)

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are set of voluntary recommendations to multinationals encouraging responsible business conduct covering the entire range of business ethics and social responsibility issues. They are not legally enforceable, but are well known and reflect the consensus of many governments.

They are addressed to multinational corporations operating on the territory of the countries whose governments have signed up these Guidelines (29 member states, 4 non-member states). Promotion of the OECD Guidelines is the responsibility of the governments of these countries. They encourage self-enforcement through accountability, reporting, and internal controls, such as encouraging "whistle blowing" by employees who become aware of corporate violations. The guidelines were first issued in 1976 and revised in 2000. (Schaffer, Earle, Agusti, 2004)

OECD Guidelines cover a wide range of topics- from the principles of corporate governance, transparency and openness, employee relations, environment, competitive

struggle and fight against corruption. The goal is to become a reference point and a tool for promoting CSR.

OECD Guidelines call for greater openness and recommend that the companies provide information in these areas:

1. The financial results of the company
2. Plans and objectives of the company
3. Ownership and voting rights
4. List of Board members, executive management and their financial rewards
5. Foreseeable risk factors
6. Issues regarding employees and other stakeholders
7. Governance structure and policy of the company

OECD Guidelines are in full compliance with applicable laws. Their compliance is voluntary. (Trnková, 2004)

3.2 Measurement of Corporate Social Responsibility

In nowadays there is increasing number of companies and entrepreneurs who are trying to profile as a socially responsible therefore there is also growing interest in reliable data which companies could prove. The interest in such information has not only corporations but also stakeholders, governmental and NGO organizations and trade unions. Thanks to this interest the whole area of research and evaluation was created. The results from measurement of corporate social responsibility serve to various purposes. Investors themselves often develop their own comprehensive assessment criteria of corporations which they built on economical, social and environmental principles.

Over the past few years a lot of national and international standards and techniques of measuring CSR were originated. Among them the most important are following indexes: Dow Jones Sustainability Index, Ethibel Sustainability Index and FTSE4Good Index.

Dow Jones Sustainable Index

Launched in 1999, the Dow Jones Sustainability Indexes track the financial performance of the leading sustainability-driven companies worldwide. Based on the cooperation of Dow Jones Indexes and SAM¹ the indexes provide asset managers with reliable and objective benchmarks to manage sustainability portfolios. The DJSI family currently comprises global, European, Eurozone, North American, US, Asia Pacific and Korean benchmarks. (Corporate Sustainability Assessment, 2010)

Ethibel Sustainability Index

The Ethibel Sustainability Index (ESI) provides a comprehensive perspective on the financial performance of the world's leading companies in terms of sustainability to institutional investors, asset managers, banks and retail investors. This set of indexes was first published on June 27, 2002. (Ethibel Sustainability Index, 2010)

ESI is said to be based on more accurate research than the others indexes. It is considered as the most widespread index in the Europe; on the other continents compete his appropriate versions with Dow Jones Sustainability Index and FTSE4Good.

¹ Sustainable Asset Management (SAM) is an international investment company with a specific focus on sustainability investments. The company considers economic, environmental and social criteria in its investment strategies.

FTSE4Good Index Series

The FTSE4Good Index Series (FTSE Index Series) are indexes owned by the Financial Times and the London Stock Exchange. In the international business FTSE run a business in the area of creation and management of indices and associated utilities.

The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies.

FTSE4Good can be used in four main ways:

Investment

As a basis for responsible investment, financial instruments and fund products

Research

As a research tool to identify environmentally and socially responsible companies

Reference

As a reference tool to provide companies with a transparent and evolving global corporate responsibility standard to aspire to and surpass

Benchmarking

As a benchmark index to track the performance of responsible investment portfolios (FTSE4Good Index Series, 2010)

Although there are number of research organizations for CSR measurement and evaluation they often do not publish their methodology or their methodology seems vague. Consequently it is difficult to find out what importance organizations predicate to different criteria. Indices may suffer ambivalence when they are trying to evaluate different areas of CSR but to their portfolio they include only corporations that achieve good results derived from stock market indices. This can lead to a situation where from the sample are excluded organizations which are achieving a high degree of social responsibility but they do not have sufficient economic results. The weakness of not only above mentioned best known indices rest in their different width and different depth. So far, however, the measurement of CSR did not find anyone who would enforce a uniform methodology, which would then become widely accepted and practised.

This actual absence of possibility of performance result comparison in the area of CSR is often criticised not only within EU but also from NGO organizations and trade unions. (Franc, Nezhyba, Heydenreich, 2006)

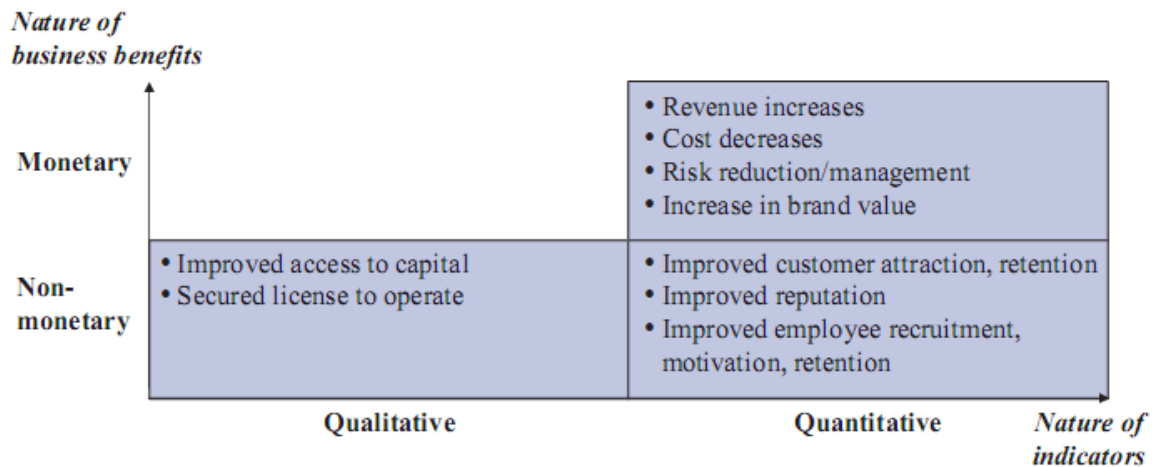
3.3 The Benefits of Corporate Social Responsibility

The CSR concept rests in requesting socially responsible behaviour towards employees, customers, suppliers, local communities, environment etc. In other words investing in such activities goes beyond legal obligation. On the other hand it is necessary to realize that profit generation is always on the first place for the company therefore the CSR activities must also pay off.

Unfortunately still many companies see CSR as another distraction from making a profit. A critic of CSR Milton Friedman argued that only people can have responsibilities but not businesses. He believed that people who are hired for doing business have a responsibility primarily to their employers in order to reach the targets which in most cases are purely profits. Friedman's understanding of CSR is in today's world too one-sided. He does not take in consideration the public opinion and its enormous strength. He sees employees like resources working for the owner's benefit only but the public do not. From the public point of view the company is a complex and if one man or a few people make a mistake which will have consequences on the society or the environment it will lead to judgement of the whole company, not just the one man. It has been proved several times. The financial loss of boycott of the products is then enormous.

In any case as a reaction to this criticism, the researchers aimed on discovering whether the CSR activity brings certain advantages to the company or not and therefore whether it's worth investing in CSR or not. Currently most theorists and researchers agree that CSR activities bring the following benefits:

Figure 3.3.1.: Benefits of CSR



Source: Weber, 2008

Increased profit

Investment communities and business had long debates whether there is a positive correlation between socially responsible business activities and financial results. Although it is almost impossible to receive a definite response, the direct correlation between socially responsible business practices and positive financial performance was proved by a few academic studies, the two most famous are:

- In 1997 DePaul University study found that companies with defined corporate commitment to ethical principles do better financially (based on annual sales/revenue) than companies that don't.
- Also an 11-year Harvard University study found that "stakeholder-balanced" companies showed four times the growth rate and eight times the employment growth when compared to companies that are shareholder-only focused. (Yeldar, 2004)

Reduced operating costs/increased operational efficiency

Operational efficiency can be increased by reducing waste production and operating costs can be reduced by conserving water and electricity, reusing materials, increasing energy efficiency and recycling. As a result of an implementation of corporate social

initiatives some companies obtain grants and incentives from government. (Kotler, Lee, 2005)

Most of the CSR activities do need financial means of the company. On the other hand these activities often lead to innovations, which can reduce operating costs and increase operational efficiency. These innovations have positive effect on explicit costs.

Beside the explicit costs, CSR activities can also lead to decrease of implicit costs for example the cost of future litigation. These implicit costs can be reduced by proactive behaviour. From the long term aspect proactive behaviour can reduce operating costs although in the short term it can rather increase operating costs.

When a company manage to take into account future impact it can result in economic, social and environmental benefits. (Kašparová, 2006)

Enhanced brand image and reputation

It takes very long time and effort to build a good reputation. On the other hand the reputation can be easily destroyed within a few days. The long term implementation of corporate responsible processes leads to enhanced brand image and the competitiveness. The reputation is a necessary condition for sustaining a good position on the market. It is a proof of positive image in the eyes of the public, of well done work of risk management and regular cooperation with local community.

Increased sales and customer royalty

Nowadays consumers not only want good and safe products, but they also want to know the information if the product they are about to buy was produced in a socially and environmentally responsible way. It points to the fact that CSR activities can also be seen as an element of differentiation from competitors which gives the company opportunity to address potentially interesting group of people who are willing to pay more and appreciate the products which are socially responsible.

These products are sometimes even more expensive even though it is comparable in other aspects with competing products. In the same time these customers are far more loyal because their purchasing is not based on the price but on the ideological basis.

The extent to which consumers are willing to pay more for the product showed the extensive Czech survey. 944 respondents participated in the STEM survey which ordered Philip Morris in 2003.

Respondents were asked whether they would be willing to pay 10% more for organic products. The share of positive answers depended on the level of education:

81% Tertiary education

77% Secondary education

72% Vocational school

65% Primary education

Moreover we can take into consideration that some percentage of customers is not willing or not able to search different price ranges within certain price level. Therefore within the particular price level customers decide on the non-price information (product appearance, packaging, product familiarity) and this can further increase the weight of CSR as a criterion for customers. (Hlaváček J., Hlaváček M., 2008, p.588)

Increased productivity and quality

The activities in CSR field can increase motivation and the creativity of employees. These factors can significantly contribute to increased productivity, quality of products and services. Employees can more easily identify with the company with good reputation and fair approach to society and environment.

Increased ability to attract and retain employees

People usually want to work for a company which is in accordance with their own values and beliefs. The promotion and salary are not anymore the most important factors when deciding for a job. Moreover if the activities are well communicated and explained to employees it can lead to increase confidence in the company and strengthen the internal image and consequently strengthen the external image of the company. (Yeldar, 2004)

Potentially reduced regulatory oversight

CSR activities are trying to prevent accidents/incidents therefore they often take an action which goes beyond existing laws. The more a company is committed to CSR the less they are exposing themselves to business risks. (Kašparová, 2006) Often they set up

self-regulatory bodies that monitor compliance with the rules and even though they have not the power to penalize in the true sense they still can punish the infringer by negative publicity or exclusion etc.

Keeping up with the competitors

For enlighten companies, incorporating CSR principles makes clear business sense. This is where the business is heading. For all, the starting points are different some are driven by legislation others are driven by self-regulation. According to Yeldar those that get 'left behind' are missing business opportunities, competitor advantage and improved management opportunities. By not engaging in CSR, companies are not only under-managing their impact on society and the environment, they are under-managing their own economic self-interest. (Yeldar, 2004, p.2)

3.3.1. What is NOT Corporate Social Responsibility?

CSR is often mistaken for philanthropy, sponsoring or simply conformity with the law. Corporate philanthropy is one part of CSR however it cannot be considered as CSR as such. Conduct in accordance with the law is certainly correct but it is also compulsory for the company. The concept of CSR is defined by the fact that it goes beyond the legal framework and that it represents added value by implementing visions which are not legally required. The concern about the impact on the environment and society can't be exchanged by financial and material help only.

It is equally difficult to distinguish CSR from PR and marketing. It is obvious that many companies consider CSR as part of their PR, thus increasing their potential to appear in the press. The danger can arise when companies spend more money on expensive publications etc. promoting CSR rather than other actual activities. Without any doubt some overlapping of CSR and PR is natural. However it must be noted that CSR is a part of corporate strategy and is defined by the top management. Its implementation should go from the top to the bottom throughout the whole company. It is the complete way of managing a business and it takes time to incorporate CSR principles. More and more companies are undertaking CSR reporting and measuring. (Trnková, 2004)

4 EMPIRICAL RESEARCH

My aim in the theoretical part was to create a practical guide which would give a solid background about the theory of CSR, triple bottom line, its history, guidelines, measurement, benefits and principles. In the second part, I will further elaborate on the triple bottom line and its pillars- economic, social and environmental.

Therefore, the practical part aims firstly on ascertaining if there are some unconsciously implemented principles which in fact come under the CSR approach. According to the triple bottom line are divided former and current practices *What is done* which are followed by *Recommendations* in each part.

Moreover, instead of coming up with the implementation of new processes the effort was to made to review and improve current and former practises. Secondly, new CSR processes which are based on recommendations in the diploma thesis require little or no financial expenditure. Finally, all recommendations, principles and processes should be easily applicable within a short period of time.

4.1 About the Bank

The Bank is a mid-sized, modern and universal commercial bank, providing its customers with top-quality products and services in the field of corporate, individual, investment and international banking, as well as in the financial markets. The bank has been present on the Czech banking market since 1991. Its business model provides customers with the comprehensive range of products and services expected of a modern financial services provider. Since 1.9.2008 it is 100% owned by one of the largest banks in Germany.

The bank currently has 21 branches located in the main country regions. Selected branches are open also at the weekends. The bank is known for its innovative and advantageous products in the field of loans (consumer loans for refinancing current loans, mortgage refinancing) and deposit products.

History

The bank has been present on the Czech banking market since 1991, and over the years it has established a firm position as a modern and universal commercial bank, providing top-class services and reacting promptly to all the needs of its customers. In the past, the bank has changed both its shareholder and its name.

4.2 Current situation

The current situation in the selected company is focused on the area of Sponsoring and Philanthropy. As described in chapter 3.3.1. What is NOT Corporate Social Responsibility? the company must be active in all three areas- economic, social and environmental to be considered as responsible.

Therefore the practical part covers all three areas. Below we can find the company complete strategy for 2011 where we can find all activities which are planned to be done in the area of „CSR” (the author did not interfere to the text except withdrawing the name of the company).

Charity

APLA Praha Střední Čechy (Association aiding people with autism)

The bank has been its General partner since 2007.

The bank's financial donation covers provision of personal assistance, respite, and relief services to people, in particular children, with autistic spectrum disorders who live in the Czech Republic. These services include escorting children to and from school, extracurricular activities, and sporting and other leisure activities. The relief and assistance program is of invaluable help for the child's family, especially at times when they are for whatever reason unable to fully devote their time to the needs of their child, e.g. because they have appointments with public authorities or must visit a doctor.

Nadace Charty 77 and Konto BARIÉRY

Financial sponsorship of charity project and national art competition for children called "Children are painting for Konto BARIÉRY". Financial support of the production of

table calendars. Financial support of Christmas direct mail to households and companies. The bank supported them between 2005 and 2009. Foundation Charta 77 relocated its activities from Stockholm, where it was founded by its Chairman František Janouch in 1978, to Prague; as of February 1990, it was registered as a charity/NGO in Czechoslovakia. Coming from a broad concept of defending human rights and supporting persecuted dissidents and samizdat culture, the foundation shifted its focus towards supporting a whole range of cultural and humanitarian activities, and in doing so became a pioneer for a civil society.

German Embassy in Prague

Co-operation with the German Embassy in Prague on various charitable or cultural events. Evening reception on the occasion of the Day of the German unity and support of the Advent Charity Bazaar.

Culture

Boleslav Polívka Theatre in Brno

The bank has been its official partner since 2004.

Alternative Boleslav Polívka Theatre has been performing since 1993 and hosts the original performances played by Boleslav Polívka and visiting Czech, Slovak and foreign theatres and also holding exhibitions of performing arts.

Horácké Theatre in Jihlava

The bank has been its General partner since 2008.

Horacke Theatre is one of our leading scenes with over 70 years of cultural history. Borivoj Navratil, actor, who lived in Jihlava and has been part of the theatre's ensemble since 17 years old, is among the most famous actors in the theatre history.

Moravian Theatre in Olomouc

The bank has been its General partner in 2007.

Moravian Theatre in Olomouc is a Czech permanent theatre scene since 1920 when the building on today's Horní náměstí, followed at ninety years of history Königliches Städtisches Theatre. The history of Olomouc Theatre involves many famous names. These

include Gustav Mahler, Eduard Haken, Beno Blachut, Oldrich Stibor, Josef Bek and Frank Rehak.

Zlín film festival

The bank has been its official partner between 2005 and 2009.

Zlín's festival is one of the largest and oldest festivals of its kind in the world. The structure of the festival's program is centred first and foremost on the target group of children and youth. The main competitive sections are focused on feature films for children and youth, animated films for children and films from the Visegrad Four countries (Hungary, Poland, Slovakia and the Czech Republic). Attention is also given to new European filmmakers in the feature-length European Debuts section.

Velehrad

Financial support of the Days of People of Good Will and Concert of the People of Good Will in Velehrad. The bank was the general partner of the event between 2000 and 2009. The biggest celebration in the Czech Republic, which are linked to bank holiday celebrations are certainly on the Slavic missionaries St. Cyril and St. Methodius, which have a long history in Velehrad. Festival of all People of Good Will” (Dny lidi dobre vule) which aim is to bridge the gap between all people of good will with no difference in nation, politics or religion. This project points out the values of Jewish-Christianity culture, legacy of Cyril and Methodius in our region and the commencement of Czech education and statehood. Many charity projects including the Evening of all People of Good Will took place. The festival visited about fifty thousand visitors in 2009.

International theatre festival "Without borders"

The bank financially supported this festival in 2009. International Theatre Festival, initially known as On the border is the oldest theatre festival in post-communist Czechoslovakia (later Czech Republic) and Poland. After the Czech, Polish and Slovak Republic entry into the European Union in May 2004 the festival was renamed on the International theatre festival “Without borders”. The festival was a Central European cultural initiative included the Ministry of Culture in the events held during the Presidency

of the Council of the EU. Every year the festival provides auspices of the Minister of Culture, PR, SR, theatre and cultural institutions of national importance.

Education

German School in Prague

The bank has been its financial partner since 2009. The support covers financial as well as non-financial support, incl. seminars, lectures on financial topics.

An excellent education provides the best foundation for a secure professional future for our children. It is also crucial to ensuring growth and prosperity in our society. For this reason, we have become an official financial partner of the German school in Prague, which has had a Czech and German student body since 2001. The school is a joint project of the Czech Ministry of Education, the Czech Ministry of Foreign Affairs and the competent authorities of the Federal Republic of Germany. The German school-leaving exam authorises students to study at all European universities under the same conditions as the graduates of secondary schools in Germany. Education in this school is based on the Baden-Württemberg curriculum system which is among the most progressive curriculum in Germany.

The Czech Green Cross, Children's Smile Project

The bank financially supported this project during 2008-2010.

We supported this project aimed at preventing and increasing awareness of tooth decay, with the ultimate goal to reducing tooth decay in children. The initial impulse that gave rise to the project "A Child's Smile" was a study performed by the Research Institute for dentistry that showed that the incidence of tooth decay in six-year olds had increased during from 1989 through 1995 by a frightening 146 %. The incidence of caries in the primary dentition of pre-schoolers in the Czech Republic is three times higher than in peer groups in Sweden, England, or Spain.

Austrian School in Prague

The bank financially supported the Annual Report and Graduation Ball in 2004 - 2007. The Austrian Grammar School Prague was founded in 1991 as a Czech private

school and in 1993 it was incorporated into the Czech public school system. The ÖGP is a six-year secondary school.

Donations of old computers

Donations of old used computer sets to primary schools, kindergartens, non-profit organizations, etc.

Special products for non-profit organizations

IQ Konto NEZISKOVKA / IQ Non-profit Account

A simple, inexpensive and easily manageable account tailored for non-profit organizations. This package of banking services and products combined with a current account has been tailored to the specific needs of non-profit organizations. It is intended for non-profit companies, civic associations, churches, organizations partly funded from the public purse and other entities operating in the public sector.

4.3 Triple Bottom Line

4.3.1 Economic Pillar

Management of a company

→ **What is done**

Transparency

Transparency is key to a company's credibility. A joint-stock company is obliged to provide an annual publication describing its operations and financial conditions, therefore each year around April the company issues an extensive Annual report which contains the most important information from throughout the preceding year. In the second section we can find Summarized Financial Statements which include Balance Sheets, Income Statements, Statements of Changes in Equity and an Independent auditor's report on this Annual Review.

Code of conduct

Each new employee must be familiarized with The Code of banking practice which he/she gets when signing an employment contract. The Code of banking practice covers the best banking practice standards and includes such issues as Conflicts of interest, Information security, Legal compliance, Customer care, Confidentiality and privacy, Principles of trading on financial markets, Disclosure of information to third parties etc. In some respects the Code provides for situations not covered by the law and in others goes further than the law in providing rights and obligations.

Another essential document to consider when a new employee is preparing to start in the company is the Prevention of money laundering and funding of terrorism. The company is a financial institution thus is obliged to comply with the Act, plus comply with the standards and processes defined in the law to prevent money laundering and funding of terrorism. The department of Compliance/Anti-Money Laundering is responsible for determining regulations, guidelines and precautions which are continuously upgraded with regards to changing legislation.

All new employees of the bank who could potentially come across suspicious businesses (mainly employees of Retail, Individual, Private or Corporate banking and Treasury) receive, within one week of starting at the company, a link connecting them to e-learning training for Prevention of money laundering and funding of terrorism. This course is followed by a test.

Corporate image

Corporate image refers to how a corporation is perceived. This image continuously develops and changes and is influenced by many factors. In contrast to corporate identity, corporate image can change from positive to negative or neutral overnight.

The company is still working hard to build up its solid corporate image because of the fact that this company was not known under its name until the end of 2008. Before 2008 the bank was known under different name. Corporate image and brand reputation are measured by different questionnaires and surveys.

A key step for a company when building a corporate image is to clearly define and communicate its crucial competitive advantage in the marketplace and then to craft their image around that advantage.

Responsible approach to customers

→ **What is done**

Receiving feedback

Each year all branches of the company must undergo mystery shopping. This mystery shopping measures the quality of retail services provided or gathers specific information about how well the personal banker knows the product they sell.

Mystery shoppers act in the same way as normal customers would whilst performing specific tasks such as asking tricky questions, purchasing a product, registering a complaint etc. After visiting an affiliate the mystery shopper is required to fill in a detailed report including feedback about their experience. Some of the visits are recorded by the mystery shopper.

→ ***Recommendations***

Mystery calling, mystery mailing

Mystery shopping should not only involve visits to the targeted company's branches but also include mystery mailing and mystery calling. Mystery mailing evaluates e-mail responses on the basis of a few factors that influence a shoppers satisfaction with email-answers- i.e. correspondence responding to inquiry, providing complete and correct information, cordiality and seriousness and response time. All these factors influencing customer satisfaction should be appropriate for corporate email communication with customers.

Telephone communication is equally important as the company is represented by a voice at the end of the line. Mystery callers test the content and tone of a telephone conversation. Often it is the interpersonal element that makes a conversation pleasant and successful or the contrary.

In addition, the analytical tool Customer Satisfaction Index (CSI) would probably be the best option in long-term monitoring and comparison of customer's satisfaction data.

→**What is done**

Customer service

Customer service is an integral part and the lifeblood of any business. To bring in a new customer is a hard job but not as hard as keeping the customer satisfied. Simply the business can succeed or fail based on the quality of its customer service.

One of the criteria for quality customer service is web page accessibility. The web page of the company is well-arranged and user friendly. The information is well-structured and the customer has access to regular information about events in the bank. Moreover, in addition to Czech, the full version of the web pages is in English and German. This point should be a matter of course but unfortunately some companies have their foreign language version non-active or shortened.

→**Recommendation**

A photograph showing a picture of the bank and its branches may seem like an unimportant matter but customers expect a high level of service and even the smallest details count. A picture of the branch and its GPS should be included in the information about the branch on the web page of the company.

Potentially other information can be missing too, such as what products particular branches offer. For instance not all branches offer a currency exchange service or safety deposit boxes but it is hard to recognize which do or don't provide these services from the web page.

Last but not least, there is no information about whether particular branches have barrier-free entrances. I consider this last point as crucial for making the banks accessible to everyone, including disabled customers. Furthermore the company donates money and is involved with charities and aids N.G.O.s

→**What is done**

Customer complaint process

On the webpage of the company there are rules regarding Complaint procedures which include the protocol plus recommends the steps on how to proceed in the case of registering a complaint.

→**Recommendation**

The company should consider more possibilities concerning how to handle customer dissatisfaction. Making a complaint should be easier; e.g. by hotline or accessing an online form. In any case there should be information about the expected timescale of the company dealing with the complaint.

Moreover, there should be some space dedicated to customer's opinions or feedback regarding improvements to products and services.

Relationship with the suppliers and business partners

All successful companies have over time built strong relationships with their suppliers based on confidence and respect. As I have said, at the beginning, companies are not isolated entities therefore it is essential to establish strong buyer/seller relationships.

→**What is done**

Business relations

One of the basic ways to foster long-term relationships with suppliers is the payment of invoices on time. In this aspect the company is professional. Amongst its suppliers the bank has the reputation of being a reliable partner who always pays invoices on time.

→**Recommendation**

Supplier selection

When the company is deciding about its future supplier it should take into consideration whether the supplier is socially responsible. This aspect should be one of the main criteria of the decision making process.

Secondly, encouraging the implementation of CSR amongst its suppliers can bring mutual advantages. Suppliers can join and participate in some of the CSR activities of the bank. Or vice versa the bank can participate in some of the CSR activities of its supplier.

For example: One of our suppliers Sodexo Pass ČR a.s. won the CSR Award 2010 in the category of Small and Medium company. The prize was obtained for the overall approach towards the concept of CSR and for their STOP Hunger Program. The program which aids senior citizens includes volunteer days and organises financial and food collections and donations through special events. The Award committee appreciated the consistency of the STOP Hunger Program with the corporate strategy.

Marketing and advertisement

→What is done

The company does not use any false, deceptive or incorrect information about its products or services. All advertisements are in accordance with the Advertising Code of Conduct and meets the ethical aspect of advertising. The Code ensures that advertising is fair and honest. The Code respects the internationally recognized principles of advertising practise developed by the International Chamber of Commerce.

4.3.2 Social Pillar

The Social Pillar composes of two integral parts- community and employees and the working environment.

a. Community

Community support

→ What is done

Corporate philanthropy

Nowadays a lot of the company's effort is focused on corporate philanthropy. As described on pages 33-37 the main four areas of corporate philanthropy are: charity,

culture, education and special products for non-profit organizations. As far as providing services with discounts, price reductions or free of charge, the company offers special accounts for non-profit organizations. It is a simple, inexpensive and easily manageable account designed for use by non-profit organizations. It has been tailored to the specific needs of non-profit organizations including civic associations, churches, organizations partly funded from the public purse and other entities operating in the public sector.

→**Recommendation**

Corporate philanthropy

In the area of corporate philanthropy the company covers a wide range of activities and donates a significant amount of money. However there are some activities which are free of charge and which can be favourable for non-profit organizations and consequently promote and connect the name of this company with a good cause. For instance the company has nice premises in the centre of Prague and such spaces can be donated for benefit shows, meetings or special events.

→**What is done**

Corporate volunteering

In the area of Corporate volunteering (Corporate volunteering is a form of Corporate philanthropy) this company's representatives give a few lectures during the year in schools. The lectures are focused on financial topics, for example the financial crisis and its impact on Europe. One example is lectures provided to secondary school students in their final year in the German school of Prague. The participation is always very high and students are encouraged to participate in discussion.

→**Recommendation**

Corporate volunteering

Volunteering Days are an opportunity for staff to volunteer for one day in the year for their chosen charity or good cause. Companies provide the skills and time of their own employees to the non-profit organization. This type of contribution is significant because it shows the collective support of employer and employees to the non-profit organizations.

The employees help with their skills, knowledge and their commitment and companies pay all associated costs. Thanks to corporate volunteering, the commercial and the non-profit sector can be naturally connected. Corporate volunteer project opportunities allow companies to assist their local communities whilst also building up team spirit amongst their employees. Companies which allows employees to engage in community projects build a better image not only in public but also inside the company.

There are three ways that employees can participate: manually- such as painting, gardening, planting trees, renovations etc., professionally- providing knowledge and expertise in the area of IT, PR, marketing etc., assisting- with programs with clients- children, elderly and disabled people-walking, talking, playing games and other activities.

→**Recommendation**

Cause related marketing

Cause-related marketing is a mutually beneficial collaboration between non-profit organizations and companies. Cause-related marketing can positively differentiate the company from its competitors and provide an edge that delivers other tangible benefits, including:

- *Increased sales*
- *Increased visibility*
- *Increased customer loyalty*
- *Enhanced company image*
- *Positive media coverage (Van Yoder, 2011)*

Examples of cause-related marketing programs include:

- *Requests for small donations for children's charities at the supermarket checkout*
- *Public awareness campaigns for HIV/AIDS, breast cancer, and other causes*
- *Licensing of well-known charity trademarks and logos, like World Wildlife Fund's panda*

For instance, an example of cause-related marketing in a bank is: giving a donation of 1,-Kč from each new mortgage during a certain period of time or from each

new bank account. Cause-related marketing does not include outright gifts to a non-profit organization therefore they are not treated as tax-deductible charitable contributions.

→**Recommendation**

Fair trade, Ethnocatering

The brand 'fair trade' guarantees farmers from developing countries better trading conditions and sustainability. The price of products should not only cover production costs but should also carry reasonable profit. The products include mainly: coffee, cocoa, tea, chocolate and sugar.

The company can use these fair trade products during the following occasions:

- *Snacks during business meetings*
- *Gift packages for business partners or employees and mainly it can serve as a Christmas present for clients*
- *Fair trade breakfasts and catering for corporate events*
- *Fair trade products for the office- pens, gums, tea, coffee etc.*

In the Ethnocatering project, migrant and refugee women cook their traditional dishes and supply them to various private and public events. Ethnocatering can be used for events such as: corporate events, trainings, conferences, formal receptions and charity events.

Cooperation with schools

→**What is done**

The company cooperates with the University of Finance and Administration. Every May they receive a few students from different departments. Our company is committed to a program that enables students to carry out their practical training in some of our branches thus allowing students the opportunity to familiarize themselves with the basic principles of our banking activities, and with our financial products. The internship lasts one month and is unpaid. After the internship, managers fill in a detailed report about each student's work.

→**Recommendation**

Bachelor/Diploma thesis consultancy, Support of student's activities

There are various ways of cooperating with students. Some companies run special projects and competitions for students with the winner receiving a prize, for example a contribution towards a study program abroad. I consider helping students with their bachelor/diploma thesis work through consultations, plus participation in Career days to be the most suitable activities in our case.

Firstly, consultancy on bachelor/diploma thesis work does not have to be just an unilaterally advantageous matter. Companies can publish a few current topics, on their websites, which are topical right now or will be in the future, therefore the students can select from given topics. Students then have the opportunity to research the subject and to add current theoretical background. They can learn from their supervisor's working experience to then add the practical side to the work.

Additionally, an annual Careers fair is held for students. During these Career Days students get to meet representatives from the companies. There are short presentations about a company, information about jobs within the company, career advice, company benefits and students can try the Assessment center, or participate in various workshops and training programs.

Companies can benefit from cooperating with students as these students can potentially become the bank's new clients or even become a member of the bank's staff. In other words the investment can pay off twice.

→**What is done**

Computer donations

The company regularly donates complete computer sets to non-profit organizations all over the country. Among the recipients are kindergartens, primary schools and also civic associations such as Life for Children, APLA Central Bohemia or the Women's cancer centre.

b. Employees and the working environment

Employee engagement and internal communication

→What is done

Staff questionnaires and surveys help employers measure and understand their employee's attitude, motivation, opinions and satisfaction. Two years ago the company did an interesting survey called Speed up which was focused on employee opinions, ideas and asked for ideas which could improve various areas of the company. Some of the employee's suggestions were implemented. Consequently a Semi-annual Improvement newsletter was published every six months.

→Recommendation

Regular repetition of employees' survey

The employee survey should be repeated regularly. The key question is how often the survey should be repeated. Based on the survey, the general recommendation would be to set-up an action plan which takes six months followed by a new survey launched six months later. That is, in fact, a year after the initial survey was conducted. For some organizations that move more slowly and implement changes slower, a biennial survey might be more appropriate although also very risky for the following reasons:

- 1. Within two years, results could improve in key areas but then it can relapse. Therefore there would not be any differences in the follow-up survey and the management of the company could conclude that the initiatives had no impact.*
- 2. Secondly, during that time many other priorities inevitably arise which will make it easy to put off or shelve it for an indefinite period of time.*
- 3. Last but not least, employees are constantly joining and leaving the company, therefore new employees may be unaware of ongoing initiatives.*

In conclusion, conducting a survey not often enough or on a one-time only occasion may be in most cases a waste of money and credibility. On the other hand, over-surveying can also be a waste of time and resources if the results do not show any improvement.

→**What is done**

Internal communication

Internal communication is mainly in the form of news on the Intranet and also in a bimonthly Newsletter. In the Newsletter employees can find current news from various departments, interviews, pictures from corporate or charity events and the language corner. The content is interesting, for instance the company has 20 branches all over the Czech Republic and each Newsletter introduces one of them. The introduction includes pictures of the branch, introduces all the employees and also includes a short paragraph about the city where the branch is situated.

Job evaluation

→**What is done**

Non-financial benefits

This company provides a wide range of non-financial benefits to employees, except employees who are in a probationary or notice period.

The company decided to provide a variety of contributions towards leisure activities for their employees therefore they decided to use Flexi Passes. Flexi Pass vouchers cover almost all fields of employee's benefits from sport, culture, education, health care, medicine and health aid purchases, including vaccinations. Each employee can choose from a variety of ways to spend their vouchers, although these vouchers cannot be used for restaurant or supermarket payments.

Another benefit is two Sick days in a year for employees. Sick days entitle an employee to wage compensation during his/her sickness absence due to all kind of short-term illnesses.

Moreover, the employer partly contributes to the pension fund of employees. The company also has advantageous tariffs with Allianz where the employees have discounts on different types of insurance and with Wüstenrot. Last but not least, the company offers employees favourable tariffs with the telecommunications company O2.

The company has two main workplaces in Prague, the first one includes a company canteen and the employer subsidizes 55% of meal costs. Employees in the second

workplace receive meal vouchers and the employer subsidizes the same amount 55% as in the first case.

Finally, because the company operates in the banking sector it offers a variety of free or advantageous products such as free bank accounts or loan accounts.

Training and development

→What is done

The company is partly aware of the fact that in today's business landscape, training is not just a matter of survival but is also what separates high performance and successful companies from those behind them.

The company offers the following types of training:

- E-learning- compulsory course of Prevention of money laundering and funding of terrorism, Fire protection, Occupational safety etc.

- Products training- new or current products- mortgages, loans, new offers etc.

- System training- short course on the current in company system.

- Managerial training- offers mainly two types of managerial training- Basic Management Academy and Advanced Management Academy for employees who were recently promoted to the position of Team Head or Head.

- Soft skills training- usually within the training plan for Relationship managers, Personal bankers, Private bankers or offered to Specialists in the whole company.

- All other training- conferences, workshops, professional training depends on particular requirements and supervisor's agreement.

The company clearly understands the importance of the start-up period in the company. Overall efficiency does not only depend on professional skills and personal qualities of a newcomer but also on many external factors. Therefore the adaptation procedure includes a package of documents which contains different directives and

brochures including information on Corporate Culture, Prevention of money laundering and funding of terrorism, Benefit programs and some others.

→**What is done**

Adaptation of new employees

The HR department also provides a compulsory three-hour presentation for new employees where they introduce the company's structure and mission statement, the top management of the company, corporate culture, training and development opportunities and then practical issues such as holidays, absences, sick leave, etc.

After the probationary period (at the end of the third month) each supervisor of a new employee must fill in an Evaluation report. The new employee will get feedback on his work and is given feedback about what is considered to be unsatisfactory in his/her work and how the weak points could be improved. Stated in this evaluation are also training needs and language level.

The final part of training is Language training. On the basis of approval from supervisors, employees have the opportunity to attend English or German language courses in the workplace but not during working hours. Some employees also attend Russian or management attends Czech for foreigners. Employees have to contribute a certain amount towards this training dependent on whether they have 90 minute lessons or 60 minute lessons. The conditions for language training are as follows: at least 75% attendance and at least 70% score in a progress test.

→**Recommendation**

Adaptation of new employees

Concerning a new employee's adaptation, the company can specify one colleague in the department (it does not have to be the supervisor) who is an experienced member of staff and aware of all working matters. This person would be responsible for a newcomer, monitoring his/her efficiency, quality of work and results, as well as their adaptation and successful interaction with the team.

It would also be interesting to keep statistics with information on average length of employment, when and why employees leave, and the main reasons that they leave.

→**Recommendation**

Career plans

Career plans should be incorporated and create one part of the Annual Performance Appraisal. Many potential employees during interviews are keen to ask about their career opportunities. Potential employees simply want to see all possible opportunities for professional growth. It is similar to setting goals which undoubtedly help employees to stay focused, work harder and meet their goals. Career planning is a very strong motivating factor.

Workplace safety & health

→**What is done**

Current legislation in the Czech Republic and within the EU places greater responsibility on employers regarding their employees' healthcare. Thus, the employer has full responsibility for ensuring and covering employee healthcare, except for the obligatory Entrance/Periodic medical examination, the employer also ensures free flu vaccinations once a year for its employees.

Additionally to this, under the unfortunate circumstances that the bank is robbed during opening hours the company provides a session with a Psychologist for employees who were present during the bank robbery.

As for workplace safety, this company provides e-learning courses on Fire protection and Occupational safety.

Work-life balance

→**What is done**

Organizations are increasingly aware of work-life balance. A work-life policy that respects the individual can be beneficial to both company and worker.

In some cases the company allows working on a part-time basis or working less than standard hours. This form of work is interesting mainly for mothers who want to return to work after maternity leave or who have young children who they want to pick up from kindergarten.

Working from a home office, for all or part of the week cuts down on commuting time and can be mutually advantageous. However this company only offers this option in exceptional cases when remote access is possible and the position does not require the individual to be in the office.

→**Recommendation**

Flexible working arrangements

Flexi-time or Flexible working is currently the most requested, easiest to manage and most affordable type of Flexible working arrangements. Employees have the freedom to work during whatever hours they choose within a set of core hours determined by the employer. Flexi-time offers flexibility in arrival, departure and/or lunch times, typically with a designated core time during the day in which all staff are present. Flexi-time does not alter the total number of hours worked in a week. Employees can propose an arrival and departure time, for a total of eight hours of work per day. For instance, if the core time is 10 am to 4 pm the possibilities to work are: 8 am to 4.30 am, 9 am to 5.30 pm or 10 am to 6.30pm. This moderate modification in working hours could significantly improve work-life balance.

The Second option is Job sharing. Job sharing means that the responsibility for a particular job is split between two workers who agree on the division of hours between them. Once a week there should be a period when both of those job sharing are in the office and can handover tasks and update each other on ongoing issues.

→**What is done**

Keep contact during maternity leave

The company keeps in contact with employees who are on maternity leave and give priority to those who are on maternity leave when part time or job sharing work becomes available. The HR department is available to give advice on certain matters and can be contacted. After their return to work the HR department and their supervisor try to make the integration as smooth as possible.

Outplacement

→What is done

People who are dismissed generally receive the basic information about their future possibilities, necessary documents, employment office etc.

→Recommendation

Outplacement as a part of HR processes

Outplacement should be part of HR processes and it should not matter whether the company is downsizing 1 or 150 employees. Re-entry into the job market should include advice and help with curriculum vitae, interview preparation and practice, salary negotiation advice, covering-letter writing, networking and making contacts, tips on job searching and distributing your CV to employment agencies. Last but not least, information could be provided on gaining new or further qualifications.

Diversity Management

→What is done

The company does not have any specific quotas to meet concerning who they employ. The number of males and females, their age, religion, sexual orientation or nationality of staff is not counted. The only criterion during the recruitment process is the experience and other relevant information to the specific position. The company acknowledges the reality that people differ in many ways and they try to foster creativity, problem solving and innovation within their staff.

→Recommendation

Protection of minorities

If the company decides to implement the CSR concept it should focus on employment and protection of minorities including mainly elder workers and disabled people. Some of the advantages of employing disabled people are below:

- *Compliance with the statutory obligation to employ people with disabilities (for companies employing over 25 employees)*
- *Tax reduction*
- *Subsidies from the active employment policy*

- *Obtaining motivated and stable staff*
- *Promoting a positive atmosphere in the workplace, personnel diversity*
- *The reputation of the company- CSR*

4.3.3 Environmental Pillar

Last but not least, the environmental pillar represents the third essential part in the concept of Corporate Social Responsibility. The aim of each company should be to minimise the impact on the environment and to promote awareness of environmental issues among its own employees and within the wider community.

Environmental awareness is slowly increasing but still is quite low therefore *Recommendations* for the future are prevailing over *What is done* currently in the selected company. One of the reasons is that environmental policy must be set up by the management of the company and everyone in the company must be familiarised with the policy. Employees must understand that recycling and reducing waste is not just another task set up by the management but is an important routine or practice that should become an indispensable part of their corporate and private lives.

Environmental Policy

→*Recommendation*

Environmental strategy

An environmental strategy should be part of the corporate social responsibility plan, yet it is not included, which would enable companies to follow the “green” issues hence resulting in improved financial and environmental results. This environment strategy should be incorporated into the overall company’s strategy and vision. Some of the subjects or questions which should be considered are as follows:

- *Do we have a strategy that supports reducing costs and increasing operating and energy efficiency?*
- *Are all aspects of the business, including operations, I.T. and product lifecycle management, efficient and environmentally friendly?*

- *Are we taking a leadership position in driving energy conservation and environmental stewardship across the industry?*
- *Are we pursuing the development of energy and environmental strategies and policies to improve business and brand position?*
- *Are we looking for ways to improve I.T. operations to generate better computing performance without increasing power consumption? (Lechner, 2009)*

→**Recommendation**

Supplier selection

Overall, the selection of suppliers is based on the best service and value for money.

The main and most current criteria are:

- *price*
- *quality*
- *reliability*
- *experience*
- *speed of delivery*

However the selection process should also include environmental criteria. Nowadays, most large companies consider environmental issues and assess their supplier's performance accordingly, therefore small and medium companies should not stay behind.

Questions such as these should be asked:

- *Does the product come wrapped in a lot of packaging?*
- *Was the product made locally?*
- *Does the product contain a high percentage of recycled material?*
- *Can the product be reused?*
- *Can the product be recycled?*
- *Is the product energy efficient?*
- *Is the product harmful to environmental health, including ours? (Allan Akili, 2008, p. 7)*

→**Recommendation**

Environmental behaviour among employees

A company aiming to be environmentally-friendly will be more successful if employees are directly involved. The company should conduct a survey of Environmental behaviour among employees. This data would make a statement about the current situation in the company, about employees awareness and attitude towards this topic. This survey should be repeated each year to monitor progress. Moreover, the e-learning environmental courses would be primarily for new employees and would familiarize them with all environmental activities in the company and mainly with all the activities employees themselves would be responsible for. Also in the company's monthly newsletter there could be monthly or bi-monthly information about recycling, sorting waste and other environmental activities.

Energy and water

→**What is done**

Special software regulates electricity, heating and cooling. The company controls its energy consumption at particular times, for example at 18:00 on weekdays and throughout the weekend lights are automatically turned off. The offices have special double- vacuum glass with UV plastic foil preventing heat loss.

→**Recommendation**

PET bottles

Concerning water use, the company offers free drinks to its employees including tea, coffee and two kinds of water in PET bottles. Even though it is possible to recycle PET bottles, their disadvantages markedly prevail over their advantages:

- *Transporting the bottles and keeping them cold also uses energy, often produced from the burning of fossil fuels, which give off greenhouse gases.*
- *Groundwater pumping by bottled-water companies draws heavily on underground aquifers and harms watersheds, and according to some estimates, it takes up to three litres of water to produce one litre of bottled water. (Karlstrom, Dell'Amore, 2010, p.1)*
- *In Prague, tap water is regulated by the state and is often screened for dangerous pollutants. Therefore it is often more wholesome than water in PET.*

- *Water aside, the plastic used in single-use bottles can pose more of a contamination threat than the water.*
- *Financial costs for the purchase of PET bottles- storage, plastic waste, transportation and ecology, handling and ordering.*
- *Every day there are plenty of empty or half-empty bottles left in the conference rooms.*

Waste minimization and recycling

→What is done

Nowadays, waste sorting and recycling is the minimum companies should do for the environment. In the chosen company there are bins for sorting plastic on each floor and, although it is not communicated throughout the whole company, there are bins for recycling cartridges and also for the ecological disposal of fluorescent lamps.

→Recommendation

Waste sorting

The sorting of waste should gradually be increased to include sorting cardboard, glass, and there should be a special box for recycling paper in each office. The bins should be coloured to be noticeable and lucid. In addition, bins for hazardous waste should be used to separate the used parts from printers, fax machines or to put batteries from calculators in, etc. All this information should be published on the intranet and well communicated throughout the whole company.

→Recommendation

Waste minimization

Wasting paper is a real drain on the environment and on profits too. By taking a few simple steps, the company can reduce waste and make substantial cost savings. As in most offices, paper is the biggest source of waste, with an average worker using around 50 sheets of A4 every day.

People don't know, forget or are maybe lazy to set the printer to print on both sides of the paper. The printers where it is possible to set it up should be indicated and the process should be described. Secondly, for less important documents employees can re-use

one side of a piece of used paper. Paper which has not been used on both sides, and which doesn't contain confidential information can be re-used, for example given to schools. Moreover, it is also possible to print more pages on one page. This all will dramatically decrease the amount of paper we use and will reduce paper costs.

Another fact is that recycled paper production requires between 28-70% less energy than producing regular paper, and recycled paper is also cheaper to buy.

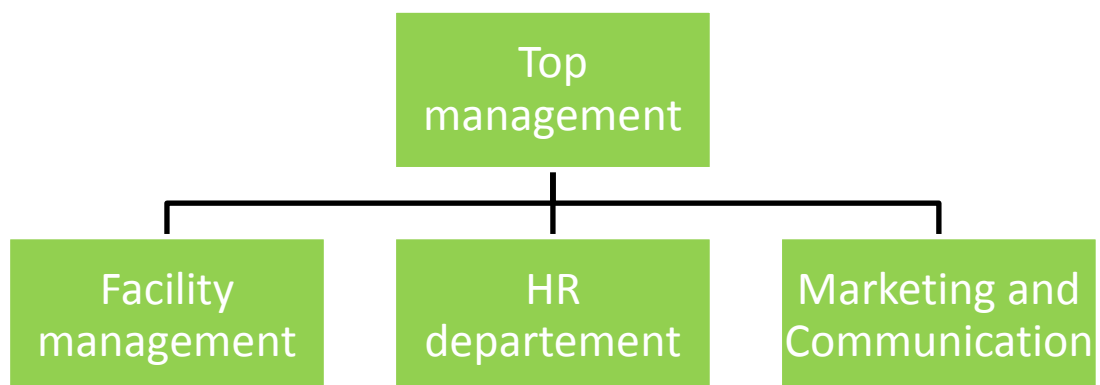
Furthermore, nowadays when communicating with clients most banks use environmentally friendly solutions where orders are processed electronically, without any paper submission and signed with an electronic signature. Clients may organise everything, including the consumer loan application process, credit card applications or payments online without a paper document. The same with Invoices, most banks offer the option of monthly Invoices online but some banks still send Invoices by post.

5 CONCLUSION

Nowadays, people are becoming more and more aware of the behaviour of companies. Maybe not everybody knows the concept of corporate social responsibility but people come to realize that some practices of the company are not correct. Some companies could narrate how long consumers remember irresponsible behaviour of the companies and how long and how much money it costs to retrieve the image of the company.

The aim of this thesis was to analyze the activities in a selected company according to the triple bottom line and make concrete recommendations for the management of the company.

The analysis discovered that alongside Sponsoring and Philanthropy there are some practices in each pillar which could create a good initiation when implementing CSR principles. However, it is absolutely essential that if the company decides to implement the recommendations and be active in all three pillars of triple bottom line it must go through the whole company. The CSR concept is not and cannot be just a business of one or two departments but the cooperation and flow of information must go through the whole company. That is also the problem of many companies where the communication and cooperation are not sufficient. From my point of view, the level of CSR processes also shows the level of overall processes and communication in the company.



Source: Author

The first economic pillar provides recommendations in the area of customer's feedback, clients approach, customers dissatisfaction, supplier selection and cause related marketing. In the overall evaluation of this pillar prevails current or former practices over recommendations.

Secondly, the social pillar is divided into the community and the employees and the working environment. Or in other words division on external and internal environment. The recommendations concerning the community mainly covers the area of corporate volunteering, fair trade products, support of student's activities and bachelor/diploma thesis consultancy. The second part of the social pillar aims at the external environment and the recommendations are focused on regular repetition of employee surveys, career plans, flexible working arrangements and outplacement which should be part of HR processes.

The last, environmental pillar showed the weakest point of all three pillars and the absence of any environmentally friendly practices. This part includes six recommendations and only two current activities. Most recommendations dwell mainly on creating environmental strategy, supplier selection according to the environmental criteria, missing environmental behaviour among employees and waste minimisation and recycling. Many of these recommendations could save a significant amount of money.

All recommendations meet the initial goal to be tailor-made to the selected company and its environment and fulfil three main objectives- to be easily applicable in a short period of time, require minimal financial expenditure and refresh and improve current and former practises.

Based on these findings and recommendations the company can decide whether they want to invest the effort and implement CSR principles according to the triple bottom line. Thus, the contribution of this diploma thesis resides primarily in concrete suggestions and recommendations for the management of the company which are issued from the external and internal environment of the selected company.

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