

CSR in Europe

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Abstract

In this paper we deal with the importance of corporate social responsibility (CSR) from the European perspective. We introduce the term CSR in form of the European official definition of CSR, and point out why CSR is important, if human race wants to survive. We show some statistical data to give a proof of our statements and include some examples how it is possible to implement CSR in the enterprises. We suggest using Dialectical System Theory for implementing ISO 26000 on CSR and the integral management model approach. The crucial linking concepts should be interdependence and holism. The main goal of this paper is to increase the awareness about the importance of CSR.

Keywords: corporate social responsibility (CSR), Dialectical Systems Theory, integral management, enterprise policy, European Union (EU), innovation.



1 Introduction

Market requirements and demands change with societal development, thus also the needs and ways of their satisfying (Crnogaj et al., 2014; Čančer and Šarotar Žižek, 2015; Dankova et al., 2015; Duh and Štrukelj, 2011; Ećimović and Haw et al., ed., 2012; McWilliams and Siegel, 2011; Peršič and Markič, 2013; Sternad et al., 2011; Širec and Močnik, 2014). Enterprises must adapt to these changing conditions. No enterprise is in spite of every individual capability and/or all employee capabilities able to attain total holism (Mulej et al., 2013; Štrukelj, 2015). Therefore, the modern circumstances demand enterprises to satisfy these changed needs with various approaches.

One can recognise a path towards requirement of sustainable/social responsible enterprises. The modern global economy business conditions dramatically changed in the direction toward more competitiveness and innovativeness. Economies, enterprises and humans must innovate toward a requisitely holistic approach/implementation of sustainable development that expresses the interdependence of natural environment and economy as the two significant bases of life. According to Ećimović & Haw et al. (2012) sustainable development must lead to sustainable future; humans should not become self-sufficient or even local only (Mulej, ed., 2013; 2015; Mulej & Dyck, eds., 2014). Thus the sustainable future needs support from human behaviour (Šarotar Žižek & Mulej, 2013). The process must lead towards socially responsible enterprise governance, management, and practice (Peršič & Markič, 2013; Dankova et al., 2015); thus innovation towards CSR is needed.

Just now, if not earlier, the necessity of enterprise's social responsibility is hence more urgent and needed than otherwise (Dankova et al., 2015; Mulej and Dyck, ed., 2014). This need has to be included into the enterprise governance, management and practice (Štrukelj, 2015). With this is related also our hypothesis that reads: CSR is important and there are several ways how to put it into the practice. To prove this we explain in the Section 2 some selected viewpoints of CSR in the EU; in the Section 3 we show some surveys' results about CSR in the European Union, propose some practice and economic policy makers' recommendations; in the Section 4 we add some concluding remarks and future research directions.

2 CSR in the European Union: what is CSR and why it is important

In 2001 the European Union (EU) defined that CSR “is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment; a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (EU, 2001, p. 5). In 2011 EU defined CSR as “the responsibility of enterprises for their impacts on society” (EU, 2011, p. 6). In the European Commission's official internet site they define CSR in the EU as (CSR EU, 2016): “Corporate social responsibility refers to companies voluntarily going beyond what the law requires to achieve social and environmental objectives during the course of their daily business activities. It covers a range of areas:

- Europe 2020 (especially new skills and jobs, youth, local development);
- Business and human rights;
- CSR reporting;
- Socially responsible public procurement.

The European Commission encourages companies to apply fair employment practices that respect human rights, particularly where products come from outside the EU.”



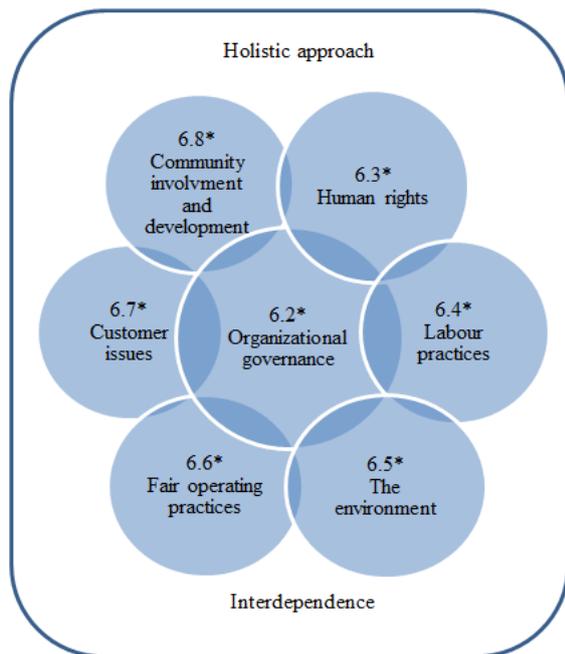
How can one handle this?

The Dialectical Systems Theory is a qualitative theory. It takes into account the complexity (proposes users to give consideration only to all subjectively selected important viewpoints) and different disciplines. It reminds people of their complementarity of differences and tries to achieve as much integrity (i.e. requisite holism) in human thinking, in human actions and behaviour as possible by linking interdependent components of reality, of specialized professions and viewpoints, which consequently results in synergy as they are interdependent despite being mutually different (Mulej, 1974 and later; Mulej et al., 2013).

ISO 26000 is an advisory international standard on social responsibility (ISO 2010) and places organizational governance in the centre of all 7 core social responsibility subjects (Figure 1). As the Dialectical Systems Theory also ISO 26000 requires a holistic approach (based on interdependence) and includes the following seven content areas: (1) Organizational governance, (2) Human rights, (3) Labour practices, (4) Environment, (5) Fair operating practices, (6) Consumer issues, and (7) Community involvement and development. Principles of CSR are seven: (1) Accountability, (2) Transparency, (3) Ethical behaviour, (4) Respect for stakeholders' interests, (5) Respect for the rule of law, (6) Respect for international norms of behaviour, and (7) Respect for human rights (ISO, 2010, pp. 10–14). For social and economic reasons, social responsibility means that everybody behaves as a reliable person beyond social community's requirements defined in legislation.



Figure 1: Essential elements of ISO 26000



* The figures denote the corresponding clause numbers for the seven core subjects of social responsibility in ISO 26000.

Source: ISO, 2010, p. 4.

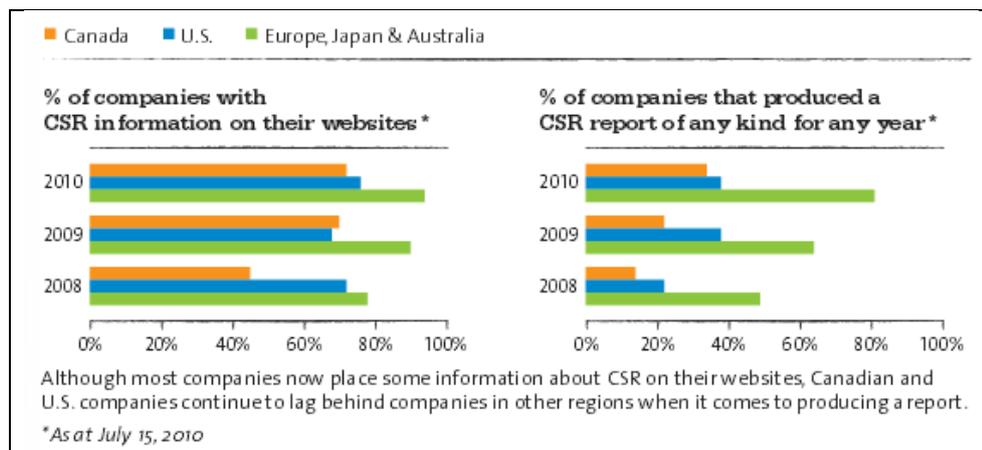
In Europe the leading European business network for Corporate Social Responsibility is called CSR Europe (CSR Europe, 2016). It cooperates with CSR organisations across the world and acts as a platform for enterprises that want to enhance sustainable growth and positively contribute to society. They want to connect enterprises to share their best practices on CSR and innovate to shape the business and political agenda on sustainability and competitiveness in Europe. CSR Europe's flagship initiative to address European and global challenges to achieve smart, sustainable and inclusive growth is Enterprise 2020. Their Enterprise 2020 initiative addresses sustainability issues, which are increasingly bringing into question our current patterns of living, working, learning, communicating, consuming and sharing resources, as a response to the European Union's Europe 2020 strategy. In 2015, in response to the urgent need to address unemployment, climate change and demographic changes in Europe, they launched the Enterprise 2020 Manifesto. The Manifesto calls on businesses and governments to work together and take action on three strategic priorities during the five years leading up to 2020 (same source):

1. "Make employability and inclusion a priority across boards, management and value chains;
2. Stimulate companies to engage as committed partners with communities, cities and regions to develop and implement new sustainable production methods, consumption and livelihoods;
3. Put transparency and respect for human rights at the heart of business conduct."

3 Some data on corporate social responsibility in the European Union, practice and economic policy makers' recommendation

Nowadays CSR is more and more becoming a core business value (CSR trends, 2010, p. 4) that defines the best businesses. In Europe 94% of all enterprises are posting CSR information, 74% are posting a link to CSR on their home page and 81% are publishing a CSR report. 40% of the enterprises are producing a CSR report; 15 % in full HTML and 10% are posting their report in both PDF and HTML (Figure 2). This shows that CSR practice is growing.

Figure 2: Enterprises producing a CSR report and enterprises with CSR information on their website



Source: CSR trends, 2010, p. 4.

Also in small and medium sized enterprises (SMEs) the CSR is a crucial theme, as 99.8% of Europe's private enterprises are SMEs. SMEs have more barriers (Williamson et al., 2014, p. 23) preventing them from engaging with CSR than large enterprises, like:

- "Owner / manager / stakeholder engagement;
- Lack of understanding of CSR;
- Perception of costs of implementing CSR;
- Lack of training or resources to implement CSR; and, in some cases;
- Implementation of CSR but lack of recognition or reporting."

In spite of that (Williamson et al., 2014, p. 23), many SMEs have begun to make progress towards implementing CSR activities: it is their 'Unique Selling Point' and some are developing new practices and innovation in CSR. They are able to change their practices quicker than large enterprises, so the effect of changes can be noticed almost immediately. In many cases, the implementation of CSR practices is down to individual commitment and this is why governmental support is focusing on awareness-raising aspect. The dissemination and recognition of SMEs' CSR good practice is another aspect. For example (GAP, 2016), the "Green Action Plan for SMEs" that was adopted in July 2014 outlines how the European Commission, in partnership with Member States and the regions, intends to help SMEs take advantage of the opportunities offered by the transition to circular green economy/markets. Green Action Plan presents ways for SMEs to turn environmental challenges e.g. resource efficiency improvements into advantage and business opportunities by improving productivity, driving down costs, supporting green entrepreneurship, and developing



European leadership in green processes and technologies. It wants (1) to raise SMEs' awareness of resource efficiency improvements and the potential of the circular economy for productivity, competitiveness and business opportunities and (2) to inform SMEs about EU resource efficiency actions under the COSME, Horizon 2020 and LIFE programmes, and the European Structural and Investment Funds.

We recommend to enterprise owners / governors using Dialectical System Theory (Mulej, 1974 and onwards, incl. 2013) for implementing ISO 26000 on CSR (ISO, 2010) and the integral management model approach for realising it through the described process dimension of the MER Model (Belak, Ja. and Duh, 2012; Belak, Ja. et al., 2014; Duh and Belak, Je., eds., 2014). The crucial linking concepts should be interdependence and holism. To implement CSR in the practice they should innovate their governance towards more CSR. This should be implemented through enterprise vision and enterprise policy innovation, therefore later on also through management and practice innovation.

In the recommendations for economic policy makers we derive from the results of still very topical OECD findings (2010, pp. 2–3). According to OECD innovation can help countries to get back on a path to sustainable – and greener – growth. Innovation policies are therefore of crucial importance. OECD five policy principles for innovation recommendations are (ibid, p. 3, supplemented):

1. Empowering people [all enterprises' stakeholder] for innovating.
2. Unleashing innovations [toward social responsibility (Dankova et al., 2015; Mulej, ed., 2013; 2015) and human well-being (Čančer and Šarotar Žižek, 2015; Šarotar Žižek and Mulej, 2013)].
3. Creating and applying knowledge [to release high potential growth possibilities (Širec & Močnik, 2014)].
4. Applying innovation to address global and social challenges [toward social responsibility and sustainability (Rebernik and Bradač, 2006; Ženko et al., 2013a)].
5. Improving the governance and measurement of policies for innovation [for the EU especially SMEs innovations, because EU economy actually bases on the SME enterprises; SMEs, 2014].

4 Some concluding remarks

Literature review and experiences show that enterprises should practice more social responsibility (Dankova et al., 2014; Malik, 2011; Mulej, ed., 2013; 2015; Mulej and Dyck, eds., 2014; Štrukelj and Šuligoj, 2014). Also the EU supports CSR and hence enterprise governance innovation towards more CSR. To achieve this, the enterprise owners / governors should include into enterprise governance the demand for CSR, incl. a code of ethics. Namely, the implementation of CSR there must be in the interest of enterprise key stakeholders – owners and/or governors that govern the enterprise. Their governance request is expressed in enterprise policy and realised through management in the practice. As we could remark from the research in this paper, CSR is very important; the EU requires it officially (EU, 2001; 2011) and unofficially (ISO, 2010). Therefore, also policy makers should be aware of CSR needfulness and enterprises should (start) practice it. Our research shows to them several possibilities how. Not the least important is also the fact that socially responsible enterprises perform better (Vitezić, 2011).

With the research done we can confirm our hypothesis stated at the beginning: CSR is important and there are several ways how to put CSR into the practice. Nevertheless there are



still several possible future research directions. One could e.g. research the awareness about the CSR importance among the policy makers and enterprises, their knowledge of the CSR contents and their understanding of them; one could analyse the existing CSR practices in various areas or countries or enterprise sizes, the differences among family and non-family enterprises etc. The opus of possible research fields is very broad and limitations are therefore needed. One should only use the holistic approach and not forget that we all are interdependent (ISO, 2010; Mulej, 1974 and later; Mulej et al., 2013).

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