

UNIVERSITY OF LJUBLJANA

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MASTER THESIS

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**CORPORATE SOCIAL RESPONSIBILITY: THEORY AND
PRACTICE IN SLOVENIA**

(DRUŽBENA ODGOVORNOST PODJETIJ: TEORIJA IN PRAKSA V SLOVENIJI)

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INTRODUCTION

Corporate social responsibility (CSR) is a rather new concept that is attracting more and more attention in the 21st century from businessmen, companies, academics and consumers alike. It deals with the question of whether organizations are responsible in their business practices and are concerned about how their actions affect consumers, employees, shareholders and the society and environment as a whole. Numerous international companies are becoming more and more aware that social responsibility can contribute to brand reputation and to the overall good name of a company, even if it does not bring the organization immediate profits. That is why organizations see social responsibility less and less as an obligation and more and more as an opportunity to gain an additional advantage on today's competitive marketplace, and thus voluntarily protect their employees, the local community and society at large. Mainly large international corporations – among which are many that have incorporated social responsibility into the company vision, mission, values and strategy – support non-economic social values on their web pages and reveal their social responsibility to shareholders, employees and to their loyal and potential customers in the company's annual reports. In January 2008 the Bain & Company consulting firm revealed that approximately 50% of the top 50 retailers and 70% of the top 50 consumer products companies publish sustainability reports (Rigby, 2008).

In this master thesis we examine the theoretical background of CSR and determine how socially responsible behaviour is demonstrated in practice. We additionally analyze the Slovene consumers' view of a company, the brand, products and how this changes in light of CSR, so as to determine the Slovene consumer's attitudes towards corporate citizenship in comparison to the attitudes of global consumers. Our goal is to examine if CSR offers companies on the Slovene market an opportunity for adding value and gaining a new frontier in sustainable development and competitive positioning.

The concept of CSR is about what businesses can and should do (i.e. opportunities), not about what businesses must do (i.e. rules). In other words, CSR offers ways in which companies can add value to their business by considering certain social and environmental aspects of their operations, without having to ignore the profitability factor. As we will see, CSR offers a way to optimize firm profits given the conditions that the 'key' assets of the firm (knowledge, innovation, quality supply chains, etc.) are preserved and developed. In this way a firm ensures long-term sustainable development.

From the theoretical point of view, the subject matter of our research problem is extremely up-to-date. It is evident that in Slovene companies CSR – although on the increase - is still kept in the background, so specific SR issues that intersect with a particular business are not appropriately incorporated into the company's corporate culture and strategy. But with globalization, and with Slovenia becoming a member of the European Union, this concept is becoming more and more important if companies in Slovenia wish to compete on the European and global market. By demonstrating best practices of leading global corporations, and furthermore analyzing how this is done abroad and comparing it to the situation in Slovenia, we will determine discrepancies or differences that exist in the field of CSR. Our scientific

contributions - from the practical viewpoint - are recommendations on CSR management and marketing for companies on the Slovene market based on the demand for CSR of Slovene consumers and an outline of the shared value – hence the expected benefits for both the society and the business – which a greater degree of CSR could bring.

In this thesis we thus present the relationship between the following elements:

- corporate social responsibility: e.g. protecting the environment, saving energy, recycling, protecting employees, genetically modified food, charitable work, etc.;
- influence of the masses: consumer demand for CSR, corporate culture and the transparency of a firm that allows for a more innovative approach to the concept of social responsibility via mass collaboration (bearing in mind the customer and experts from other industries);
- benefits for the company: reputation, greater consumer trust, broadening the range of customers, and consequently, added value, greater company capabilities, competitive advantage, and long-term firm survival.

The research questions that we will answer in this master thesis are related to reasons for/against the implementation of social responsibility into a company's strategy in Slovenia, CSR in the eyes of the Slovene consumer and public reporting about social responsibility as an opportunity for mass global collaboration. The main research questions are:

1. How is CSR perceived in theory and how is it demonstrated in practice?

The research methods used in order to achieve this involve a critical literature review, including analyzing scientific journals, practical implications of CSR, examining the suggestions of the ISO 26000 standard and incorporating into all this the *Wikinomics* mentality driving today's business world.

Additionally, we present best practices of CSR in multinational companies and organizations in order to demonstrate how socially responsible behaviour and appropriate CSR reporting can bring a company numerous benefits. In order to address this research question we also examine CSR in Slovenia by providing examples of Slovene companies that **have introduced CSR** into their strategy, without the fear that this will bring mainly costs with minimal positive outcomes.

2. What could be today an efficient driving force for CSR?

The focus will be on whether Slovene companies are **transparent enough when it comes to reporting about their CSR** in annual reports that should be published on the company's official web site and accessible to all, without the fear that this would reveal their business secrets, one of the primary sources of differentiation or competitive advantage. Recent research has shown that a larger degree of transparency can, for a company, signify opportunity and not, as was sometimes thought, a loss of business secrets. As Don Tapscott and Anthony D. Williams demonstrate in their work "Wikinomics: How Mass Collaboration Changes Everything" the traditional company hierarchy is taking a back seat to mass Internet global collaboration, which

in many cases enables companies to lower costs and opens the door to greater innovation and a greater degree of consumer trust. Thus, mass collaboration could also contribute to greater CSR – **Wikinomics as the driving force guiding CSR**. It is important for companies to become aware of the opportunities that this new mentality offers, that companies open their communication channels and are open and responsive to the suggestions also of the consumers and specialists from different fields instead of confining themselves only to the ideas of the experts in the company's field of operations.

Additionally, keeping in mind the shareholder theory of maximizing shareholder returns, we examine CSR as a tool for ensuring long-term firm survival, sustainable development and competitive advantage.

The research method used comprises a critical literature review and the findings in secondary source – from *Wikinomics* and CSR annual reports to CSR advertising and CSR related marketing campaigns.

3. How is CSR perceived by Slovene consumers?

In this research we focus on the connection between CSR and the consumer loyalty/trust/view of a company. The question that arises is: Is there a connection between the fact that in Slovenia companies are not as socially responsible as those abroad, and the **value/importance that consumers in Slovenia attribute to CSR** (*empirical part*)? In other words, do consumers see socially responsible companies in a better light, prefer to buy their products, are prepared to pay more, etc. Additionally, we focus on whether Slovene consumers are **aware of the social responsibility of both Slovene and foreign firms** and, in this way, examine whether companies are acknowledged for their CSR, for only if the consumer is familiar with a company's CSR - only if this is transparent enough - can the company reap the benefits that CSR brings regarding a boost in its reputation and an increase in profit.

The research methods used to answer this research question are an analysis of primary (questionnaire results) and secondary data (*Finance* newspaper's 'TOP Socially Responsible' questionnaire, Goodpurpose questionnaire, etc.).

Based on the research questions discussed, we determine:

1. How present or integrated the concept of CSR is in Slovene companies and what the main problems are (see Chapter 3).
2. The benefits of CSR for Slovene companies based on our questionnaire results (see Chapter 4.3.5).
3. The value of CSR for the Slovene consumer; based on our questionnaire results (see Chapter 4.3.5).
4. Recommendations for companies operating on the Slovene market, which are drawn from the key findings in our questionnaire analysis (see Chapter 4.4).

2 CSR in Theory and Practice

2.1 CSR in Publications

This chapter starts with a review of publications on the topic of CSR, which will include scientific journals, recent research, reports, guidance on CSR, the views on the topic of consulting firms, present magazines dealing with CSR and touch on the subject of standardization, more precisely ISO 26000, which puts the concept of CSR in an appropriate context. Next, some arguments against CSR are presented, and then, on the basis of known and generally accepted ideas regarding the importance of CSR for a company's reputation, we demonstrate how CSR helps achieve greater consumer trust and broadens the range of customers (examples of best practices).

R. L. Daft in his work 'Understanding Management' states that social responsibility is "the obligation of organization management to make decisions and take actions that will enhance the welfare and interests of the society as well as the organization" (Daft, 2004: 123). One of the more generally accepted definitions is certainly the one provided by the European Union and published in the Green Book. According to this definition social responsibility is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a *voluntary* basis" (ABC of the main instruments of Corporate Social Responsibility, 2004).

But perhaps the most precise and globally acceptable definition of social responsibility (SR) is the one provided by the International Organization for Standardization (ISO), a worldwide federation of national standards bodies in their ISO 26000 standard. The standard provides guidance on social responsibility to *all types of organizations* instead of focusing only on *corporate* social responsibility, and is to be released in 2010. According to this standard social responsibility entails "actions of an organization to take responsibility for the impacts of its activities on society and the environment, where these actions:

- are consistent with the interests of society and sustainable development;
- are based on ethical behaviour, compliance with applicable law and intergovernmental instruments; and
- are integrated into the ongoing activities of an organization" (ISO/WD 26000: Guidance on Social Responsibility, 2006).

The standard stresses that core SR issues are not only connected to the environment (e.g. prevention of global warming) - as is often mistakenly thought by some managers and key stakeholders - but include also organizational governance, human rights, labour practices, fair operating practices, consumer issues, and community involvement/society development (more on ISO 26000 in Chapter 2.3).

Historically, the term CSR came into common use in the early 1970s - although it was rarely abbreviated (Corporate Social Responsibility – Wikipedia, the free encyclopedia, 2008). Interest in business ethics accelerated dramatically during the 1980s and 1990s. Although CSR is today a part of most multinational corporations, Europe has played a pioneering role in the development and rapid growth of CSR over the past fifteen years.

In 1993 President of the European Commission, Jacques Delors, made an appeal to businesses to address Europe's structural problems of unemployment, restructuring and social exclusion (CSR issues). He invited corporations to adopt a European Declaration against Social Exclusion (the first to join were, for example, Delors Appeal, Glaverbel, Levis, BP, Accor, Philips, Bayer, etc.). In 1995, the European Business Declaration against Social Exclusion was announced and a year later the European Business Network for Social Cohesion (renamed CSR Europe in 2000) was set up, with the support of the European Commission (one of the first issues that was addressed is discrimination at work and in the community). In 1998 business leaders, together with the President of the European Commission Jacques Santer, launched the European Resource Centre on CSR. At the turn of the century, top European CEOs addressed all Heads of State and Governments and proposed 12 concrete ways to: “build an entrepreneurial and inclusive knowledge society; develop a culture of communication and multiplication of best practices; expand teaching of corporate social responsibility, corporate citizenship and business ethics; invest in public-private partnerships for effective responses to economic and social challenges” (CSR Europe: History, 2008). In this way corporations could successfully combine economic competitiveness and social responsibility. In the same year, 15 Heads of State and Governments made a strategy at the European Lisbon Summit: *"To make Europe the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion by 2010"* (Ibid.). In the following eight years numerous conferences on CSR were and still are being held under the EU wing. The CSR initiatives, reports and directives include:

- European Directive on CSR Transparency (2001);
- preparing the future generation of tomorrow's managers through the European Academy of Business in Society (2001);
- helping SMEs to evaluate and strengthen their social responsibility by using the SME Key toolkit (2001);
- first European Commission Communication on CSR (2002);
- European Academy of Business in Society – Eabis (2002) - a reference point for the integration of CSR into the mainstream of business practice, theory and education, and to enhance models for sustainable business success;
- business to business alliances towards trade for aid activities (2002);
- CSR Europe adopts new strategy to mainstreaming CSR (2003).
- The European Multi-Stakeholder Forum on CSR (2004) – includes nine recommendations for future CSR knowledge and capacity building in *and beyond* Europe.

- The first European MarketPlace and the Roadmap on CSR (2005)
- Joint publication on CSR in China (2005)
- Second European Commission Communication on CSR and the European Alliance for CSR (2006)
- The second European MarketPlace and the European Cartography on CSR (2006) – provides indications on how and where in Europe CSR business innovation is occurring, highlights some remaining gaps in the area of CSR, and identifies different types of constraints companies face when implementing CSR.
- 2007 The third European MarketPlace on CSR and a new website section on the European Alliance for CSR (2007)

(Ibid.)

It is interesting to note that some components that are today considered to be a part of SR have already been practiced in Yugoslavia's "self-governance" system in the 1960 – 1990, especially:

- respect of interests of employees in governance of enterprise,
- fair operating practice by care of enterprise for labour social status (apartments, loans, holiday facilities, etc.) and career development (scholarships, long-life learning, etc.), working conditions (hot meal, health and safety at work, maternity leave, medical care, retirement schemes for employees, etc.),
- involvement of (local) community into governance (reduce unemployment, reduce social exclusion and discrimination).

At that time the awareness regarding environment issues was not as well developed as it is today, but care for employees, the local community and society at large was a part of that system.

We can distinguish between four different types of corporate social responsibility: economic, legal, ethical and discretionary responsibility (Daft, 2004: 128). Daft believes that the latter two types of social responsibility are today becoming increasingly important if a company wishes to sustain its competitive advantage and, at the same time, benefit society.

The theoretical background of CSR, in other words, the most important scientific findings in the field, examples of best practices, benefits for a company and practical implementation of CSR are presented in numerous studies, in research, reports, handbooks and as an important issue for distinguished global consulting firms. Numerous sources state that there exists a close connection between social responsibility and a company's reputation (e.g. PricewaterhouseCoopers). But this reputation is the result of optimizing firm profits by adding value to individual stakeholders, while at the same time ensuring at least a zero added value to all other stakeholders (the stakeholder enterprise value is in equilibrium, all stakeholders are satisfied with their position). As Žiga Debeljak and Aleksandra Gregorič explain in their article *Modeling Corporate Social Responsibility* "... a firm is socially responsible if it undertakes business decisions (measures) that in time increase the stakeholder enterprise value and lead towards the optimal organizational equilibrium." (Debeljak & Gregorič, 2006: 313) Based on the shareholder theory which states that managers should maximize shareholder returns, this

means that at least a zero added value must be ensured for all stakeholders, even if the business is, at a particular point or with a particular action, maximizing the value of a singular individual stakeholder. The present value of the future benefits from the stakeholders' participation in the firm reduced by the benefits of the best alternative must be non negative to all stakeholders. In this way, the total stakeholder enterprise value increases in time and allows for the preservation of the long-term participation of all the constituents (stakeholders) and consequently long-term firm survival, sustainable development and competitive advantage. This theory applies also to CSR. Namely, a manager who cuts down on a company's donations/sponsorships (social causes) will indeed cause an increase in the added value to some stakeholders (e.g. shareholders) but will also, at the same time, cause a decrease in the added value to society. On the other hand, if a manager develops a positive corporate culture closely connected to CSR, there is an increase in the added value to employees (motivation, satisfaction in the workplace, etc.), and because of that greater productivity, performance and reduced risk, and thus also an increase of shareholder and other stakeholder benefits. Debeljak and Gregorič claim that as "empirical studies mostly report positive or neutral relation between firm financial performance and social responsibility improvement in corporate social behaviour is possible without reducing the shareholder value." (Debeljak & Gregorič, 2006: 316)

The focus of the European development strategy adopted by the Lisbon European Council in 2001 is knowledge, innovation and CSR. All three factors are dependent on stakeholder groups participating in a particular business. In order to ensure long-term inclusion or long-term stakeholder enterprise value, and consequently a sustainable development of a business and of the economy as a whole, companies should consider the interests of all stakeholder groups and increase the added value for all individual groups – so the present value of the future benefits from the stakeholders participation in the firm reduced by the benefits of the best alternative must have at least a zero added value to all stakeholders (Ibid.).

In the next chapters we analyze authoritative sources on the topic of CSR and investigate how successful global companies manage CSR. Based on these findings, a critical analysis is provided with recommendations regarding what companies on the Slovene market should change in their CSR strategies so that it would bring a company an increase in firm value, competitive advantage, greater respectability and, consequently, greater profits.

2.1.1 CSR in Scientific Journals

In order to understand the underlying reasons why companies decide or should decide to integrate CSR into their business strategy, we must also examine how scholars from different fields and backgrounds see CSR and corporate social performance (CSP) so as to put the concept of CSR into an appropriate scientific context.

Many authorities on the topic of CSR believe that this concept, if applied correctly and with purpose, can bring organizations a competitive advantage that will allow enterprises to "distance

themselves from the pack” (Porter, and Kramer, 2006: 13). What is more, Porter and Kramer (2006: 13) in their article *The Link Between Competitive Advantage and Corporate Social Responsibility*, published in the Harvard Business Review, believe that “CSR can be much more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation, and competitive advantage.” The authors emphasize that social responsibility should be focused and that specific issues apply to specific industries. Namely, selecting only those issues that intersect with its particular business – so prioritizing social issues. They distinguish between generic social issues, value chain social impacts and social dimensions of competitive context, where one particular social issue may fit into a different group depending on the industry the business is in. Porter and Kramer conclude that CSR as they see it and the long term investment into an organization’s competitive advantage requires “dramatically different thinking in business”, so moving away from “the emphasis on image to an emphasis on substance.” (Ibid.)

An important benefit CSR can bring to an organization is innovation. As Zwetsloot points out in his 2003 paper entitled *From Management Systems to Corporate Social Responsibility*, and published in the *Journal of Business Ethics* “CSR seems to have great potential for innovating business practices with a positive impact on People, Planet and Profit.” (Zwetsloot, 2003: 1) Max Caldwell and Towers Perrin in their article ‘Uncovering the Hidden Value in Corporate Social Responsibility’, published in *The Journal of the EDS Agility Alliance*, agree by saying that CSR - especially when focused on environmental sustainability - can benefit the planet, as well as a company’s competitiveness and bottom line. The article points out that one of the main differentiators of a competitive advantage for a company is an engaged workforce. This can be achieved with learning, development, career opportunities for employees etc., but now research shows that “CSR is among the top drivers of workforce engagement globally, along with company image and reputation.” (Uncovering the Hidden Value in Corporate Social Responsibility: 70) The authors provide specific examples of CSR in large successful multinationals such as Starbucks (e.g. healthcare benefits also to part-time employees), GE (e.g. planet-positive initiatives through their ‘ecomagination’), The Coca-Cola Company (e.g. efficient energy use, sustainable packaging) and the Walt Disney Company (e.g. philanthropic work). Once again the main point of the article boils down to long term competitiveness, for Caldwell and Perrin believe that: “Sustainable companies are likely to be highly profitable in the long run.” (Uncovering the Hidden Value in Corporate Social Responsibility: 70)

In a paper written by Mark Bandsuch, Larry Pate and Jeff Thies and published in the *Business and Society Review* the authors examine *Rebuilding Stakeholder Trust in Business: An Examination of Principle-Centered Leadership and Organizational Transparency in Corporate Governance*. In other words, they believe that trust is the essential component for the successful running of business operations and for building successful relationships with all stakeholders. The authors present a model of corporate governance (CG) that will help rebuild or increase the level of trust in business based on four essential components:

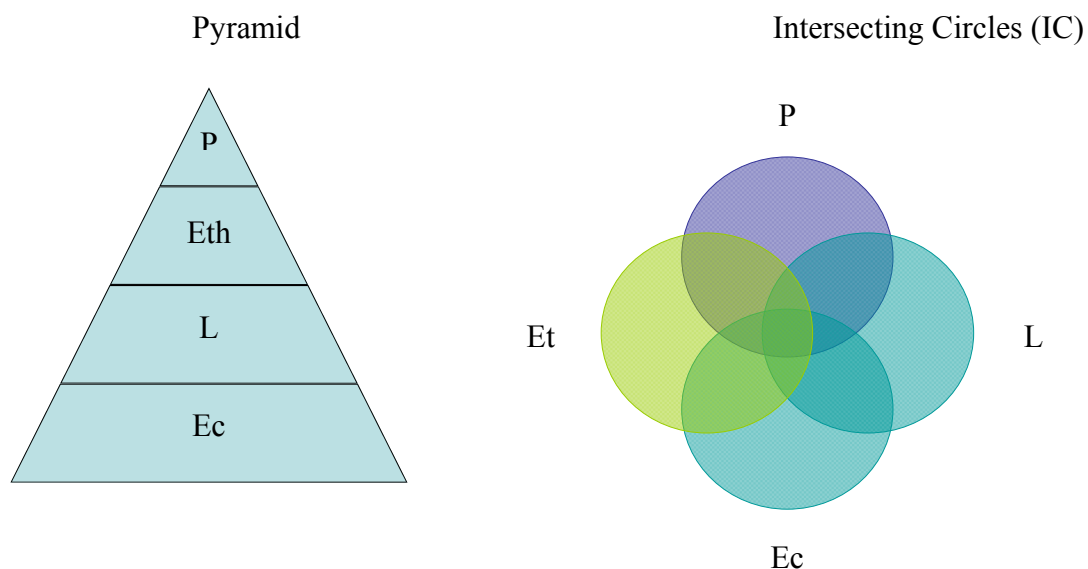
1. Principle-centred leadership – having a vision, communicating it, managing trust and self in an ethical and responsible manner (Bandsuch et. al.: 106);

2. Transparency – if accurate, comprehensive, relevant, timely, accessible, responsive, etc. can reinforce trust (Bandsuch et. al.: 105, 114); the authors present a Transparency Measurement Tool (TMT) which should also include categories of CSR, such as environmental impact, human rights (as well as financial data, management structure, risk management, etc.) (Bandsuch et. al.: 117);
3. Ethical culture; and
4. Stakeholder voice.

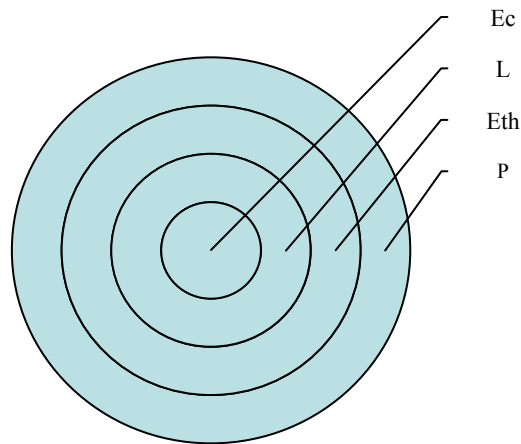
In order to be successful a company’s CG should be “situated within the related constructs of CSR, business ethics and organizational culture” (Bandsuch et. al.: 103), so it should incorporate also ethical leadership and transparency (dimensions should be clearly communicated, implemented, monitored, supported, etc. by the key leadership). The benefits of organizational transparency and principle-centered leadership in corporate governance arise from a rebuilding of stakeholder trust which influences employee loyalty and job satisfaction, thus bringing greater company adaptability (reduced risk) and productivity and finally an increase in profits (incased market value) (Bandsuch et. al.: 120).

Numerous scholars have proposed their models for CSR, each arguing that theirs is the most accurate and relevant for the understanding and practical use of the concept. But in 2008 Aviva Geva from the University of Israel published *Three Models of Corporate Social Responsibility: Interrelationships between Theory, Research, and Practice* in the *Business and Society Review*. Here she makes a comparative analysis of three recognized CSR models:

Figure 1: Three Basic Models of CSR: Relationships between Domains of Responsibility.



Concentric Circles (CON)



Source: Geva, 2008, Figure 1.

Legend: P = Philanthropic, Eth = Ethical, L = Legal, Ec = Economic.

In this way three different meanings and approaches to CSR are revealed. The author determines that both the hierarchical pyramid model with the traditional emphasis on profit making and the IC model, which has no clear boundaries of CSR (all CSR domains are of equal importance) fail to provide a fixed order of priorities which allows for adaptability and responsiveness to external forces. There is no mission, a self-binding commitment to stakeholders and the environment, and this could bring “managerial confusion, conflict and inefficiency.” (Geva: 32) The CON model, on the other hand, “guides managers to consider each responsibility in direct relation to the overall objective of social welfare.” (Geva: 33) In this way, CSR becomes a governing purpose of a company, building relationships and inspiring greater corporate performance.

In their 2007 article ‘CSR expectations: the focus of corporate marketing’ Klemen Podnar and Urša Golob acknowledge CSR as part of the corporate-level marketing concept. Balmer and Greyser in their 2006 article ‘Corporate Marketing: integrating corporate identity, corporate branding, corporate communication, corporate image and corporate reputation’ agree that by balancing and meeting societal needs and expectations (i.e. including different stakeholders) value creation goes beyond profit maximization and includes long-term firm survival. In 2003 Dawkins and Lewis revealed in their work ‘CSR in stakeholder expectations and their implication for company strategy’ that expectations regarding CSR are increasing amongst the media and consumers, whose behaviour and value of a company is, more so than ever before, impacted by the company’s involvement in social action.

And finally, many scholars search for the correlation between corporate social/environmental performance (CSP) and corporate financial performance (CFP). SAGE Publications issued a study conducted in 2003 by Marc Orlitzky, Frank L. Schmidt and Sara L. Rynes. A meta-analysis of 52 studies from 30 years of empirical data collected (total sample size of 33,878 observations) revealed that “CSP and CFP are generally positively related across a wide variety

of industry and study contexts.” (Orlitzky et. al.: 406) Moreover, results show that “CSP helps the firm build a positive reputation and goodwill (reputation) with its external stakeholders.” (Orlitzky et. al.: 407) Additionally, the researchers found that CFP will decrease if a company supports too many issues even if these are not specific to the company’s business - spreading the company’s CSR too thin. In conclusion, the meta-analysis suggests that CSP and CFP as an either/or trade off is not justified, for greater CSP brings:

- Rewards from market forces,
- Increase in reputation level (a return from reputation),
- Higher CFP (because of the “positive relationships between CSP and CFP ... managers may be more likely to pursue CSP as part of their strategy for attaining higher CFP.” (Orlitzky et. al.: 426)).

2.1.2 Research, Reports and Guidance on CSR

In September and October 2007 the PR firm Edelman conducted a Goodpurpose consumer study across nine countries using face to face interviews (India), CATI (China) and an online survey (US, Canada, UK, Germany, Brazil, Italy and Japan). The study revealed that “social purpose as a marketing imperative has global consumer appeal and can help brands build deeper relationships.” (Edelman Goodpurpose Community: The first Edelman Goodpurpose study, 2007) Goodpurpose is a consultancy helping brands put social purpose closer to their core business (see also Chapter 2.3). As Mitch Markson, president of Edelman’s Global Consumer Brands practice and founder of Goodpurpose, explains: “We see a new phenomenon emerging called ‘Mutual Social Responsibility,’ where consumers and the brands they interact with every day take a mutual interest in and a mutual responsibility for being good citizens.” (Ibid.) The key findings of the study reveal that consumers are more involved than ever in social action, they prefer brands that help make a difference and are prepared to engage with brands in Mutual Social Responsibility. Additionally, the results revealed that brands have an opportunity to reach consumers through social purpose and that 'word of mouth' is the most credible source of information about brands that support good causes. More precisely, the study shows that 85% of consumers around the world are willing to change the brands they buy or their consumption habits to make tomorrow’s world a better place, and 55% would help a brand promote a product if a good cause were behind it.

In a research study conducted in 2007, the InSpire Foundation for Business and Society (IFBS) uncovered that ethical and discretionary responsibilities are key factors for a sustainable competitive advantage. The organization, with its headquarters in Norway, found that “good CSR management is also good risk management, and builds both brand value and credibility in the financial sector”. Moreover, the report states that “environmental reporting is quite well developed, but reporting on social performance is not so well developed yet.” (Cordis: Social responsibility, 2007)

Sergeja Slapničar in her article ‘Reporting on Corporate Social Responsibility’ examines why the concept of CSR reporting emerged and who is it primarily targeting. Is it an answer to social

or political pressure? It goes without saying that in order to benefit from engaging in CSR internal and external communication plays a crucial role (Slapničar, 2006: 339-353). M. J. Epstein in his work 'The Identification, Measurement, and Reporting of Corporate Social Impacts: Part, Present, and Future' published in 2003 finds that too often, CSR reporting is used more as a marketing strategy instead of a genuine corporate concern for the environment and society, or even as a means to deflect attention away from issues of concern. J. Wiseman ('An Evaluation of Environmental Disclosures Made in Annual Corporate Reports', 1982) and J. Guthrie and L. D. Parker ('Corporate Social Disclosure Practices: A Comparative Economic Analysis', 1990) agree that CSR reporting can be biased because of self-promotion, so including in annual reports mostly positive corporate contributions, while at the same time intentionally not reporting on negative effects. Slapničar reveals that only recently has CSR reporting began to target also other key stakeholders and not only shareholders as was the trend in the past. In this way, companies can build long-lasting relationships based on communication and trust (Ibid.). This is mostly being practiced by larger multinational corporations. Namely, D. M. Patten ('A Relationship Between Environmental Performance and Environmental Disclosure: a Research Note', 2002) and A. S. Al-Tuwaijri et al. ('The Relations Among Environmental Disclosure, Environmental Performance and Economic performance: A Simultaneous Equation Approach', 2004) all find that company size and the industry it belongs to influence the level of environmental information disclosed. Additionally, researchers discovered that companies reveal more information if their exposure to political or social costs increases (Ibid.). Unfortunately, as E. Joseph discovered in his 2002 work 'Promoting Corporate Social Responsibility: Is Market-based Regulation Sufficient?' the increase in the number of CSR reports issued by a particular company does not also mean that the quality of the reports had increased.

CSR is becoming an important issue also in the IT industry. In February 2007 Gartner, one of the world's leading information technology research and advisory companies, issued a report entitled 'Environmentally Sustainable IT: U.S. Business Should Learn From Europe'. The report discusses the trend toward environmentally friendly IT, especially the industry's role in addressing climate change – according to their 2006 scientific survey one third of the companies responding said that climate change is influencing their IT decision making. According to their findings, European managers are “significantly ahead of their U.S. counterparts in climate change and e-waste awareness” (Raskino, Environmentally Sustainable IT: U.S. Business Should Learn From Europe) because many national governments have changed regulations (e.g. carbon emission reduction, new limits on vehicle emission etc.) and consumer attitudes – raising public awareness through mass media. As is also the case in other industries, consumer awareness is placing pressure on IT companies to be more socially aware. Additionally, the report discusses the need for higher visibility in CSR reporting, for “U.S. companies lag well behind their foreign competitors in climate risk disclosure” (Ibid.). Gartner believes that environmental IT trends will become more and more important in the US through 2008, and recommends that US-based international corporations take advantage of the learning opportunities in Europe. This could give them “as much as a year's head start over competitors that have to start from scratch when the issue begins to grip U.S. business (in 2008).” (Ibid.)

In 2004 the European Commission released a handbook that guides companies through the complex world of CSR entitled 'ABC of the main instruments of Corporate Social Responsibility'. The report is a compilation of numerous thematic debates on various CSR tools, more precisely their function, benefits it brings, most recent discoveries in the EU, etc. It is divided into three parts: socially responsible management, consumption and investment (European Commission: ABC of the main instruments of Corporate Social Responsibility, 2004). Additionally, in 2004 the European Commission issued 'Corporate social responsibility: National public policies in the European Union' where they present CSR of fifteen member states.

An important part of CSR is also protecting employees. In 2006 the European Agency for Safety and Health at Work issued 'Corporate social responsibility and safety and health at work'. As is evident from the title, the report focuses on safety and health at work, an important part of CSR. The report highlights eleven case studies of best practices, how different companies incorporated safety and health at work into CSR, and presents a global initiative for the promotion of CSR. In the concluding chapters the authors give recommendations for greater safety and health at work and stress the main issues that require further research and debate (Corporate social responsibility and safety and health at work, 2006).

The Slovene project 'Corporate Social Responsibility: Code to Smart Reality for SMEs' ('Družbena odgovornost podjetij: Priložnost za mala in srednje velika podjetja'), which is partly financed by the European Union, cites and demonstrates examples of best practices in Slovenia (e.g. AJM okna-vrata-senčila d.o.o.; Trimo, Inženiring in proizvodnja montažnih objektov, d.d.; Zavarovalnica Maribor d.d.; etc.) and in England (e.g. Thompson Building Centre, Alex Smiles Ltd, Azure Graphic & Web Design Ltd, etc.). Additionally, the handbook presents tools for introducing and implementing social responsibility into a company's business operations (Družbena odgovornost podjetij).

A collection of scientific papers published in 2005 by the Chamber of Commerce and Industry of Slovenia (GZS) entitled 'Conference on Quality: Social responsibility today, tomorrow...?' ('Konferenca kakovosti: Družbena odgovornost danes, jutri?') explains what CSR is, why it is beneficial and how to systematically approach CSR. The authors also debate on the challenge of measuring the effects of CSR, which they see as "a more and more decisive element for investors." (Fece, 2005: 11)

In a report published by the European Expert Group 'Opportunity and Responsibility: How to help more small businesses to integrate social and environmental issues into what they do', experts help and encourage SMEs to introduce CSR into their business by demonstrating how it can best be done. Their main message is that CSR is an opportunity both for the company/stakeholders and society as a whole. The report is important for smaller companies on the Slovene market because their resources are much more limited – regarding total capital and, consequently, the extent of CSR – than the resources of large multinational corporations (European Commission: Opportunity and Responsibility).

2.2 Wikinomics as the Driving Force Guiding CSR

Don Tapscott and Anthony D. Williams have developed a new approach to the concept of transparency and the revealing of certain business secrets so as to enable greater global collaboration – ‘smart people with innovative ideas exist also outside the walls of the organization’ – known also as *Wikinomics*. The authors investigated the benefits that mass collaboration brings, especially collaborating with consumers. This revolutionary approach to business applies to all parts of the production process, innovation and marketing. Because *Wikinomics* is closely connected to CSR it offers an opportunity for companies to increase the added value for all stakeholders and the firm itself. This mentality presents a new approach to the research problem.

Knowledge transfer in the form of mass collaboration is becoming increasingly important for organizations. Those companies that are able to transfer knowledge effectively - not only within an organization but also by including experts, consumers, etc. outside company boundaries - are more productive and more likely to survive than those that are less adept at mass collaboration. But mass collaboration is a complex process, because knowledge residing in individuals often can not be physically grasped (a new idea and not necessarily new technology) and is thus hard to articulate. Knowledge utilization and implementation can be achieved by the management first identifying that knowledge holders exist also outside the organization, motivating them to share ideas by implementing a simple and easy to use collaboration network, and finally applying the knowledge (Knowledge Transfer – Wikipedia, the free encyclopedia, 2008). Involving the consumer has become key in an age of consumer empowerment and involvement, because people are looking for a more personal, emotional and co-creative role in everything from their relationship with the community to their relationship with brands (Markson, 2007). In this way a company becomes a learning organization able to sense and adapt to changes in the environment and the demands of stakeholders.

In his paper entitled *Value Maximization, Stakeholder Theory, and the Corporate Objective Function*, Michael C. Jensen introduces his thoughts on long-term value maximization (or better value seeking) as the firm’s primary objective and connects it to the stakeholder theory. He states that “for gaining confidence in its competitive arena the choice of value maximization ... must be complemented by a corporate vision, strategy and tactics that unite participants in the organization.” (Jensen, 2001: 6) He goes on to claim that “a firm cannot maximize value if it ignores the interests of its stakeholders.” (Ibid.) Including the support of all that influence or are influenced by the actions of a firm is the primary idea behind *Wikinomics*. Managers, employees, consumers, etc. must be motivated to seek value. And if all firms maximize their total firm value, this will contribute to the maximization of social welfare and a sustainable economic development. So where does CSR fit in? Why invest directly into social causes? Jensen states that “(the idea of maximizing the total market value of the firm) tells the firm to spend an additional dollar of resources to satisfy the desires of each constituency as long as that constituency values the result at more than a dollar or at least a dollar.” (Jensen, 2001: 12) And as our research will show that the majority of both global and Slovene consumers would be

prepared to pay more for environmentally friendly products or for products offered by brands that support a good cause they believe in, the firm's investment in the new CSR strategy and higher costs (e.g. brought by more energy efficient yet more expensive operational techniques, the choice for better quality ingredients from suppliers that are logistically farther away which would increase the costs of transportation, etc.) could be compensated by the fact that firms can charge higher prices for the end-product. Jensen stresses that it is important that a value seeking vision or strategy 'taps into' a human desire of those who are affected by the production and use of the product (from the farmer in Brazil picking barriers, to the consumer in his New York apartment using the final product).

Edelman's Goodpurpose Community talks about 'return on involvement'. In other words, when brands address social issues by also involving their consumers they:

- Give consumers a reason to buy their product;
- Differentiate a brand from its competition that is not involving the consumer in SR actions;
- Produce a "halo effect" around a brand (word of mouth);
- Provide a catalyst for consumer involvement;
- Build brand loyalty;
- Help launch the brand into popular culture;
- Bring a brand immeasurable value and a sense of humanity (good reputation).

(Edelman Goodpurpose Community, 2007)

In order to better organize mass collaboration a company must learn to:

- Use people's collective intelligence;
- Allow consumers access to raw contents as a means for achieving greater transparency and review;
- Remodel all contents in such a way that it becomes a dialogue and not a corporate monologue;
- Use new modes of transfer including one-to-one networks;
- Adapt the form of the contents and plans to suit consumer needs.

(Prihodnost in vodenje: Vključi kolektivno inteligenco – Wikinomics, 2007)

Learning from other organizations is also becoming increasingly important. This can be done by joining formal networks and sharing what you have learned with other progressive companies from different sectors, as well as understanding how others have made progress. In this way companies promote responsible business practices.

2.3 Consulting Firms, Magazines and Standardization (ISO 26000)

The consulting firm PricewaterhouseCoopers (PWC) focuses on - together with numerous other services that it offers to its clients – the connection between reputation of a brand and corporate social responsibility. They are convinced that “the greatest asset of any retail and consumer product company is its reputation and its perceived value among consumers.” (PricewaterhouseCoopers: Corporate brand reputation & corporate social responsibility, 2008) Moreover, they believe that “today, consumers around the world, particularly in Europe, are concerned how a company manufactures its product and whether it is managing for continued sustainability through attention to economic, environmental, and social performance. If not, a brand’s reputation can decline, and with it, an attendant decrease in future sales and profits.” (Ibid.) That is why PWC helps its clients protect their long-term firm survival, which is closely connected to reputation, on the global marketplace through 'Risk Management and Sustainable Business Solutions practices'. More precisely, they “formulate corporate social responsibility strategies, mitigate risk, integrate changes into the business and provide third-party assurance over reported information.” (Ibid.) The important thing here is the establishment or continuity of society trust in a company. Because CSR is important to PWC, in 2006, the firm issued a guide on social responsibility 'Corporate responsibility: Strategy, management and Value'. With this handbook they wish to shed light on the main problems facing different industries and give recommendations on the best practices. Additionally, they explain the importance of CSR in today’s world: “Twenty years ago, environmentalist and social issues were for activists. Ten years from now, they are likely to be amongst the most critical factors shaping government policy and corporate strategy.” (Cordis: Report places CSR as the key to future growth, 2006)

Alongside PWC, the consulting firm Bain & Company is also aware that more and more attention should be given to CSR. They should know, for according to VALUT Europe, the firm is the third best European consulting firm for the year 2008 (Vault Europe: Top 25 Consulting Firms, 2008). On the company web page one can find a report from January 2008 entitled 'Growth through sustainability', which proves that investing into CSR pays off, for the benefits are exceptional (examples such as Toyota, General Electric (GE)). The report shows how a company can save on operational costs by acting to benefit the environment and recommends that companies start thinking ‘out-of-the-box’ and involve those outside the boundaries of the corporation (Rigby, 2008).

As was already mentioned, Edelman launched Goodpurpose, a consultancy dedicated to helping brands explore putting social action closer to their core. The Goodpurpose consultancy points out that even though many corporations are socially responsible, “along the corporate-brand-consumer continuum, CSR programs often have not resonated very well with consumers (because) in essence, the corporation is too far away from the daily needs and realities of the consumer mindset.” (Markson, 2007) But consumers are becoming more and more aware of and concerned with CSR, as Goodpurpose founder Mitch Markson explains: “Worldwide, only 39% of consumers are aware of any brands that actively support good causes through their products or services. With 56% of consumers more likely to recommend a brand that supports a good cause than one that does not, it’s clear that if brands align themselves with a good purpose that

consumers care about, they will strike a meaningful chord.” (Marketing Charts: Consumers Would Partner with Brands for Social Change, Environment, 2008)

More precisely, using both internal and external professionals, they “help brands and companies:

- assess whether it's appropriate or viable to put a social cause closer to the center of their brand's proposition,
- help identify the appropriate social cause,
- amplify the social cause with a unique, differentiating, powerful idea,
- create a relationship building and participatory Goodpurpose campaign that delivers both return on investment and return on involvement.”

(Edelman Goodpurpose Community, 2007)

Amongst the most distinguished international magazines that deal with this topic are undoubtedly *Forbes* and *Fortune* magazines. On the *Forbes* web page one can find numerous articles dealing with CSR. To name a few, Matthew Kirdahy states that with CSR companies will in the future “reap financial rewards” even if it is costing them today (Kirdahy, 2007a) and that managers practice philanthropy because they see this as an opportunity for the company to grow (Kirdahy, 2007b). Paul Maidment believes that “traditional corporate social responsibility is starting to be replaced with a new notion of corporate citizenship, which for larger companies means global corporate citizenship... consumers are increasingly demanding that companies produce environmentally friendly products.” (Maidment, 2008) Tara Weiss discusses the results of the global research conducted by public relations firm Edelman. As was already mentioned, the survey asked consumers from nine different countries on their thoughts and attitudes towards CSR. 78% out of 5,609 participants like to buy brands that make a donation to worthy causes, when choosing between two brands of the same quality and price, social purpose is what would most affect consumers’ decision (41%), ahead of design and innovation (32%) and the loyalty to the brand (26%), and a surprisingly high number of those questioned (73%) are willing to pay more for environmentally friendly products (Weiss, 2007). Edelman’s key findings are published on the company’s Goodpurpose web page and - as we have been granted the permission to partly use the questions in our survey - provided a noteworthy comparison between consumers’ attitudes towards CSR in Slovenia and abroad (see Chapter 4.3). Understanding how consumers view CSR is of key importance in developing, implementing and monitoring a company’s CSR strategy. Finally, *Forbes* journalist Kevin Cashman answers questions posed by readers, for example does CSR really benefit the company, how important is CSR to potential customers etc. (Cashman, 2006).

Fortune magazine annually releases a list of the most responsible companies. They are interested in companies that did not directly focus on financial goals but instead rather, for instance, addressed climate change through reduced greenhouse-gas emissions. They measure four categories: strategy, governance, stakeholder involvement, and how well a company actually performs (Demos, 2007). In 2007 first place goes to British Petroleum - BP (oil and gas

giant), second to Barclays (British bank), and third to ENI (Italian oil and gas manufacturer) (Zadek, 2007).

A magazine that focuses on sustainability and good corporate governance is the US *GOOD* magazine (founded in 2004). *GOOD* also produces feature and documentary films with Reason Pictures. In order to show that their primary purpose is to give back to the community, they give 100% of your subscription money to a nonprofit organization of the subscribers' choice. The goal is to give away \$1 million by mid 2008 (in April 2008 \$749,020 had been raised). What is also important is that *GOOD* provides a platform that allows people and businesses to communicate through blogs - in April 2008 24,745 members had their unique profile to comment on and exchange ideas (*GOOD Magazine*, 2008). This opens up the possibility for mass collaboration.

Similarly, the website of UK's ethical consumer magazine, *New Consumer*, offers positive and fun information to consumers while, at the same time, encouraging fair trade and ethical living. In this way, it wishes to help change consumer and business behaviour by providing socially responsible alternatives (*New Consumer*, 2008).

Last but not least, the topic of the November 2007 issue of *Retro* magazine published by the Alumni Association MBA Radovljica was CSR. As Špela Križišnik, editor-in-chief, explains: "We started with social responsibility because we believe that the topic is important to be communicated... and because most of the companies still don't know what social responsibility actually means." (Križišnik (ed.), 2007: 1) Some of the articles include comments on to whom and why companies should be socially responsible, an interview with Mateja Jesenek from Mercator on how CSR is reflected in the brand, and they ask the burning question 'Is CSR just for show?', etc. What is more, the November 2007 issue was printed on a special recycling paper.

Another topic that needs mentioning is standardization. As was already mentioned, the International Standards Organization (ISO), probably the most recognized, high profile technical standards body in the world, is working on the ISO 26000 standard entitled 'Guidance on Social Responsibility' which is expected to be released in 2010. The main goal is to establish a CSR system that would be based on equal and comparable criteria so as to 'mainstream' social responsibility (Webb, 2007). It is designed for all types of organizations and encourages voluntary commitment to social responsibility, so using "should" rather than "shall" language. Guidance in ISO 26000 will include best practices that had been developed by public and private socially responsible initiatives. The standard covers four topics: "the environment; human rights and employment; managing an organization and ethic codes of conduct; questions regarding customers/consumers, and playing a part in the development of the community or society" (Standardi). More precisely, the content of ISO 26000 includes:

- "Key definitions (e.g. social responsibility, stakeholder, accountability);
- Description of the principles of SR;

- Guidance on core SR issues (human and labour rights, environmental, anti-corruption, consumer, organizational governance);
- Guidance to help organizations to understand and implement SR, suitable for implementation by different types of organizations;
- Should be compatible with inter-governmental and nongovernmental instruments.”

(Webb, 2007)

ISO 26000 could have a big impact on how CSR will develop in the future.

2.4 Arguments against CSR

Not all believe that CSR is a positive and beneficial concept. Some arguments against CSR state that businesses are owned by their shareholders and that the money they spend on social responsibility is, in a way, *theft from those shareholders* who should instead decide for themselves if they want to donate to charity. But one must keep in mind that the market value of a company often far exceeds the 'property' value of the company (e.g. 96% of Coca Cola is made up of intangibles such as the company's reputation). Another argument against CSR is that the most effective business leaders do not *waste time with CSR* for they cannot afford to take their focus off the core business. But history has shown that the success of leading companies such as Motorola, GE, The Body Shop and IBM, to name but a few, have been strongly associated with the companies' profiles in social responsibility. Managing social responsibility should be incorporated into managing the business. As Mallen Baker explains: “Well managed CSR supports the business objectives of the company, builds relationships with key stakeholders whose opinion will be most valuable when times are hard, and should reduce business costs and maximize its effectiveness” (Baker, 2007). An additional argument of those against the adoption of SR initiatives is that *managers are not civil servants* and that we should not expect them to act as such, but one must consider that companies are societal institutions, they need ‘permission to operate’ and CSR helps them gain legitimacy and establish mutual benefits for all stakeholders (Vozel (ed.), 2007: 26). Finally, some argue that *CSR can also lower profits and increase prices*, for even NGOs that agitate CSR can operate irresponsibly. On the other hand, the obligation of the board of directors is not only to operate in the best interest of the stakeholders, but also in the best interest of the company as a whole (Ibid.).

This brings us to an important point. CSR must be successfully implemented and executed in order to be beneficial to both the company and society. If done badly, it can be harmful for the company's total added value or reputation and, as research has shown, too often corporate strategy is not properly joined up with CSR. There is a big gap between corporate attitudes and behaviour, as McKinsey's 2007 survey of CEOs participating in UN Global Compact shows. Namely, when asked what they believe their company should do to address environmental, societal and governance issues, there was a 20% to 32% performance gap between what

respondents said their companies should do and what they actually do (The Economist: Corporate Social Responsibility - Just Good Business, 2008). When it comes to CSR, corporate actions lag far behind corporate expectations.

A report published in January 2008 by The Boston College Center for Corporate Citizenship entitled 'The State of Corporate Citizenship in the US' found similar results. For example, 73% of US executives say corporate citizenship needs to be a priority for companies, while in reality only 60% report that corporate citizenship is part of their business strategy, 39% report corporate citizenship is part of their business planning process, and only 28% of companies have written corporate citizenship policies or statements. Moreover, while 65% of executives say the public has a right to expect good corporate citizenship, only 29% report discussing citizenship outside the company with stakeholders and only 21% of US companies report to the public on corporate citizenship issues (EthicsWorld: Surveys and Trends, 2008). What is more, the report also makes clear that the public expects much more from companies than what they are actually doing in the field of CSR.

2.5 Benefits of CSR for Organizations

There are numerous benefits of CSR for organizations. When The Boston College Center for Corporate Citizenship asked executives “To what extent does each of the following factors ‘motivate’ or ‘drive’ your company’s efforts to be a good corporate citizen?” the top four motivating factors for small, medium-size and large companies were:

1. It fits their company’s traditions and values (76% agreed);
2. It improves their reputation/image (66% agreed);
3. It is part of their business strategy (60% agreed); and
4. It is important to our customers/consumers (53% agreed).

(EthicsWorld: Surveys and Trends, 2008)

Other motivating factors include: CSR helps to recruit and retain employees, it gives a company a competitive advantage, helps reduce business risks, it is expected from the community, and CSR helps manage regulatory pressure (Ibid.).

Let us provide some examples of the benefits that were gained by companies from being more socially aware. The Hungarian company Telvill Kft which specializes in IT engineering started to incorporate CSR into the company strategy. They, for example, provided support for the Berekalja Conquest Park, encouraging a healthy lifestyle and environment; gave support for the Miskolc Animal Park “Sculpture Park”, a memorial for local species that have become extinct because of human activities; and updated and continue to maintain the local elementary school’s IT system, as well as provide IT training. The *benefits* they have gained are “enhancement of Telvill’s reputation in the eyes of their partners and customers as well as heightening their

(consumer) trust ... with greater customer loyalty and satisfaction... Additionally they contribute to the development of the region they are a part of.” (European Commission: Corporate Social Responsibility – Cases, 2007) The Slovene based manufacturer of beds and mattresses Meblo Jogi found that their CSR activities - primarily focusing on employees/training, internal partnerships and the environment - brought them greater “employee satisfaction, motivation, loyalty and productivity” (Ibid.), key factors if the company wishes to maintain its competitive advantage. In order to do so, they continuously set quantifiable indicators to measure efficiency and success (e.g. training hours, employee innovation, monthly assessments, etc.). Meblo Jogi is also the first Slovene company to be certified to the SA 8000 social accountability standard (Ibid.). Other companies find that CSR brings them similar benefits: motivation, commitment and personal development among employees, good reputation, and public support (e.g. Matusiewicz Budowa Maszyn s.j.); strengthening of a company’s position and image, an advantage over competitors, and positive local press coverage (e.g. Lippemeier Gebäudereinigungsdienst GmbH); customer loyalty and maintaining the goodwill of the community (e.g. Koffie Kàn); establishing a good reputation and recognition among the community, clients and partners, increasing their public awareness, staff and customer involvement, and increasing their networking skills (e.g. Hanley Economic Building Society); finding business partners in different sectors (e.g. waste treatment), with which they develop business opportunities (e.g. S.C Galfinband S.A.); most of the turnover being due to a company’s environmental responsibility, so improved sales and business quality – added value (e.g. Oy Pinifer Ltd) (Ibid.).

CSR is not merely a passing fad, it is demanded by consumers and communities. As we have demonstrated through the above examples, the benefits that CSR brings to a company far outweigh the investment. Not only does it enhance employee morale, add value to the total stakeholder value, ensure long-term competitiveness and firm survival, improve a company’s reputation and improve sales, it has a profound impact on brand equity (BEQ). Namely, CSR improves brand strength (BS) and image (BI), for research shows that consumers prefer to buy and react more positively to brands that are socially aware (see Chapter 4 for results of the Goodpurpose survey and the questionnaire among Slovene consumers). Additionally, CSR offers the opportunity for brand extensibility (BE), for when a company has good business practices and is socially aware, the brand name can be expanded to other products and services, new (greater consumer and employee innovation through greater motivation and mass collaboration) or existing (the consumer demands more such products under a particular brand name). What is more, CSR enhances brand equity also because it increases the price premium (PP), for both the global and the Slovene consumer is prepared to pay more for environmentally-friendly products (see Chapter 4.3 for questionnaire results). If we put all this into the equation (1), we see that with CSR, brand equity is enhanced:

$$BS + BI + BE + PP = BEQ^1 \quad (1)$$

CSR is necessary in order for a company and its brand to remain competitive.

¹ Sunko, R. (April 2008). *Branding*. Ljubljana: fANfARA – Študentska marketinška konferenca '08.

2.6 CSR in Certain Multinational Organizations – Best Practices

Leading brands that stand out because of their CSR are, for example, The Body Shop, Google, Starbucks and numerous others. What makes these multinational companies so successful is that consumers do not only value their products and services, but respect and promote their ‘built-in’ support for social causes, which differentiates them and gives them a competitive edge (Goodpurpose Community, 2007).

2.6.1 The Body Shop

A good example of how corporate social responsibility can benefit the organization and its overall brand image and reputation, while at the same time making a positive change on the global society, is The Body Shop International - since 2006 part of the L’Oréal group but operating independently and led by the same management team as before - a \$1 billion² values-driven international cosmetics company with 2,265 stores around the world (The Body Shop International: The Body Shop Values Report 2007).

The Body Shop incorporates social responsibility and environmental protection into every facet of company operations, and ethics have from the beginning been the basis of the company’s marketing and overall business strategy. For example, it buys cocoa butter directly from farmers in poor countries rather than buying it on the commodities market. It then sets up a social fund in the communities where it conducts trade so that schools or hospitals can be built. Social responsibility is clearly incorporated into the vision and mission of the company, while the organization’s values-driven strategy is extensively defined in the 2005 Values Report. Namely, The Body Shop has five core values that it promotes: Against Animal Testing, Support Community Trade, Activate Self Esteem, Defend Human Rights and Protect Our Planet.

The Body Shop Mission Statement reflects the commitment to balance the financial and human needs of all stakeholder groups and the business’ dedication to the pursuit of social and environmental change:

“Our reason for being is to:

- Dedicate our business to the pursuit of social and environmental change.
- Creatively balance the financial and human needs of our stakeholders: employees, customers, franchisees, suppliers and shareholders.
- Courageously ensure that our business is ecologically sustainable, meeting the needs of the present without compromising the future.

² In this chapter the amounts are presented in the same currency as in the original source (i.e. American dollar, British Pound Sterling, Euro) due to the changes in the exchange rates that had occurred at a later period.

- Meaningfully contribute to local, national and international communities in which we trade, by adopting a code of conduct which ensures care, honesty, fairness and respect.
- Passionately campaign for the protection of the environment, human and civil rights, and against animal testing within the cosmetics and toiletries industry.
- Tirelessly work to narrow the gap between principle and practice, whilst making fun, passion and care part of our daily lives.”

(The Body Shop International, 2008)

In 1986, The Body Shop formed an alliance with Greenpeace (“Save the Whales” campaign). But in 1990 founder Anita Roddick had switched allegiances to Friends of the Earth, due to disagreements with Greenpeace.

In 2005, The Body Shop repositioned its brand identity, introduced product innovation, a new shop design, the development of a multi-channel service (The Body Shop At Home and e-commerce) and compelling values. The strategy was based on the company’s commitment to the wellbeing of humans and the preservation of the planet. It was outlined in the 2005 Values Report. Campaigns include: 'Stop Violence in the Home' (it is making a difference in 26 markets), global funding to promote HIV/AIDS awareness and research (in 2005, stores in the United States and Canada raised \$300,000 through the sale of bracelets), improving Community Trade (e.g. to secure higher labour standards in the supply chain), addressing tropical deforestation, animal testing etc. (The Body Shop International: The Body Shop Values Report, 2007).

The Body Shop also promotes many values such as Community Trade. Namely, it trades with communities in need and gives them a fair price for their natural ingredients or handcrafts. The concept behind The Body Shop's "Trade Not Aid" initiative wanted to create trade to help people in the Third World utilize their resources to meet their own needs. The first community trade activity took place in 1986 (the supplier was a small community in Southern India – still a Body Shop supplier today). By 1991 the company had started a paper factory in Nepal employing 37 people producing bags, notebooks and scented drawer liners. Another successful project was a 3,000m² soap factory in the depressed Glasgow suburb of Easterhouse. 100 residents were employed. Since then, The Body Shop has found many trade partners in over 24 different countries (often overlooked by the global society). The company has found a way to reach international markets with the aim of enacting fair labour practices, safe working environments and pay equality. Additionally, the company and its franchisees fund a charitable foundation, The Body Shop Foundation, committed to allocating a share of the company’s profits to charities around the world (The Body Shop – Wikipedia, the free encyclopedia, 2008).

The Body Shop Foundation was set up in 1990 with the aim of consolidating all the charitable donations made by the company and its extended family. It supports innovative global projects working in the areas of human and civil rights, and environmental and animal protection. In the financial year 2004/2005, The Body Shop donated nearly 3.6% (£1.3 million) of pre-tax profits to charity. A lot of the money is raised also through the contributions of consumers in The Body

Shop stores around the world (e.g. £500,000 through the global ‘Stop Violence in the Home’ campaign in 2004). The Europe, Middle East and Africa regions supported World AIDS Day 2004 through the sale of red ribbons in eight markets, raising €38,000 for two projects in South Africa (The Body Shop: Values and Campaigns – Our Charity, 2007; The Body Shop Foundation, 2008).

Everyone at The Body Shop has a role to play in living up to their Values, and to ensure this, the company provides a Values training program for all employees, direct communications, informal dialogue at market level, a company intranet and a variety of employee and consultant magazines. The training program identifies specific challenges for each function or market so that teams create concrete actions and in this way support the company values (The Body Shop International: The Body Shop Values Report, 2007).

The Body Shop, additionally, takes care to monitor and evaluate their social responsibility along the entire supply chain. For example, the company has the bargaining power with its suppliers and has the ability and resources to change partners (e.g. suppliers) if these prove to be inefficient or do not meet the standards of their ‘Code of Conduct’. They visit each of their Community Trade suppliers at least every two years, and assess product suppliers annually. In addition, all suppliers receive annual written communications on their animal testing policy. In areas where there is greater change needed, they have more regular dialogue (e.g. with packaging suppliers to increase the use of natural ingredients or alternatives to chemicals of concern).

In order to achieve maximum efficiency of a company’s social responsibility, strategy strategic alliances can be formed. A strategic alliance is a cooperation which aims for a synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts. They pursue a set of agreed upon goals while remaining independent organizations. In the case of The Body Shop, the motivation behind strategic alliances was connected to shared expenses and shared risk, access to a partner's distribution channels and international market presence, new products for their customers, and rapidly achieved economies of scale. Let us provide an example.

In January 2007, The Body Shop formed a strategic alliance with MTV. The focus was on changing attitudes to HIV and AIDS, preventing the spread of the disease among young people. The global campaign called ‘Spray To Change Attitudes’ aimed to reach 1.4 billion people around the globe, and a fragrance called Rougeberry was available in The Body Shop stores (£4.5 of each perfume sold would be donated to the Staying Alive Foundation).

This cross-industry collaboration was focused on global competition based on corporate social responsibility – the main building block behind the company's mission and vision. As founder Anita Roddick put it:

“Our audience is the same; our demographics are the same. We’re aware of the need to get the message out to the under-25s. The idea of the synchronicity of coming together

on an idea but working with another organization, in this case, another big business is quite unique... We're looking at complete global coverage. This is a real lesson for other businesses about finding strategic alliances and other purposes.”

(The Blog – Brand Strategy: MTV and The Body Shop spray to change attitudes to HIV and AIDS, 2007)

In this collaboration the two partners benefit more from the alliance than if they were to address the issue separately, for they provide each other with resources such as distribution channels, project funding, capital equipment, knowledge, expertise, intellectual property (both have experience in raising global awareness on issues such as HIV and AIDS) and an increase in brand awareness.

The Body Shop is a global company that has proven that focusing only on gaining maximum profits is not the best strategy for a business competing in today's corporate environment. By taking an alternative approach to marketing its brand and gaining positive recognition among consumers, employees and all other stakeholders with extensive social responsibility at its core, this company has not only gained trust and loyalty among consumers (80% of their consumers shop there because of their values (The Body Shop International: The Body Shop Values Report, 2007)), suppliers and all other stakeholders, but has also made an unprecedented impact on our planet with the help of their customers who actively support their causes.

The Body Shop offers the opportunity of mass collaboration which gives individuals a possibility to “play active roles in their workplaces, communities, national democracies, and the global economy at large... (making) governments more accountable and (lifting) millions of people out of poverty” (Tapscott, Williams, 2006: 17). In order to promote mass collaboration, The Body Shop acknowledges the fact that it must be transparent in its socially responsible initiatives. Thus, all campaigns and principle values are not only communicated in stores and on brochures, product tags, etc., but are also described in full length on the company web page and in their Values Report for all stakeholders to see. This is necessary for the company to get the support from its consumers, financial (buying products, donations to charitable causes) and non-financial (good reputation, ‘word of mouth’ advertisement).

2.6.2 Google

In 2004 the founders of the largest Internet search engine Google - Larry Page and Sergey Brin - decided that the company should contribute in some way to addressing the planet's urgent problems. With the permission of key shareholders they decided to invest 1% of Google's annual profits – as well as employee time - into businesses and charities that tackle poverty, disease and global warming. In this way Google.org was established.

This ‘hybrid philanthropy’ uses a range of approaches to help advance solutions within their five major initiatives:

1. “Develop Renewable Energy Cheaper Than Coal (RE<C) - Create utility-scale electricity from clean renewable energy sources that are cheaper than electricity produced from coal.
2. Accelerate the Commercialization of Plug-In Vehicles (RechargeIT) - Seed innovation, demonstrate technology, inform the debate, and stimulate market demand to foster mass commercialization of plug-in vehicles.
3. Predict and Prevent - Identify "hot spots" and enable rapid response to emerging threats, such as infectious disease and climate risk.
4. Inform and Empower to Improve Public Services - Use information to empower citizens and communities, providers, and policymakers to improve the delivery of essential public services such as education, health, water and sanitation.
5. Fuel the Growth of Small and Medium-Sized Enterprises - Increase the flow of risk capital to small and medium-sized businesses in the developing world.”

(Google.org: Searching for Solutions, 2008)

They support their partners’ work with targeted grants and invest in for-profit endeavors (e.g. efforts by companies to develop breakthrough renewable energy technologies). Because of Google's structure they can lobby for policies that support their socially responsible goals. What is more, they can use the power of their innovative IT and extremely knowledgeable and capable workforce to address global issues. The organization has committed \$75 million in investments and grants as of January 2008 (Ibid.). In 2005 Google also established the Google Foundation which is managed by Google.org. It is a source of funds for their grant making.

Apart from Google.org and the Google Foundation, Google is also committed to CSR when it comes to protecting their employees. *Fortune* magazine ranked the company Best US Employer for the years 2007 and 2008 (CNN Money: *Fortune* Magazine's Top 100 Employers To Work For, 2008). With more than 12,000 employees this is a great accomplishment. Google’s employee satisfaction is the product of job flexibility, financial security and the fact that those who work there are always encouraged to try new things (e.g. employees can spend one day a week on a project of their choice) which again promotes mass collaboration, so opening the platform to “encourage innovation, efficiency, and interoperability.” (Tapscott, Williams, 2006: 283) A good example of how the founders encourage employee innovation is Robyn Beavers. Her first position at Google was as an assistant to founders Page and Brin, but in 2005 she came up with the idea of forming a Green Strategy Group. Because the company has numerous offices and employees, and consumes a lot of energy, this seemed like the responsible thing to do. The founders were both helpful and supportive, and Beavers’ current position is in Green Business and Operations Strategy within Google. An example of Google’s Green Business are solar panels on the roofs of their buildings that provide clean electricity (CNN Money: *Fortune* - What Makes Google Great, 2008).

Other benefits Google offers to its employees are healthcare (doctors are in their headquarters building), a healthy lifestyle (e.g. a gym, 11 free gourmet cafeterias, snack rooms which are

located less than 45 metres from any one employee, etc.), daycare at work, stock options to 99% of employees, etc. (CNN Money: *Fortune* – The Perks of Being a Googler, 2008).

Currently, Google is focusing its CSR initiatives in the direction of renewable energy which will develop electricity from renewable sources (i.e. advanced solar thermal power, wind power technologies and enhanced geothermal systems) cheaper than electricity produced from coal (Google: *Powering a Clean Energy Revolution*, 2008). Additionally, the company supports breakthrough technologies for energy efficiency also to make their own business environmentally sustainable. Here mass collaboration again offers the best solution. Namely, Google.org is already working with three innovative corporations who are building potentially breakthrough technologies and the company expects to “collaborate with other members of the renewable energy field, including companies, R&D laboratories, and universities.” (Ibid.) One of Tapscott and Williams’ rules of sharing states: “You’re seeking a uniquely qualified mind so you enlarge the pool of talent addressing a particular problem.” (Tapscott, Williams, 2006: 283) In this way, solutions for Google in the field of renewable energy will, most likely, come faster and be more efficient.

2.6.3 Starbucks

The Starbucks Corporation is a transnational coffee and coffeehouse chain company based in the US. It is the largest coffeehouse company in the world, with 15,011 stores in 44 countries (Starbucks – Wikipedia, the free encyclopedia, 2008). Apart from coffee and tea beverages, they also sell a variety of pastries, and coffee-related accessories and equipment. The company's objective is to establish Starbucks as the most recognized and respected brand in the world (Starbucks Corporation: *Company Overview*, 2008) and their commitment to social causes is certainly helping them achieve this goal.

In 1997 Starbucks chairman, president and CEO Howard Schultz established The Starbucks Foundation to support communities where Starbucks does business. In the beginning the foundation funded literacy programs in the US and Canada. Since then, it has supported education and youth leadership in all communities where Starbucks has its stores, and social investments in countries where Starbucks buys coffee, tea and cocoa. By 2008, the Foundation had provided more than \$22 million in grants to benefit communities around the world (Starbucks Corporation: *The Starbucks Foundation*, 2008).

In their ‘Corporate Social Responsibility/Fiscal 2006 Annual Report’ they state that they do business by following their six Guiding Principles, all of which are closely connected to the company’s CSR:

1. *Provide a great work environment and treat each other with respect and dignity* – They wish to make sure that their employees feel that Starbucks is a great place to work and a company that cares not only about their well-being but also about the world we live in.

They have so far been successful in doing so, for *Fortune* magazine awarded Starbucks 7th place in their Best US Employer 2008 research.

2. *Embrace diversity as an essential component in the way they do business.*
3. *Apply the highest standards of excellence to the purchasing, roasting and fresh delivery of their coffee.*
4. *Develop enthusiastically satisfied customers all of the time* - Being responsive to the customers' health and wellness needs.
5. *Contribute positively to their communities and their environment* - Working together with farmers and suppliers to help create a more sustainable approach to high-quality coffee production, so as to minimize their environmental footprint.
6. *Recognize that profitability is essential to their future success* - Starbucks is serving as a leader in both the coffee industry and within their global society through the company's participation in organizations such as the United Nations Global Compact.

(Starbucks Corporation: Corporate Social Responsibility – Fiscal 2006 Annual Report, 2007)

Starbucks' CSR is present in all aspects of their business operations, from the Coffee (e.g. Sustaining Coffee Quality, Creating a Sustainable Approach, Respect for Workers' Human Rights, etc.) and Society (e.g. Being Respectful of Community Concerns, Supporting Local Communities and Economic Development, etc.) to the Environment (e.g. Climate Change Mitigation Strategy, Greening the Cup, etc.) and Health/Wellness (e.g. Nutrition Information on Starbucks Beverages and Fresh Food, Addressing the Issue of Trans Fat, Long-term Approach to Health and Wellness, etc.) (Ibid.).

The company is also involving the individual when it comes to CSR. It promotes mass collaboration in numerous ways, entertaining and interactive, on its official web page. One can learn how to help reverse climate change by playing the 'Planet Green Game' (founded by Starbucks and Global Green USA) and 'Starbucks V2V' online social community, which allows people to connect with others and discuss SR issues and make a difference. Finally 'My Starbucks Idea' allows the individual to share their innovative and revolutionary ideas in the fields of Products (i.e. drinks, food, merchandise, music, etc.), Experience (e.g. partners, employees, locations, atmosphere, etc.) and Involvement (e.g. SR, building community, etc.) (Starbucks Coffee: Corporate Social Responsibility, 2008). But Starbucks is not limiting ideas to only these three categories. They support any type of consumer innovation. Tapscott and Williams believe that this is important because the modern *prosumer*, as they call the new progressively innovative consumer, does not want the company to set the parameters of when and which products to innovate, so that they get numerous ideas for free and pick the best one. Most consumers want "a genuine role in designing the products of the future... on their own terms, in their own networks, and for their own ends." (Tapscott, Williams, 2006: 149) And with 'My Starbucks Idea' the company has found a way to join and lead their 'prosumer' community, and reap the benefits of SR behaviour and collaboration.

2.6.4 Other Examples of Socially Responsible Multinational Organizations

- Nike, the major American manufacturer of athletic shoes, apparel, and sports equipment, has two recent social responsibility initiatives. First, their Considered Ethos combines sophisticated design with sustainable construction and recycled materials. And second, the company's Let Me Play initiative improves access to sport through partnerships like the Nike-Changemakers Sport for a Better World Competition (Edelman Goodpurpose Community, 2007).
- GE's Ecomagination Initiative makes sure that all its company sectors operate in such a way as to reduce greenhouse gas emissions. This multinational American technology and services conglomerate promotes clean research and design, in this way improving sales of environmentally friendly products and informing customers and the public about its progress (Ibid.).
- In 2008 the Italian clothing retailer Benetton promoted its 'Africa Works' global campaign, which supports Africa for Africans. The communication program – founded by Senegalese singer Youssou N'Dour - promotes the Birima society in Senegal and the artist was given financial support and publicity from Benetton during the singer's 2008 World Tour (Ibid.).
- Even Oprah Winfrey – a brand in its own right - helps to widen opportunity and spread social responsibility through a range of media outlets and resources (e.g. oprah.com, The Oprah Winfrey Angel Network, etc.). She also founded and sponsored a leadership academy for girls in South Africa, which offers the opportunity for education and has saved many South African families out of poverty (Ibid.).
- Mountain Equipment Co-op, a Canadian consumers' cooperative, which sells outdoor gear and clothing, has for a long time been socially responsible. Its core values emphasize long-wearing, high quality products (customers are encouraged to return old items for recycling), ethical sourcing and charitable donation (1% of profits going to good causes) (Ibid.).
- Everyclick, a search engine run as a social enterprise, donates 50% of its advertising revenue to UK charities of the user's choice (Ibid.).
- Marks & Spencer, a British high street retailer, now charges 5p for a *plastic* bag, while an environmentally friendly bag is free of charge.
- On February 24th 2008 Richard Branson's Virgin Airlines airplane was the first in history to run on bio-fuel.
- The recently founded Kiva organization lets users lend to entrepreneurs in the developing world, so as to lift them out of poverty. Over time, the entrepreneur repays their loan and gives back to lenders who wish to receive repayments (Kiva – Loans that change lives, 2008).

These are just some of the global brands and multinational organizations that are making a difference on a local, regional, and national level.

3 CSR in Slovenia

3.1 Qualitative Evaluation of CSR in Slovenia

As we will see, in Slovenia the companies that are leading the way in SR behaviour mostly limit their CSR strategies on philanthropy (sponsorships, donations) and environmental protection. While these issues usually attract a lot of media attention and are thus a source of good publicity, they are very short term objectives failing to relate to the company's overall objective and long term strategy, positioning and competitive advantage. Other important areas of CSR such as organizational governance, human rights, labour practices, fair operating practices and consumer issues are rarely being addressed by Slovene companies. This could be due to the lack of knowledge on the part of the managers or a lack of interest from top management, seeing CSR as a financial burden and not recognizing it as a source of greater efficiency and profits. Moreover, as the companies analyzed below belong to different industries, the main problem that arises is lack of CSR focus. In other words, if a company's CSR is not strategic and embedded, the point that comes across by addressing unrelated vague CSR issues can be that a company is merely jumping on the bandwagon of 'doing it green' in order to improve their image. This can not bring lasting results and the opportunities CSR offers, for - as we have seen in Chapter 2 - CSR should be a long term strategic objective integrated into business values and carefully selected and navigated in order to meet the demands of stakeholders and the needs of the company. Adriana Rejc in her article *Balanced Scorecard Revisited: A Corporate Social Responsibility Perspective* provides examples of measures of CSR that can be taken and could help Slovene companies to be more innovative in the field of social action include:

- *Environmental impacts*: recycling within the supply chain and of the end product, functional product eco-efficiency, creating departments with environmental responsibilities;
- *Product safety*: introducing green products, choosing ISO 14001 certified suppliers, training employees in environmental issues;
- *Human rights*: reduction in employee injuries/illnesses, workforce diversity (gender, race, age);
- *Fair operating practices*: having good relations with suppliers, investors, employees (offering safety improvement projects, sponsored day care, training, etc.);
- *Community involvement*: supporting cause-related events, introducing employee volunteer hours.

(Rejc, 2006: 334)

After introducing the measures that apply to the type of business the company is in, managers should evaluate the (likely) increase in sales as a result of improved CSR reputation among all stakeholders and the difference in revenues from socially positioned products in order to develop

a firm specific CSR long-term strategy that considers the value added to the firm and its stakeholders, ensuring long-term sustainable development and competitiveness.

Past studies have proven that CSR reporting in Slovenia is developing. An International Survey of Corporate Sustainability Reporting (KPMG) published in 2002 reveals that in the year 2000 only 35% of the largest 100 companies from the 19 countries examined, included information on CSR in their annual reports. Slovenia was given 17th place. Sergeja Slapničar's research study carried out three years later, however, finds that 89.5% of the largest Slovene companies do so. This indicates that in Slovenia CSR reporting is developing (Slapničar, 2006: 339-353). Slapničar examined 105 non-financial public companies listed on the official and free markets of the Ljubljana Stock Exchange (LJSE) in 2003. The companies' annual reports were gathered from LJSE's news service and company web sites. Results revealed that, while on the increase, in 2003 CSR reporting in Slovenia was, nevertheless, still modest and limited. Namely, if we examine environmental protection and involvement we see that, at that time, although over 26% of companies had acquired an ISO 14001 certificate (a standard for environmental management systems), only 17.1% reported about it (Ibid.). Slapničar believes that this indicates that Slovene companies either do not have an incentive to report on their environmental concerns or they do not understand the benefits that communication about CSR offers. Similarly, when it comes to employees, CSR reporting in Slovene companies was in 2003 much too general, focusing on how employees serve the company and failing to establish how the company is building long-term relationships (e.g. by investing in employee training and education). Slapničar concludes that in Slovenia in 2003 "CSR reporting ... and reporting on environmental activities (was) positively affected by firm size, industry classification and marketing quotation." (Slapničar, 2006: 348)

Similarly as Slapničar had discovered in 2003 that CSR reporting in Slovenia had developed since 2000, the East West Management Institute, which examined CSR reporting in eight transitional countries in 2004, found that when it comes to communication regarding CSR, ten largest Slovene companies far outperform ten largest companies in the other seven countries that were examined (Ibid.). Nevertheless, when it comes to reporting, an important part of a CSR strategy, large multinational organizations that are serious about CSR and that boost their sustainability efforts top-to-bottom, all include their past, current and forthcoming CSR initiatives on the company web page. Our research into the Slovene marketplace however, shows that only seven out of 15 of the largest Slovene companies (according to *Finance's* 'TOP 101- The League of the Largest') have a direct link to their CSR on their official websites (Mercator, Krka, Telekom Slovenije, Gorenje, Mobitel, Petrol, Hit). Two Slovene companies from the list do not have a separate link on their web site for CSR (Merkur, Pošta Slovenije), and the other six companies focus only on environmental protection as the basis of their CSR (Lek, Revoz, Sava, Holding Slovenske Elektrarne, Acroni and Elektro Ljubljana), although as we have seen, CSR covers a much larger spectrum of behaviour (i.e. human rights, labour practices, fair operating practices, consumer issues and community involvement). What is more, many Slovene companies practice SR behaviour only to the level that is required by law, while the EU's definition of SR states that it is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their

stakeholders on a *voluntary* basis” (ABC of the main instruments of Corporate Social Responsibility, 2004).

In order to place CSR in the appropriate Slovene context and conduct a reliable research of the Slovene consumers’ expectations regarding CSR (see Chapter 4) we must first be familiar with past studies targeting Slovene consumers. An online survey carried out among the Slovene population from December 2005 until February 2006 by Klemen Podnar and Urša Golob examined the link between individuals’ expectations of CSR and their readiness to support SR behaviour of companies. The 354 respondents were middle management and administrative workers from chosen middle-sized Slovene companies and those participating in two Slovene web forums dealing with health, social and ethical issues. The results, published in 2007 in *Corporate Communications: An International Journal* in an article entitled ‘CSR expectations: the focus of corporate marketing’ reveal that “... expectations of ethical-philanthropic CSR tend to have a significant positive influence on both types of intended CSR support by customers.” (Podnar and Golob, 2007: 326) More precisely, the study shows that Slovene consumers have higher expectations regarding legal and ethical-philanthropic expectations than they do regarding economic dimensions of CSR (i.e. companies achieving high levels of economic performance). Podnar and Golob believe that this may be due to socialism, for in the socialist culture it was expected that a societal/local oriented company share its profits with the community in which it operates (Podnar and Golob, 2007: 335). Results also show that younger consumers tend to be more socially conscious than the older generations – international studies reveal similar results. The study concludes that in order for CSR to be reflected in the corporate reputation and brand, it should be transparent and clearly communicated. Furthermore, CSR can be seen as a marketing tool, improving long-term corporate performance, a competitive advantage based on expected customer response and reward and as a means for enhancing a company’s bottom line, while at the same time, contributing to the society (Podnar and Golob, 2007: 336).

On the Slovene marketplace the companies that stand out as being socially aware are much more difficult to find than if one searches the global arena. The top socially aware Slovene enterprises were selected by the Slovene newspaper Finance. Namely, in December 2007 the newspaper issued a questionnaire on their official website, inviting companies, large and small, to answer questions related to CSR issues. More precisely, they investigated company views, business policies and values regarding social responsibility. Namely, they wanted to find data for the year 2006 and expected investments in 2007 in percentages with regard to total sales revenues. These were divided into three parts: sponsorships/charitable and socially beneficial donations in the arts, sport, etc.; investments in the employees (only above standard voluntary improvements of working conditions); and improving the attitude towards the natural environment (again above legal norms). This was followed by 30 short questions giving organizations the opportunity for self-analysis. Due to the differences in size and industry of operation, they had decided to place all of the 24 companies that had responded on the ‘TOP socially responsible list’ in an alphabetical order, as opposed to placing them on a scale from the one with the top score to the one with the lowest score (Vozel (ed.), 2007: 23).

3.2 Examples of Good CSR Practices in Slovenia

Here the selection of domestic companies is based on the *Finance* newspaper's survey results as well as on the statistically analyzed answers provided by Slovene consumers when asked which Slovene company they feel is socially responsible: Gorenje, d.d.; Mercator, d.d.; Krka, d.d. and others (for full list see Questionnaire results for Part III in Chapter 4.3.3).

3.2.1 Gorenje d.d.

Gorenje is a major domestic appliance manufacturer based in Velenje, Slovenia. It was founded in 1950 and was in the beginning involved in the manufacture of agricultural machinery and the provision of building materials (in 1958 it expanded its operations to the production of solid-fuel cookers). Since the 1950s the Gorenje Group had grown into a joint-stock holding company encompassing together 65 integrated enterprises (47 of them outside Slovenia) (Gorenje Group, 2008). It is one of Slovenia's largest industrial corporations, as well as one of the leading manufacturers of domestic appliances in Europe (their European market share is 4% and the company exports 90% of its sales (Ibid.)). In 2007 it employed around 11,600 employees, its consolidated revenue amounting to €1.29 billion in 2007. Large household appliances comprise almost 80% of its income, the other 20% of its product categories include home interior (5%) and trade and service (15%) (Ibid.). The final category proves their commitment to CSR for - together with trade, engineering, agency services, restaurant and catering services, tourism and real estate management - it focuses on energy management and environmental protection. Moreover, Gorenje has won numerous awards for design, ease-of-use and also environmental sensitivity (e.g. Red Dot Design Award 2005, PlusX Design Award 2006 and ICSID Design Award 2006) (Gorenje, Wikipedia, the free encyclopedia, 2008).

Gorenje scored 93 points (out of 100, the average is 81 points) on *Finance's* TOP Socially Responsible questionnaire. More precisely, in 2006 they invested 0.17% of their total sales revenues into sponsorships and donations, 0.26% into employees, and 0.79% into the environment (Vozel (ed.), 2007: 23).

The company has a well planned and responsible approach to SR. Their basic principles for implementing social responsibility are reflected in the company's vision, mission and values:

- *A fair and equal consideration of employees:* e.g. Concern for education and training of employees, Concern for young and promising staff, Development of human resources, Measuring of organizational climate and employees' satisfaction, Healthcare for employees, Assurance of suitable employment to disabled persons, Communications with employees, etc.;
- *Ethical and fair business operations:* e.g. Assurance of product safety, Assurance of environmentally friendly products, Meeting of guarantee and service obligations;

- *Respect for basic human rights;*
- *A positive attitude to the closer and wider community and responsible environmental management.*

(Gorenje Group – Social Responsibility, 2008)

Gorenje is aware that its employees are the most important target public of the Gorenje Group, for “they are the first voices advertising the trade mark and the first ones representing the culture and values of the Group to the external world” (Report on Social Responsibility of Gorenje Group for the Year 2006, 2007). Thus, the company makes sure that communication within the company (between top management and employees and among employees) is free flowing. This increases employee loyalty, motivation, responsibility, innovation, and strengthens the company’s corporate culture.

Gorenje has built up its reputation also by donating and sponsoring various cultural and sports activities, and those of various societies and institutions. The company additionally allocates funds to schooling (e.g. erection of a lift for the Faculty of Economics, University of Ljubljana; better living conditions for students in Maribor student halls), health care (e.g. equipment for the Institute of Oncology in Ljubljana) and humanitarian activities (sponsoring humanitarian events) (Ibid.).

Gorenje invests between € 40 and 50 million annually into updating its technology and developing new products (Gorenje Group, 2008). But the company is different from other Slovene SR companies when it comes to environmental protection, for the investments are deliberately planned to exceed the legal requirements. So Gorenje is not claiming to be a SR company because it operates within the permitted limits that had been set by the European Commission regarding sustainable business practices; instead it takes into account the entire life cycle of a product, from development, manufacturing, operation, to disposal. All new products are developed in a way that makes them environment-friendly, as they are made using environment-friendly energy efficient technological procedures and materials, and as they consume less power, water, and detergent. This SR behaviour is also one of the reasons why Gorenje products are so popular among consumers and why the company is so respected. Not only does CSR promote consumer loyalty and respect, these appliances also rank among the most cost-efficient household appliances on the market (Ibid.). They reach and, more importantly, even *exceed* the highest energy classes required by European standards. Such voluntary innovation and investment into SR practices and technologies should be the guiding point for the numerous companies that claim they are SR in their business operations when indeed they are only respecting the rules and regulations regarding, for example, environmental protection.

In order to be transparent in its SR initiatives and inform the public of their commitment to SR, Gorenje is one of the few Slovene companies that had issued SR Annual Reports. By mid-2008 they had done so for the years 2004, 2005 and 2006 and these are issued on the company web page.

3.2.2 Mercator d.d.

Poslovni sistem Mercator d.d. is the largest Slovene retail company operating hypermarkets, supermarkets and grocery stores in Slovenia, Croatia, Bosnia and Herzegovina, and Serbia, employing 20,893 people (Mercator – Letno poročilo, 2007: 18). It was established in 1953 in Ljubljana from its predecessor Živila Ljubljana which was established in 1949 (Mercator, 2008). Mercator has been an international company since the 1990s. Apart from selling products of national and international companies, Mercator also operates its own brand of food, drink and household products that are sold at discount prices. The company's market share in 2005 in Slovenia was 48.9% (Mercator (retail), 2008). In 2007 the total sales revenue amounted to €2,445,258,000 (Mercator – Letno poročilo, 2007: 18).

In *Finance's* list of the TOP socially responsible Slovene companies Mercator scored 92 out of 100 points. In percentages this means that in 2006 it invested 0.14% of total sales revenues into sponsorships and donations, 0.14% into caring for employees, and 0.06% into protecting the environment.

The company's SR involves central humanitarian campaigns, sponsorships/donations and involvement in the environment (both in Slovenia and in the international markets where the company operates). The company's *humanitarian campaigns* include:

- 'A thousand happy faces' (1999): donations to seven centers and institutions providing care and education for people with special needs.
- 'You are my love' (2000): ambulance cars were bought for six first-aid stations in Slovenia.
- 'May happiness be born!': purchased, or assisted in purchasing, new ultra-sound devices, cardiograph, hospital beds, and other medical equipment for fourteen Slovenian maternity hospitals.
- 'Open your eyes' (2003): proceeds were donated to the Oncology Institute of Ljubljana and assisted in the purchase of a Varian GammaMed Plus, a device for cancer treatment.
- 'Mercator Shelter Home' (2004): proceeds went to the Friends of Youth Association of Slovenia, helping them set up a safe-house for children who have been taken from their parents by court order and are waiting for adoption.
- 'M-Book' (2005): donating books to 500 primary school libraries and to 60 general education libraries across Slovenia encouraging reading among the youth.

(Mercator, 2008)

The company's *sponsorships and donations* have been allocated for the development of sports, culture, entertainment, education, and environment-protection projects, in this way expanding horizons and contributing to a higher quality of life for those concerned. Additional benefits of such SR actions recognized by Mercator are "(the) building (of) personality, reputation, and distinction – not only for the sponsors (and the company itself), but also for (their) small country." (Ibid.) Thus, Mercator receives over 1,000 applications and offers for cooperation in various sponsorship and donation projects.

Finally, the company's *involvement in the environment* is portrayed mainly by the protection of their suppliers and employees. Namely, wherever it operates, Mercator encourages economic and social development by giving priority to the local producers and employing the local workforce. In this way, they create a friendly environment both for the consumers and the employees, enhancing the quality of the goods and services offered. Current health projects directed at protecting employees are anti-stress programs, promotion of a healthy lifestyle, etc. In the near future Mercator wishes to introduce a program of ergonomic planning of the work environment and preventive health security of employees, so that employees will retain their work capabilities long term (Ibid.).

3.2.3 Krka d.d.

Krka d.d. is a Slovene pharmaceutical company with headquarters in Novo Mesto, Slovenia. It grew from a small pharmaceutical laboratory founded in 1954 into a global corporation with the most up-to-date factories and research laboratories, employing more than 7,362 people on 70 international markets (Krka, d.d., 2008). In the first part of 2008 the company reported sales of €469,300,000, which makes it one of the most successful Slovene companies (Ibid.).

The company is undoubtedly one of the more socially responsible companies on the domestic market. Their mission statement, "Living a Healthy Life", alone contains the company's determination to ensure health and quality of life to the society (Ibid.). Krka scored 89 points (out of 100) on *Finance's* TOP Socially Responsible questionnaire. More precisely in 2006, it invested 0.55% of its total sales revenues into sponsorships and donations, 0.56% into employees, and 0.27% into the environment (Vozel (ed.), 2007: 23). All the advertisements in the December 2007 supplement of the *Finance* newspaper entitled 'Socially Responsible' promote a company's SR behaviour. Krka's advertisement reads: "Protecting your health is part of us. The mission of our pharmaceutical company is to make precious moments even more beautiful and full. Thus our path is paved with knowledge, high technology and products that fulfil the wish for a healthy life..." (Vozel (ed.), 2007: 29). This is a very vague description of what the company is actually doing in the field of CSR and may lead some to falsely believe that the company is only posing as being SR, when in fact it may not be. A company with such a wide range of socially responsible activities and programs as Krka should provide concrete measures that it is taking to improve the environment and the society's quality of living (e.g. how they protect their employees, how much of total sales revenues is given to sponsorships, grants, humanitarian causes, concrete examples of how the environment/society has contributed from their SR actions).

The company's official webpage much more concretely presents the company's social action. Krka's community responsibility, as they call it, includes environmental protection and sponsorships/donations (Krka, d.d., 2008). *Protecting the environment* has been a part of their development since the beginning and is incorporated into all company activities. These are monitored by a separate environmental management system called the Environment Protection Service (the environmental policy was implemented in 2001), which is in compliance with the ISO 14001 standard. They are responsible for reducing the load the company's activities place on the environment. The impact of Krka's activities on the environment is annually measured by

means of emission monitoring in line with legal norms and internal regulations and published in reports and submitted to the relevant administrative institutions. Additionally, all technologies are tested so as to not have a negative environmental impact (Ibid.).

The company's *sponsorship and donation programs* are protecting the society at large, primarily targeting health and humanitarian causes. Most of their non-profit activities are directed at the domestic community on the local and national level. Additionally, Krka supports "science, culture, education, environmental protection programs, sporting activities, and various one-off projects of national or international importance." In 2007, the company allocated €3.7 million to sponsorship and grants (0.5% of total sales revenues) (Ibid.).

3.2.4 Other Examples of Socially Responsible Slovene Companies

Other examples of current SR campaigns of certain Slovene companies include:

- The Slovene mobile telecommunication provider Simobil's 'SMS Donator' offers humanitarian organizations the opportunity to gather funds for charitable causes. Whenever an individual sends a text message with a specific key word, he/she donates €1 and all proceeds are given to the specific humanitarian organization (SMS Donator – Si.mobil d.d., 2008).
- Kompas, the Slovene tourist agency supports and actively cooperates with the humanitarian organization Unicef on their project 'Let's Advance in Humanitarianism' (Slovene '*Napredujmo v človečnosti*') by collecting donations in order to provide children in need with healthcare, education, equality and safety (Kompas: Družbeno in okoljsko ozveščeno podjetje, 2008).
- Lek, a large pharmaceutical company, has together with Zveza prijateljev Slovenije for the 10th consecutive year now organized a humanitarian campaign 'A Wink to the Sun' (Slovene '*Pomežik Soncu*'), which gives all children the opportunity to go on holiday to the seaside in the summer (Lek: Sončkov živžav v Zambratiji, 2008).
- Petrol's campaign 'Children to Adults' (Slovene '*Otroci odraslim*') supports artistic expression among children (the best paintings are rewarded by Petrol) (Petrol: Družbena odgovornost – Projekt 'Otroci odraslim', 2008).
- Ilirika Brokerage House Plc. gives 5% of their commission on the initial sales of closed-end investment funds sales to the humanitarian campaign aiming at the purchase of incubators for the maternity hospital in Ljubljana. Because the response was so positive from the public and shareholders, they have also established a foundation that will provide scholarships to abandoned children (Social responsibility – ILIRIKA Brokerage House Plc., 2008).

4 Research: CSR in the Eyes of the Slovene Consumer

4.1 Methodology

In order to gather the opinions and attitudes towards CSR of Slovene consumers and compare these with the opinions of the global consumers, a pluralistic methodology has been applied, which incorporates both a qualitative and a quantitative approach.

Researching the theory and using secondary data a questionnaire has been developed entitled 'Corporate Social Responsibility from the Viewpoint of the Slovene Consumer'. The questionnaire is based on Edelman's Goodpurpose global questionnaire (Edelman Goodpurpose Community, 2007). In 2007 Edelman, a leading independent global public relations firm, conducted its survey across nine countries and, via the Internet and telephone interviewing, 5600 consumers revealed their attitudes about CSR. The sample sizes were as follows: US = 1,004, China = 1,000, UK = 582, Germany = 510, Brazil = 505, Italy = 501, Japan = 503, India = 500, Canada = 505. We see that the sample size is between 0.000044% (India) and 0.0015% (Canada) of the population (for a detailed comparison of sample sizes and percent of population see Table 1). The analysis of this secondary data shows that "social purpose as a marketing imperative has global consumer appeal and can help brands build deeper relationships." (Ibid.) Several of the Goodpurpose survey questions have been reused on purpose in our survey in order to be able to compare the results provided by Slovene consumers with those on the global marketplace. The permission to do so has been granted by Richard Edelman, President and CEO of Edelman. The questionnaire was, however, adapted with several supplementary questions to suit our research objective, the Slovene market environment and Slovene consumers. Additional secondary sources that were used in order to develop a reliable questionnaire from which conclusions can be drawn with confidence were gathered by using Internet search engines, numerous articles and literature relevant to the research topic. Another source for gathering secondary data for the purpose of testing whether respondents are aware of and familiar with the most socially responsible Slovene companies, was the questionnaire conducted by the Slovene newspaper *Finance* entitled 'TOP Socially Responsible' and targeting Slovene companies in order to find the most socially responsible businesses in Slovenia. The use of multiple data-collection methods therefore allowed us to develop a questionnaire that is both relevant and useful for Slovene businesses and, at the same time, comparable with the situation abroad.

In order to conduct a reliable and representative analysis of the awareness of CSR among Slovene consumers, a representative sample of the population was needed. In other words, respondents had to belong to different generations, and all demographic and social backgrounds. Thus, the most appropriate quantitative research method for collecting data that were used was a telephone questionnaire. The questionnaire targeted Slovene consumers using the computer-assisted telephone interviewing CATI method, using CATI software, by the leading Slovene market research firm Valicon in May 2008. With the CATI method the computerized

questionnaire is administered to respondents over the telephone, and the interviewer reads the questions and records the respondent's answers directly into the computer.

The sample size was 305 participants between 18 and 87 years of age, thus making the results representative and comparable to the sample sizes of Edelman's Goodpurpose questionnaire (except for the US (1004) and China (1000), sample sizes were approximately 500 consumers for each of the other seven countries that the Goodpurpose questionnaire targeted). If compared to the size of the population, our results are much more representative (covering about 0.015% of the whole population) since a larger part of the population had been involved in the survey than in Edelman's case (see Table 1).

Table 1: Comparison of sample sizes and percent of population between Edelman's Goodpurpose and our study.

Country	Sample size	Percent of population
India	500	4.4×10^{-5}
China	1000	7.5×10^{-5}
Brazil	505	2.6×10^{-4}
US	1004	3.3×10^{-4}
Japan	503	3.9×10^{-4}
Germany	510	6.2×10^{-4}
Italy	501	8.3×10^{-4}
UK	582	9.5×10^{-4}
Canada	505	0.0015
Slovenia*	305*	0.15*

Source: Edelman's Goodpurpose Community, 2007.
Note: *Own study

A short covering letter was added, explaining what CSR is and how the consumers' responses can attribute to greater company social awareness and responsibility, and, as a consequence, a better world for future generations. We can only presume that Edelman's Goodpurpose survey had a similar introduction (this information is not provided on the Study's webpage) in order to avoid the problem of people not willing to answer questions or, more so, answering while not being familiar with the concept of CSR. Additionally, the questionnaire is not too long (approximately 15 minutes) and is understandable for all, regardless of their education, background or age. The questionnaire consists of five parts: the importance of social responsibility for the Slovene consumer, CSR and the product/brand, the consumer's knowledge and source of information regarding CSR, the consumer's willingness to help companies be more socially responsible, and demography. The questions are of a closed type and consist of the ranking and Likert-type scales for collecting consumers' opinions, attitudes, status, buying behaviour, etc. followed by questions testing consumers' knowledge regarding CSR campaigns of large global and Slovene companies. The latter were based on the results of the TOP socially responsible Slovene companies as established by the Slovene newspaper Finance. In the first parts of the questionnaire, the questions were the same as those posed by Edelman's Goodpurpose survey. This eliminates the possibility of questions being biased or irrelevant, for

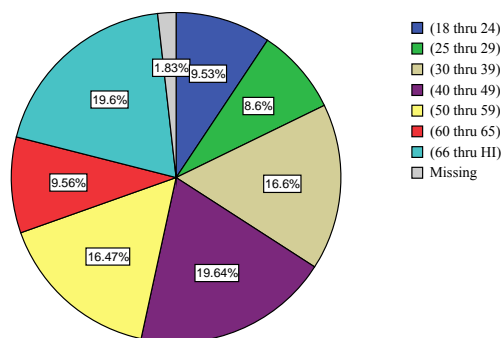
they have been tested on the international economic market (nine countries) and have produced similar results worldwide. This allows us to see how Slovene consumers - in a country where CSR is still not as present as abroad - feel about social responsibility. With additional questions our survey takes into consideration the specific and unique situation on the Slovene marketplace (see Questionnaire in the Appendix B).

For the purpose of analysis and statistical testing the data were analyzed using 'SPSS 13.0 for Windows'. In this way it was possible to compare a large number of variables at the same time (descriptive statistics, frequencies, selecting cases), compare means and provide a Pictorial representation of questionnaire results. A close analysis of questionnaire results soon revealed that there is a difference between the attitude towards CSR of men and women. This motivated us to test hypotheses if the difference between men and women providing the same particular answer is statistically significant (.001-.05). In order to do so we used Pearson's Chi-Square Test for 1 degree of freedom. This showed the probability of observing this difference (see Appendix C).

4.2 Population and Sample Characteristics

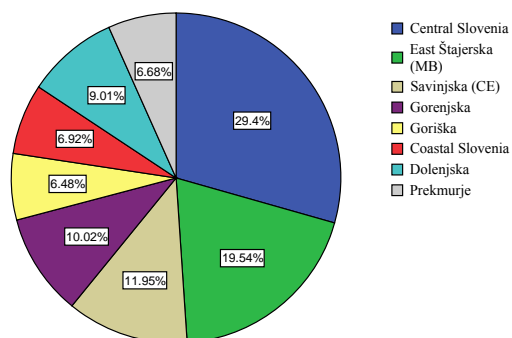
Out of a population size of 2,029,704 (Statistični urad RS, 2008), the questionnaire targeted only those above the age of 18, which represents approximately 80% of the Slovene population (Ibid.). Thus, the sample size for our questionnaire is 305 participants (0.019% of the population over the age of 18) aged between 18 and 87. These were also arranged into seven age groups, which allows us to find whether age plays a role in the attitudes and behaviour towards CSR for Slovene consumers. This offers a more general or segmented analysis of specific attitudes, positions, considerations and beliefs of consumers regarding CSR. The most represented age groups are from 40 to 49 years old and from 66 years and higher (see Figure 2 below). At the end of 2007 the mean age of the Slovene population was 41.1 (Ibid.).

Figure 2: Age groups of consumers responding to questionnaire (N = 305)



The sample is evenly represented by both men (47%) and women (53%) (at the end of 2007 there were 49% of men and 51% of women living in Slovenia (Ibid.)), which come from the seven major Slovene regions - the majority comes from the Central (29%) and East Štajerska - Maribor (20%) regions (see Figure 3 below), which proves that the sample is representative of the Slovene population, for the majority of Slovenes reside in these two regions (Ibid.).

Figure 3: Region where consumers responding to questionnaire reside



Those from the Central region mostly live in towns with a population of above 10,000 (15%) or below 2,000 (10%), while the East Štajerska region is mostly represented by those living in towns with a population under 2,000 inhabitants (11%) or above 10,000 (6%). Except for the Coastal region, all other four regions are mostly represented by those that come from smaller towns and villages (so with a population size below 2,000 inhabitants).

More than half of the analyzed sample is married (57%), just over 17% are single, and the rest live in an out-of-wedlock relationship (10%), are widowed (10%) or divorced (3%).

In Slovenia high school education level is in all Slovene regions most common among 25 – 64 year olds (50% to 65%), followed by primary school education and, on the other hand, college or tertiary education (Ibid.). If we examine the completed education of our sample, we see that the results are in line with those that can be attributed to the whole Slovene population. Namely, regarding the education level of those that answered the questionnaire, we found that 27% had finished vocational or job specific schools, approximately half of our sample finished primary school (25%) or high school (25%), and a slightly lower percent had finished college (9%) or had a higher education (7%) (see Figure 4 below). In May 2008, almost 48% of our sample was working for an employer, 37% were retired, 4% were students, 3% unemployed, and the rest employers, entrepreneurs, artists, freelancers, farmers, housewives, etc. (see Figure 5 below).

Figure 4: Education

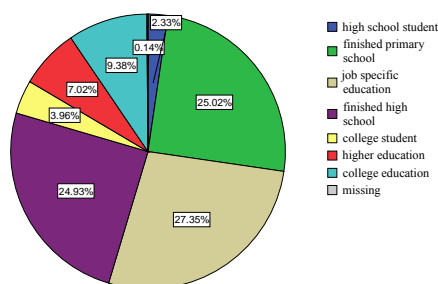
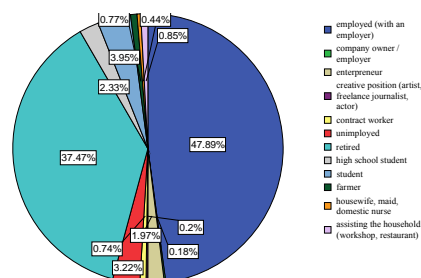


Figure 5: Employment



Looking at our sample, the most common cumulative monthly income of the whole household is from €690 - €1380 (32%) and €1380 – €2070 (24%), while 22% have an average monthly income of €690 and lower, 5% from €2070 and €2760, and 7% above €2760. The average monthly net earnings per person in Slovenia in 2006 was €773.42 (Ibid.) which again shows that the sample is representative of the Slovene population and that conclusions can be drawn and attributed to the average Slovene consumer.

One lifestyle characteristic is that in our sample more watch the news on POP TV (54.18% watch regularly) than on RTV Slovenija (37.76% watch regularly), while the percentage of those that regularly watch other major Slovene television shows dealing with relevant issues varies from show to show: Preverjeno (42.19%), Trenje (41.24%), Tednik (27.19%) and Tarča (16.81%).

Another important lifestyle characteristic is also that 78% never travel officially/for business purposes (12% do so a few times a year), and 38% travel for pleasure a few times a year, 25% once a year, 23% never and 13% every few years. This is important, for CSR is much more present and transparent in global multinational organizations, and those who travel often are more likely to come into direct contact with CSR initiatives and marketing campaigns in stores or on products of such enterprises, or on billboards and on similar kinds of advertisements. Travelling within the EU, to the US and other countries where CSR initiatives are strongly present in everyday life, might make the average consumer more familiar with the concept of CSR and more aware of the current issues addressed by large multinational companies abroad. This will be taken into account with certain questions – especially those testing consumers’ recognition of specific socially responsible companies or initiatives – so as to find whether Slovene consumers who come into more regular contact with global CSR advertising, reporting and transparency are also more supportive of such organizations and issues than those who do not come into regular contact with international socially responsible causes and businesses.

4.3 Statistical Analysis of Questionnaire Results and Comparison with Edelman's Goodpurpose Results

In this chapter the results of a statistical analysis of the questionnaire are presented using the 'SPSS 13.0 for Windows' and compared with the results of Edelman's Goodpurpose Survey results. First we determine 'The Importance of Social Responsibility for the Slovene Consumer' (Part I of the questionnaire), then analyze how consumers view the relationship between 'CSR and the Product/Brand' (Part II), explore the 'Consumer's Knowledge and Source of Information regarding CSR' (Part III), and finally determine the 'Consumer's Willingness to Help Companies be more Socially Responsible' (Part IV). We will conclude the chapter by determining the practical implications of the questionnaire results for companies on the Slovene market.

4.3.1 Part I: The Importance of Social Responsibility for the Slovene Consumer

In Part I of the questionnaire we want to find out how important social responsibility is for the Slovene consumer personally, i.e. whether the Slovene general population is contributing to SR in their everyday lives and how much people value certain socially responsible causes. Additionally, the buying behaviour of Slovene consumers is analyzed in respect to CSR.

First, when examining if Slovenes are contributing to SR in their everyday lives we see that a staggering 94.89% feel it is their duty to contribute to a better society and environment, which is much higher than that of the global consumer (88%) (Edelman Goodpurpose Community, 2007). Moreover, 92.68% of Slovenes say they are socially responsible, while according to Edelman, only 56% of global consumers are currently involved in supporting a good cause. By using Pearson's Chi-Square Test we test the hypothesis that there are no differences between men and women behaving in a socially responsible manner, in other words, that both men and women who act in a socially responsible manner are equally numerous in our examined population. The chi-square distribution for 1 degree of freedom shows that the probability of observing this difference if men and women are equally numerous in the population, is approximately 0.09 which is slightly higher than conventional criteria for statistical significance (.001-.05), so we can not reject the null hypothesis that the number of men in the sample behaving in a socially responsible manner is the same as the number of women in this sample (see Appendix C: Chi-Square Test 1). But the above statistics should be taken with slight reservation, for many of those who believe that they are demonstrating socially responsible behaviour do not know what SR or CSR actually entails (even though this was explained to respondents at the beginning of the questionnaire). But the comparison with Edelman is still interesting, since quite possibly the consumer knowledge - or rather lack of it - about CSR in other countries might be similar as in Slovenia. The ISO 26000 standard defines social responsibility as "actions of an organization (in this case individual) to take responsibility for the impacts of its activities on society and the environment..." (ISO/WD 26000: Guidance on Social Responsibility, 2006) Yet, when asked for concrete examples of SR, there were a few whose

answers indicated they are not familiar with the concept of SR. To provide a few examples: 'I am honest', 'I know what work is', 'I respect the law', 'I mostly buy Slovene products', 'I regularly pay bills', 'I respect traffic regulations', 'I sing in a choir', etc. It is possible that some people mistake the more modern and 21st century term *social responsibility* (Slovene *družbena odgovornost*) for *social activity*, (Slovene *družbena aktivnost*) which was a term commonly used in the second part of the 20th century and meant that a person is active in the society/local community. On the other hand, many gave answers that do fit into the concept of SR as it is known today. For example, Slovene consumers 'protect the environment' (most common answer), 'recycle', 'save energy and water', 'cultivate bio-food', 'support certain charitable causes', 'give his/her employees fair pay', 'use environmentally friendly cleaning products', 'walk instead of drive', 'have a car with low CO² emission and low fuel consumption', 'do not use pesticides on their crops', etc. Nevertheless, due to the fact that some did not know what SR is, the percentage of those who say that they are socially responsible is most likely lower than 92.68%, but still higher than that of the global consumer (56%) (Edelman Goodpurpose Community, 2007).

As we can see, Slovenes feel they are SR, yet when asked if they feel that they can personally evoke changes in their environment and in the society as a whole, only 46.44% feel that they can personally make a difference in their environment and only 35.70% say their actions can change society. This result is far from the attitude of the global consumers, for in the nine countries that Goodpurpose questioned, 83% say they can personally change the environment and the global society. It is interesting also that, even if we look at only those 46.44% of Slovenes who believe that they can evoke changes in the environment, only 50% feel that they can make a difference in the society. This result could be due to the conservative and somewhat passive Slovene nature, but it is also possible, and perhaps much more likely, that CSR and SR in general is not yet as present in the Slovene marketplace, and thus not a part of the public's everyday life and mentality. There is obviously a lack of knowledge (i.e. many say they are SR and do not know what that means) and confidence (i.e. not believing in the power of the individual to evoke change) regarding how important the role of the consumer is in evoking SR in corporate strategy and operations.

Second, the questionnaire examines how *important* certain socially responsible causes are to Slovenes. These were graded from 1 to 5 (1 meaning 'it is not at all important to me', 5 meaning 'it is very important to me'). Results show that 'caring for the environment' (mean = 4.63) is something that Slovene consumers value more than 'better working conditions' (mean = 4.51), 'spending time with family and friends' (mean = 4.50) and 'helping others and contributing to the community' (mean = 4.34). Although all of the above four SR causes are of high importance to the average Slovene consumer (all means are above 4.33), it is interesting that the average global consumer, as Edelman found, views 'spending time with family and friends' and 'helping others and contributing to the community' as the top two sources of consumer contentment.

Similarly, we analyze how much Slovene consumers *personally care about* relevant socially responsible actions in comparison to how much the global consumer cares (again the scale was from 1 to 5, where 1 = 'do not care at all', and 5 = 'care very much'). On average Slovenes care most about 'protecting the environment' (94.56%, mean = 4.73) and 'enabling everyone to live a healthy life' (93.70%, mean = 4.71), which is consistent with the situation abroad, but slightly

higher than the average global consumer (see Table 2). Next, consumers personally care about 'equal opportunity to education' (91.48%, mean = 4.65), 'reducing poverty' (91.36%, mean = 4.62), 'helping others' (91.00%, mean = 4.62), 'fighting HIV/AIDS' (88.50%, mean = 4.54), 'building understanding/respect for other cultures' (83.12% ,mean = 4.42), 'having a better opinion about yourself' (86.29%, mean = 4.41), and care least about 'supporting the creative arts' (69.43%, mean = 3.96), and 'helping to raise people's self esteem' (66.61%, mean = 3.91). Apart from the last social cause, the results show that Slovenes care slightly more for these categories in comparison to the average global consumer (see Table 2 below). The order of importance is also similar to that abroad. Companies on the Slovene market should thus consider implementing CSR into their operations by addressing some of the issues above, for they are obviously important causes for the Slovene public.

Table 2: How much do consumers personally care about...

Type of socially responsible issue	Global consumers*	Slovene consumers
Protecting the environment	92%	95%
Enabling everyone to live a healthy life	90%	94%
Reducing poverty	89%	91%
Equal opportunity to education	89%	91%
Fighting HIV/AIDS	83%	89%
Building understanding/respect for other cultures	82%	83%
Helping to raise people's self esteem	77%	67%
Supporting the creative arts	69%	69%

**Source: Edelman Goodpurpose Community, 2007, Table 1.2*

Finally, when we examine the buying behaviour of consumers related to CSR, we find that 90.99% would be willing to switch from their favourite product/service brand, to one that is more environmentally friendly, while – according to the Goodpurpose survey - only 85% of global consumers are willing to do so. Results also show that out of those 90.99%, there are many more women (95.26%) than there are men (86.11%). We use Pearson's Chi-Square Test to test the hypothesis that there are no differences between men and women willing to switch from their favourite brand to one that is more environmentally friendly, and find that the probability of observing this difference if men and women are equally numerous in the population is approximately 0.04, which is less than conventional criteria for statistical significance; therefore, we can reject the null hypothesis and claim that more women are willing to switch brands to those that are more environmentally friendly (see Appendix C: Chi-Square Test 2.1). However, when testing if there is no difference between the buying behaviour of men and women willing to switch from their favourite brand to one that is more environmentally friendly even if the price would be higher, we can not reject the null hypothesis for the probability of observing this difference - if men and women are equally numerous in the population - is as being approximately 0.09, which is slightly higher than conventional criteria for statistical significance (see Appendix C: Chi-Square Test 2.2). The fact that so many Slovenes are prepared to change brands or their consumption habits to make tomorrow's world a better place means that there are great opportunities for companies on the Slovene market to start putting greater emphasis on CSR and not only making it part of their corporate culture (involving and motivation employees) and business strategy, but also informing and teaching the general Slovene consumer of the

effects that their SR actions are having on the environment and/or society. The fact that 67.87% of those that are willing to switch to a more environmentally friendly brand are also willing to pay more for such a product/service, proves that CSR is not merely a trend or necessity, but also that in many cases it brings both indirect profit through greater respectability among all stakeholders leading to a wider customer circle and greater business opportunities, and direct profit through higher prices of environmentally friendly products/services. Companies should thus target all segments, while paying special attention to *women* – due to the fact that they are more willing to switch brands than men – *between the ages of 18 and 24* (94.30% are willing to switch) and *40 to 49 year olds* (93.76%). Other age groups also have a high percentage of those that would be prepared to switch brands and should thus not be ignored as potential customers of a more socially aware brand. But the two segments that should primarily be targeted in the initial stages of CSR introduction are 18 – 24 and 40 – 49 year-old women.

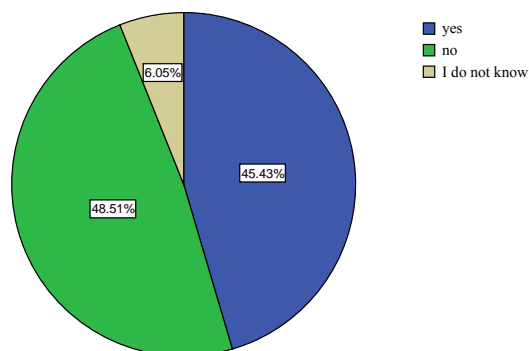
To sum up, we can say that social responsibility is very important to the average Slovene consumer, as indeed is the trend abroad, “consumers are more involved than ever in social action” (Edelman Goodpurpose Community, 2007); while we can also safely say that the need for greater social initiative is in some aspects even more present among Slovene consumers, among whom SR on a corporate and personal level is not yet as strongly represented.

4.3.2 Part II: CSR and the Product/Brand

In Part II of the questionnaire we will examine whether Slovene consumers attribute any meaningful connections between CSR and a product or brand. More precisely, how they feel about brands promoting and investing in CSR, and the buying behaviour of consumers regarding socially responsible products and brands as apposed to those products and brands that are not as socially aware.

Just over half (50.74%) of those questioned are not comfortable with the idea that brands support good causes and make money at the same time. The global consumers, on the other hand, in majority (57%) support the fact that companies profit from SR causes (Edelman Goodpurpose Community, 2007). This discrepancy is most likely due to the fact that Slovenes are not as familiar with the benefits CSR brings to all stakeholders (including the consumer) and society as a whole. To demonstrate further, while 45.43% of Slovene consumers often buy products or brands where a part of the paid sum goes to worthy causes, and 48.51% do not, just over 6% answered that they *do not know* (see Figure 6 below).

Figure 6: Do you often buy products or brands where part of the paid sum goes to worthy causes?

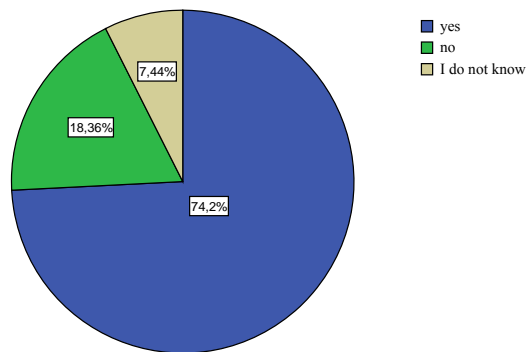


The percentage of those that do not buy such products - or do not know if they do - is much too high in comparison to the situation abroad. In comparison to the global consumer, 78% like to buy brands that make donations to worthy causes (Ibid.). Could this be due to the fact that, compared to the situation abroad, the average Slovene consumer is less aware of Slovene companies' CSR because, in Slovenia, companies do not advertise their social responsibility enough (the consumer is not informed, due to lack of transparency).

Similarly, when Slovene consumers were asked if a company that is socially responsible is, in their opinion, also more respectable, 7.44% were undecided. This could again point to a lack of knowledge regarding CSR in Slovenia, something that companies on the Slovene market could eliminate through advertising, reporting, transparency and mass initiation and collaboration (involving also the consumer).

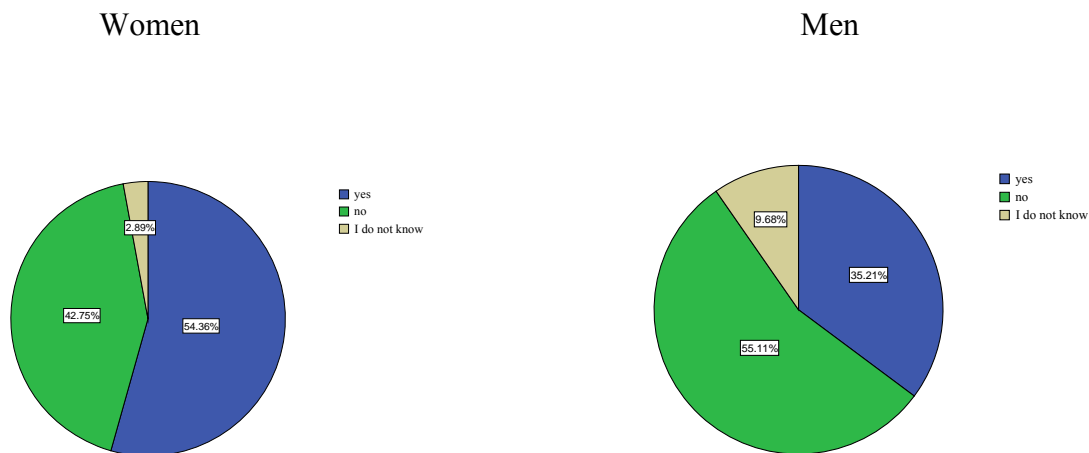
On the other hand, there are many more Slovene consumers that associate respectability with socially responsible behaviour of companies (74.20%) than those that do not (18.36%) (see Figure 7 below). One of the main benefits of CSR for a company is - as was explained in greater detail in Chapter 2.5 - greater respectability among shareholders, employees, business partners and customers/consumers. The results of the questionnaire prove that this is also the opinion of over 74% of the Slovene population, which offers another incentive for companies on the Slovene market to accelerate implementing CSR into their daily operations and overall business strategy.

Figure 7: Do you believe that a company that is SR is also more respected?



If we now concentrate on those 45.43% of Slovene consumers that often buy brands where part of the proceeds go to charitable causes, we find that there is again – as with the willingness to switch brands from one that is not socially responsible to one that is (see Chapter 4.3.1) – a large difference between the buying behaviour of men and women. Namely, while 54.35% of women often buy such products/brands, only 35.21% men say that they do (see Figure 8 below).

Figure 8: Do you often buy products/brands where part of the paid sum goes to worthy causes?



Other characteristics of those that often buy brands with a worthy cause behind them show us that the most attractive segments that should be targeted by companies on the Slovene market willing to introduce or enhance CSR into the image of a particular product/brand are *married* individuals, aged between *30 and 49*, and *over 66*, with an *average (€690 - €2070) or above average (€2760 and more) household monthly income*, living in the *East Štajerska – Maribor, Savinjska – Celje, or Dolenjska regions*. They are either *employed by an employer, entrepreneurs, or high school students* (it is important here to stress that collage students are not an attractive segment, probably due to the fact that many have financial problems because they do not live at home with their families that could support them financially, and thus prefer to buy the products and brands with the lowest price). Slovenes who often buy SR brands *travel* for both *business* (a few times a year) and *pleasure* (a few times or once a year). This lifestyle

characteristic proves our assumption in Chapter 4.2 that, because CSR is much more present and transparent in global multinational organizations, those who travel often are more likely to come into direct contact with CSR initiatives and marketing campaigns and are, consequently, also more supportive of such organizations and issues (i.e. often buy SR products/brands) than those who do not come into regular contact with socially responsible global causes and businesses.

Altogether, 73.95% of Slovenes believe that companies spend too much money on advertising and marketing. The majority of these consumers also feel that companies should invest more into worthy causes (84.27%), while this percent is also high with those that do not worry about brands investing too much into marketing campaigns (81.90%). Abroad, 67% of consumers would rather see brands spend more money on good causes, and feel that too much money is spent on advertising and marketing (Edelman Goodpurpose Community, 2007).

If we make a general profile of the 83.71% of those that think companies should invest more in charitable causes, we see that the sample is mostly represented by *women* (87.22% believe so, as opposed to 79.69% of men who feel more should be done from the corporate bench). Those that feel most strongly are *above 50 years old* (this probably also explains why those that are *retired* and/or *widowed* are so strongly represented in the segment of Slovenes who want companies to invest more into CSR), followed closely by those *under 30* (thus *college students* fit into this profile), from the *Central and Savinjska – Celjska regions*.

Finally, we examine what would most affect consumers' decision when choosing between two products/brands of the same quality and price. Out of the given answers, social purpose is what would affect the decision of most Slovene (21.27%) and global consumers (41%) (Ibid.). Perhaps this percentage is so much lower in Slovenia than it is abroad because the global questionnaire covered a more general spectrum of CSR, while in our questionnaire two concrete social causes were given: 'the fact that the product is environmentally friendly' (12.31%) and 'the fact that part of the proceeds go to charitable causes' (8.96%). The other reason for such a lower percentage is that in our questionnaire the option 'other' was also provided (27.07%). Next, consumers would make their decision after looking at the design and innovation (19.47% in Slovenia, 32% abroad (Ibid.)), more precisely, 'the design' (8.53%), 'packaging' (8.13%) and technical features (2.81%). Another important factor when deciding which brand to choose is 'loyalty to the product or brand' (12.65% in Slovenia, 26% abroad (Ibid.)). The final two options given when deciding what brand to choose were: 'depends on the product/brand' (3.94%) and 'that it is on offer at stores' (1.99%). It is interesting that the majority of the interviewees answered that something else would affect their purchasing decision. Some of the most common answers are: 'that the product is Slovene/domestic', 'quality of the product', 'origin of the product' and 'I am indifferent to brand names'. Some also refer to other CSR issues when choosing a product: 'I would choose the product of a socially responsible company', 'the product that is natural/not tested on animals/healthy'. Additional reasons for choosing a brand are: own experience, price, degree of advertising, quantity, ingredients, and customer service.

To conclude, we have found that when it comes to CSR and a brand name, consumers both in Slovenia and abroad prefer brands that help make a difference and associate respectability with a

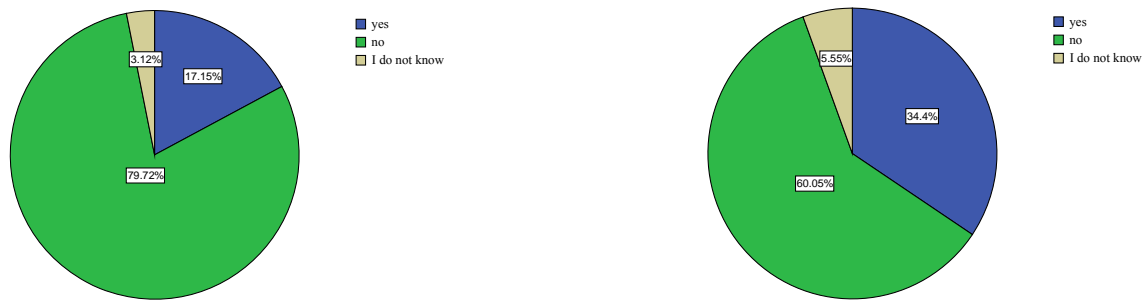
company that is socially responsible and offers products that also fulfil a social purpose. The challenge for companies in Slovenia is to target even more aggressively the 45.43% of Slovene consumers (see profile above) that often buy brands where part of the proceeds go to charitable causes.

4.3.3 Part III: Consumer's Knowledge and Source of Information regarding CSR

In Part III of the questionnaire we first analyze the Slovene consumers' knowledge regarding CSR. This includes concrete examples of SR foreign and domestic companies provided by consumers. Additionally, we examine how socially responsible respondents feel certain foreign and domestic companies or organizations are, and test their knowledge of specific foreign and domestic CSR campaigns that had recently been advertised and carried out. Secondly, in order to investigate what sources Slovene consumers use in order to find information regarding a company's CSR, we first analyze if their buying behaviour is influenced by CSR when purchasing products for daily use (e.g. food) and durable goods (e.g. refrigerators, TV appliances, cars, etc.). Next we will examine where those that are influenced by CSR of a particular brand search for CSR related information and how reliable certain sources are in the mind of the Slovene consumer. Finally, we investigate consumers' attitudes and opinions regarding a corporation's role in the society by asking if Slovene consumers feel that large corporations have a more positive or negative affect on the society, which of the tactics most commonly used by corporations for gaining trust and a good reputation respondents value most, and if consumers feel that companies on the Slovene market should involve themselves in and report on social action to a larger degree.

When asked if Slovene consumers are familiar with a *foreign* company that is socially responsible only 17.15% claimed that they do (see Figure 9 below). This is a very surprising result, for most large multinational corporations are involved in socially responsible activities and advertise these to a great degree. But when we select only those consumers that *travel for business more than once a year*, and are consequently influenced by more multinational foreign brands than those consumers who do not travel so often, we find that 45.51% are familiar with such companies. On the other hand, out of those who *never travel for business* only 11.20% know a SR foreign company. These results show that if consumers are exposed to socially responsible companies that advertise and report with pride on their social involvement, these companies are also acknowledged as such by the public. Thus, when we asked if Slovene consumers are familiar with a SR *domestic* company, just over twice as many (34.40%) know at least one Slovene company that is socially responsible (see Figure 10 below). This is a great motivating factor for all companies on the Slovene market that have already implemented CSR into all their activities, and a good starting point for those domestic companies that have not yet implemented CSR into their mission, vision, strategy, corporate culture and operations.

Figure 9: Are you familiar with: a SR foreign company? Figure 10: a SR domestic company?



The percentage of Slovene consumers that are familiar with a SR domestic brand is just below that of the global consumer, for Goodpurpose’s global survey results show that, on average, 39% of global consumers are aware of brands that actively support good causes through their products/services. This number is highest in Brazil (66%) and China (55%), and lowest in Italy (29%) and Japan (17%) (see Table 3 below).

Table 3: Are consumers aware of any brands that actively support good causes through their products/services?

Country	% Aware of any brands that support good causes
Brazil	66%
China	55%
Canada	44%
Germany	37%
US	32%
UK	31%
India	31%
Italy	29%
Japan	17%
Total	39%

Source: Edelman Goodpurpose Community, 2007, Table 4.1

By using Pearson’s Chi-Square Test we test the hypothesis that between men and women familiar with a socially responsible domestic or foreign brand there are no differences. The chi-square distribution for 1 degree of freedom shows that the probability of observing this difference if men and women are equally numerous in the population is approximately 0.6, therefore higher than conventional criteria for statistical significance. Thus we can not reject the null hypothesis that the number of men in the sample familiar with social responsibility of domestic brands is the same as the number of women in this sample (see Appendix C: Chi-Square Test 3.1), while we also can not reject the null hypothesis when we consider the sample familiar with a SR foreign brand (probability of observing this difference is approx. 0.3) (see Appendix C: Chi-Square Test 3.2).

Most of the Slovene consumers who are familiar with a *foreign* company or brand that is socially responsible name Microsoft (7.69%), Spar (7.69%), Henkel (7.69%), Google (5.77%), Coca Cola (5.77%), Renault (5.77%), Hofer (5.77%) and Lidl (5.77%). But because only 17.15% of the whole Slovene population say that they are familiar with the SR of an international company, the results are thus very individual, and it is best to categorize these into

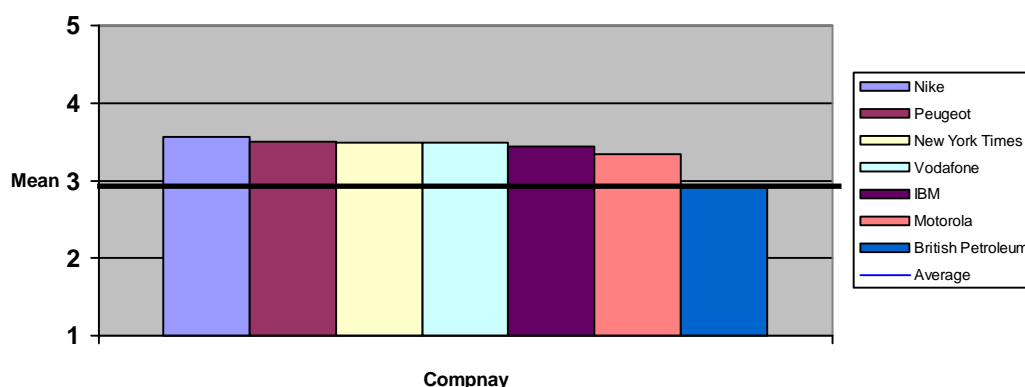
the industry that these companies belong to. Namely, if we combine the individual results we see that 23.08% find *retail companies* socially responsible: Spar (7.69%), Hofer (5.77%), Lidl (5.77%), E'Leclerc (1.92%) and Eurospin (1.92%). This result may be slightly biased due to the fact that consumers perhaps are not convinced which company is foreign and automatically named one that they are sure is not domestic, or else their answer might have been an immediate response because they come into contact with retail stores on a daily or weekly basis (apart from Spar, the above retailers have only recently entered the Slovene marketplace). Nevertheless, retail companies are investing into and promoting their CSR more and more, and this industry must not be overlooked. The second group that stands out is the *car manufacturing industry*. The 13.46% that find these companies socially responsible named Renault (5.77%), BMW (1.92%), Volkswagen (1.92%), Mercedes (1.92%) and Toyota (1.92%). Next we have the *clothing retailer industry*. 9.62% find the following companies socially responsible: Nike (3.85%), Benetton (1.92%), Zara (1.92%) and Versace (1.92%). Finally, we come to the *cosmetics and mobile telephone industries*: 9.62% find Nivea (3.85%), The Body Shop (1.92%), Dove (1.92%) and L'Occitane (1.92%) socially responsible corporations, while for 7.69% Siemens (3.85%), Nokia (1.92%) and Ericsson (1.92%) are socially responsible. Categorizing the results into type of industry shows us that foreign companies either contribute larger amounts to SR action or, more likely, advertise and report on their SR achievements to a greater degree. Slovene companies in these five industries should learn from successful global brands and adopt the best practices demonstrated by the multinationals mentioned above. Other foreign companies and organizations mentioned by Slovene consumers are Unicef (3.85%), Dell (1.92%), Sony (1.92%), Lego (1.92%), BP (1.92%), etc.

The majority of the 34.40% who can name a socially responsible *domestic* company thought of Krka (26.67%), Mercator (22.86%) and Gorenje (19.05%). Although it is true that these three companies are socially responsible in numerous respects – all three have a direct link to the company's corporate governance on their official websites, which is important for greater success, transparency and recognition of a company's CSR - these are well established large corporations with offices or stores not only in Slovenia but also abroad. Such broad recognition among Slovene consumers and the general knowledge that these are Slovene companies could also be the reason for such a high result. Other domestic companies that were mentioned by Slovene consumers as being socially responsible are: Tuš (8.57%), Lek (6.67%), Pivovarna Laško (5.71%), Snaga (4.76%), Perutnina Ptuj (4.76%), Sava (2.86%), Fructal (1.90%), Iskra (1.90%), Kolinska (1.90%), Riko (1.90%), Zavarovalnica Maribor (1.90%), Pošta Slovenije (0.95%), Telekom Slovenije (0.95%), etc. If we again try to categorize these into industries we see that the *pharmaceutical* and again, as is the situation abroad, *retail industries* are the most representative. Namely, 33.33% find Krka and Lek socially responsible and 31.43% believe that the Slovene retailers Mercator and Tuš demonstrate CSR. This indicates that greater advertising of CSR, reporting on and transparency of campaigns or measures taken, also means greater recognition and allows a company to reap all the benefits attributed to SR behaviour (adding firm value, long-term sustainable development, respect, customer loyalty, greater profits, etc.). When it comes to CSR, these two industries are undoubtedly paving the way for other companies and industries towards greater CSR on the Slovene general marketplace. The sooner

other Slovene corporations (also from other industries) jump on the ‘CSR bandwagon’ the more noticeable will be the benefits that CSR brings.

In order to examine the knowledge Slovene consumers have regarding CSR of large and well established *foreign corporations*, we ask that they place them on the scale from 1 to 5, where 1 means that they feel the company is not at all SR and 5 that the company is very SR. However, we must take into account that quite a substantial percentage of the population gave the answer ‘I don’t know the company/I cannot say’ (from 23.78% for Peugeot to 61.26% for British Petroleum). If we select only those that Slovene respondents who are familiar with the corporations mentioned in the questionnaire and have an opinion regarding their SR behaviour, we can compare the means and still get a statistically significant general view of how SR Slovenes feel these foreign multinationals are. Google (mean = 4.07) and Walt Disney (mean = 3.80) come on top, well in front of Johnson & Johnson (mean = 3.66), Dell (mean = 3.65) and Apple (mean = 3.61). Both Google and Walt Disney have been selected - by The Corporate Responsibility Officer magazine and IW Financial who set out to determine the “Top 10 Best US Corporate Citizens” across five industries - as the top second and first media of 2007 (EthicsWorld: Surveys and Trends, 2008), which could demonstrate that Slovene consumers are quite knowledgeable regarding the top SR multinational corporations. But other organizations on the list, on the other hand, were not graded as positively as one would expect, which shows that Slovene consumers are not very familiar with foreign companies’ (non)SR behaviour (see Figure 11).

Figure 11: Degree of socially responsible behaviour of certain foreign companies according to Slovene consumers.



Legend: 1 = not at all SR, 5 = is very socially responsible.

But instead, these companies have been acknowledged for their SR behaviour:

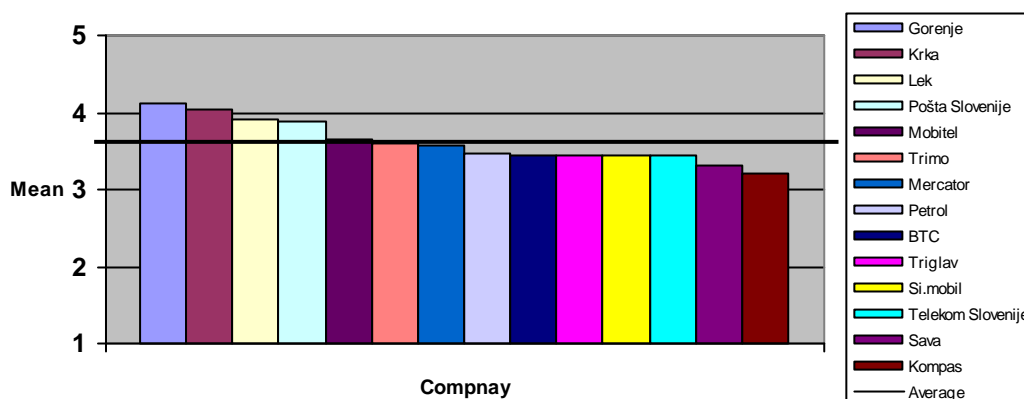
- New York Times: in 2007 selected as 3rd best US company when it comes to SR in the media industry (Ibid.),
- Nike: in 2008 selected as 3rd best U.S.-headquartered company based on corporate social responsibility criteria by Corporate Responsibility Officer (Ibid.),
- Peugeot: selected as 7th most SR in 2007 by *Fortune* magazine (Zadek, 2007),

- Vodafone: selected as 5th most SR in 2007 by *Fortune* magazine (Zadek, 2007),
- British Petroleum – BP: selected as most SR in 2007 by *Fortune* magazine (Zadek, 2007).

The list above demonstrates that Slovene consumers are in general not aware of the degree of CSR practiced by certain multinationals abroad. This is most likely the result of a lack of transparency and communication on the topic of CSR in Slovenia.

In order to be sure that this is the case, we must also examine if Slovenes are perhaps more familiar with the social responsibility of certain *Slovene (domestic) companies*. Here the percentage of those that do not know the company or can not say how SR it is, is understandably much lower (except for Trimco where 34.63% responded ‘I don’t know the company/I cannot say’) and thus the results are even more representative than with foreign corporations. If we again compare means, we develop the following list of 14 SR firms (all means are above 3.21, where 1 = not at all SR and 5 = very SR, which tells us that consumers find these companies above average socially responsible) (see Figure 12).

Figure 12: Degree of socially responsible behaviour of certain Slovene companies according to Slovene consumers.



Legend: 1 = not at all SR, 5 = is very socially responsible.

Nine of the companies mentioned above are also on the *Finance* newspaper’s list of the TOP socially responsible organizations in Slovenia and all of them have an above average score on the *Finance* questionnaire (the average is 81 out of 100, the most extreme results were eliminated). This proves that Slovene consumers are aware that certain Slovene companies are socially aware, but the extent to which they practice their SR is in some cases not understood or acknowledged by the Slovene population. More precisely, while Lek (*Finance*: 94 points) and Gorenje (*Finance*: 93 points) are on top of both lists, both Sava (*Finance*: 93 points) and Kompas (*Finance*: 92 points) should be higher on our list, assuming we trust the results of *Finance*’s questionnaire. In our questionnaire consumers place Trimco (*Finance*: 90 points) before Mercator (*Finance*: 92 points), while *Finance*’s survey found that the latter is more socially aware, and the same is true for BTC (*Finance*: 87 points) and Si.mobil (*Finance*: 88 points). The most surprising company is Krka, for consumers in Slovenia say that in their

opinion it is second only to Gorenje, while it earned only 89 points in *Finance's* survey which still makes it above average SR but puts it on seventh place on the list of the nine SR Slovene companies examined by both questionnaires (Vozel (ed.), 2007: 23).

In a similar way we now examine if Slovene consumers are familiar with SR campaigns of *foreign* and *domestic* organizations. On average 31.83% say they are familiar with a SR *foreign* campaign and 60.41% are familiar with at least one *domestic* SR campaign. The two that stand out as being the most recognizable are Toyota's 'Hybrid car' (48.01% recognize this campaign, 1.64% are not certain) and saving energy with the help of Elektro Slovenija's energy efficient light bulbs (97.15% are familiar with this campaign) (see Figures 13 and 14 below). The reason for such a high degree of recognition is most likely the fact that the questionnaire was conducted in May 2008 when Toyota's Hybrid car was the subject of discussion in numerous media (thus almost half of the Slovene population knows what it offers), while Elektro Slovenija wanted to make consumers more aware of the importance of saving energy through energy efficient light bulbs that they administered for free to all Slovene households or apartment buildings, and thus almost the entire population can recall their SR campaign (reaching the entire Slovene population).

Figure 13: Recognition of Toyota's
'Hybrid car'

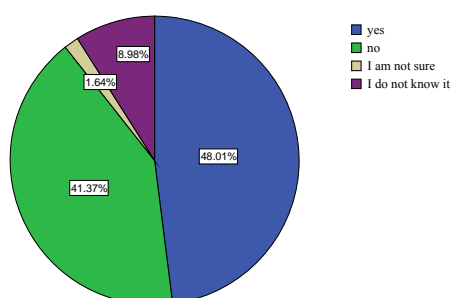
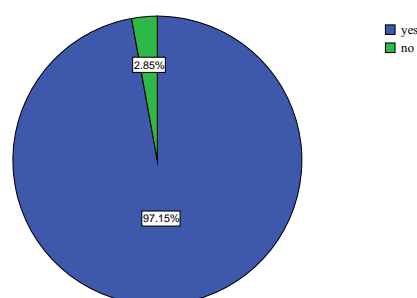


Figure 14: Recognition of Elektro Slovenija's
'energy efficient light bulbs' campaign



Other foreign campaigns on the list are The Body Shop's 'Against Animal Testing' (36.77% are familiar), Google's 'Employee Protection' (30.13% are familiar), Oprah Winfrey's charitable 'Angel Network' fund (23.34% are familiar) and Virgin Airlines use of Bio-fuel (20.91% are familiar). Examples of other domestic campaigns quite well recognized in Slovenia are Mercator's 'Five a Day' (81.73% recognize it), Si.mobil-Vodafone's 'SMS Donator' for gathering means for good causes (52.25% recognize it), Kompas' collaboration with Unicef on the 'Let's Advance in Humanitarianism' project (Slovene '*Napredujmo v človečnosti*') (39.06% recognize it) and finally Petrol's 'Children to Adults' campaign (Slovene '*Otroci odraslim*') (31.87% recognize it). The two domestic campaigns that stand out ('energy efficient light bulbs' and 'Five a Day') do so most likely because of the large scale of advertising. Light bulbs were administered to households free of charge, Mercator advertises their healthy living campaign in all stores, in television advertisements, printed advertisements, on shopping bags, etc. Such a large spectrum of advertising tools gives the campaign a larger degree of recognition. All other Slovene campaigns mentioned above, and those that are not on the list, should follow in the footsteps of those companies that are transparent and report and advertise their SR actions

through numerous tools and media types. Being SR is, as we have seen, positively perceived by the majority of the population (at home and abroad) and thus, in order to run successful SR campaigns of any scale or size, companies should make sure that these are advertised to such a degree and in such a way that they are recognizable to the wider public.

Next we will analyze if Slovene consumers' buying behaviour is influenced by CSR when purchasing products for daily use and consumption (e.g. food) and durable goods (e.g. refrigerators, TV appliances, cars, etc.). Only 19.16% of consumers in Slovenia regularly check if a certain *product* or *service for daily use* is known for its socially responsible behaviour, while 77.88% do not and for 2.96% of consumers it depends on the product (e.g. when purchasing food products, canned goods, textile goods, meat and dairy products, detergents, etc.). More women than men check for SR behaviour on a regular basis (22.27% vs. 15.59%; see Figures 15 and 16 below), which gives Slovene businesses offering products for daily use and consumption a reason for primarily targeting women in the initial stages of their SR strategy. The most representative age group among those that regularly check are those above 50 years of age (33.53%), especially those above the age of 66, and the least attractive age group segment are 18 to 29 year olds (only 1.96% regularly check with products for daily use and consumption).

Figure 15: Women that check for SR of products for daily use

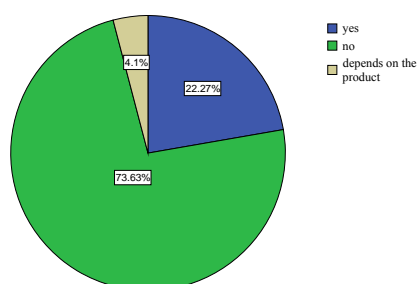
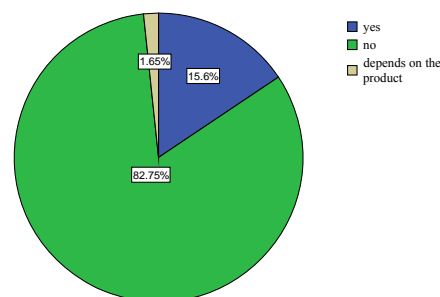


Figure 16: Men that check for SR of products for daily use



On the other hand, almost half of the Slovene population (49.87%) regularly check if a company offering *durable goods* is known for its socially responsible behaviour. 46.78% do not check and for 1.29% it depends on the product (e.g. when purchasing cars, television sets and refrigerators). Here more men than women check for CSR of a particular company offering durables (52.85% vs. 47.26%; see Figures 17 and 18 below), while the most attractive segment are again those above the age of 50 (56.57% regularly check), especially those from 60 to 65 years of age. Other age groups are also attractive and should still be targeted, for 49.23% of 30 to 49 year olds and 39.32% of 18 to 29 year olds regularly check for SR of durable goods. For companies on the Slovene market selling durables this means that CSR is even more valued and respected by consumers than the CSR of companies selling goods for daily consumption and thus, the implementation of CSR could bring such firms a greater circle of loyal customers and consequently maximize total firm value.

Figure 17: Men that check for SR of durable goods

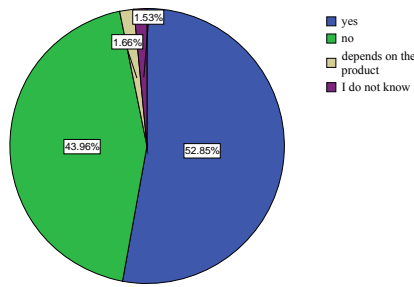
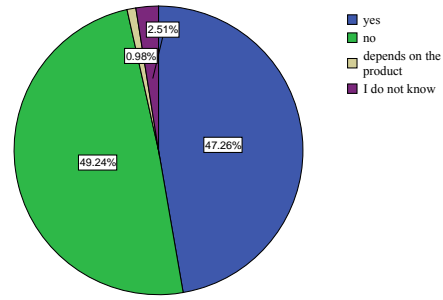
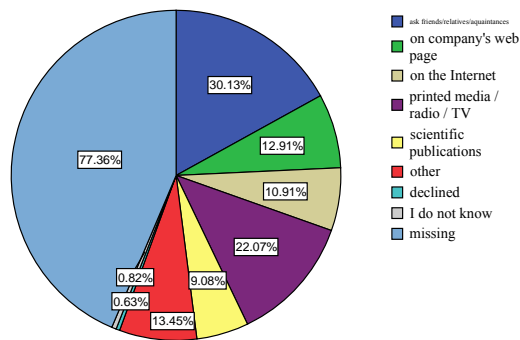


Figure 18: Women that check for SR of durable goods



We asked those that do check if a company offering either products for daily use and consumption or durable goods is socially responsible, and where they find information on SR behaviour. 16.97% get the information from friends/relatives/acquaintances, 12.44% search in the printed media/on the radio/on TV, some check a company's web page (7.28%), some the entire Web (Internet) (6.15%), or they find the information in scientific publications (5.12%) (see Figure 19 below). This tells us that those who are sensitive to the socially responsible behaviour of a company are not only influenced by word of mouth of those they trust, but most likely also share their thoughts, experience and opinions regarding a product's CSR. This is also the trend with consumers on the global marketplace, for "61% of consumers say 'a person like myself' is the most credible source of seeking information about brands that support a good cause." (Edelman Goodpurpose Community, 2007)

Figure 19: Where do you find information regarding a company's/product's CSR?



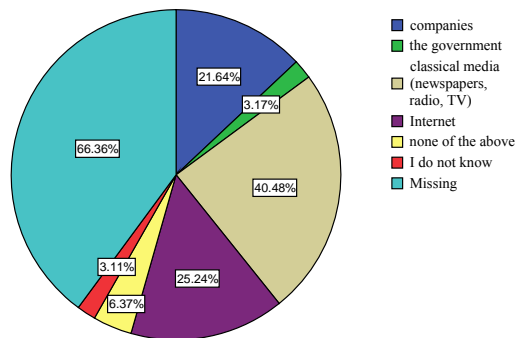
The 7.58% of Slovene consumers that find information on CSR of durable goods and those for daily consumption in other sources do so in the store (37.21%), with the salesperson (23.26%), on the product (20.93%), at the company headquarters (6.98%), while a few find information regarding CSR in brochures, from commercials or with the supplier. Companies on the Slovene market should thus advertise their SR in the actual stores and on the product itself so that consumers are aware of their activities and campaigns, and make sure that their sales personnel is knowledgeable about the company's SR behaviour and can answer any questions customers may have on the subject.

Slovene consumers find *friends/relatives/acquaintances* the most reliable source for getting information about CSR, since 21.54% find it reliable and 18.83% find it very reliable (mean = 3.96, where 1 = not at all reliable, 2 = not reliable, 3 = not really reliable, 4 = reliable, 5 = very reliable). A slightly lower degree of reliability consumers attribute to *a company's web page* (15.96% find it reliable, 8.91% very reliable, mean = 3.65) and *TV/radio reporting* (21.94% find it reliable, 11.34% very reliable, mean = 3.58). On the other hand, on average for consumers in Slovenia *blogs/forums* (mean = 3.28), *printed articles* (mean = 3.15) and *commercials* (2.71) are not a very reliable source of CSR information. As can be seen, for consumers in Slovenia the most reliable sources of information are (in this order):

- friends/relatives/acquaintances,
- TV and radio reporting,
- printed media (especially newspapers),
- the Internet,
- in-store advertising and informing,
- commercials,
- and information on the actual product.

If consumers would have to choose between three different sources for gathering information on CSR, 39.50% would trust *the media* (24.33% classical media – newspapers, radio, TV; 15.17% the Internet), 13.01% a *business* and only 1.90% *the government* (see Figure 20 below). This is not the opinion of the global opinion leaders. Namely, in 2007 Edelman conducted a survey called the Edelman Trust Barometer 2007. This involved a survey of 3,100 opinion leaders in 18 countries. They concluded that business is more credible than government or media in 13 of the 18 countries surveyed (EthicsWorld: Surveys and Trends, 2008). France, Germany, and the United Kingdom, 34% trust in business, which is higher than trust in media (25%) and government (22%). In Latin America, represented in the survey by Brazil and Mexico, 68% trust in business, while trust in the media stands at 62% and government at 37%. Asian (China, Japan, India, and South Korea) trust in business is 60%, while government and the media are both at 55% (Ibid.). Because of the fact that in Slovenia consumers attribute so much credibility to the media (especially classical media), greater transparency of SR behaviour is necessary if companies expect the consumer to recognize their social actions and the media to report on their campaigns and social causes. This can be done through commercials on TV and the radio, print advertising in newspapers and magazines and annual CSR reports issued on the Internet and accessible to all stakeholders.

Figure 20: Which source of information do you find most credible?



In general, Slovene consumers see large corporations as having a more positive than negative impact on society (47.43% feel they do as opposed to 32.28% that feel they do not), which is a good predisposition for companies to involve themselves in making a positive impact on the environment and society for it is something that the consumer believes is achievable and respectable. More than that, companies can involve the consumer in their SR activities for, as we have seen with previous questions, good causes are something consumers value (see also Chapter 4.3.4). Edelman's Trust Barometer found similar results, for most respondents in 16 of 18 countries feel that companies have more of a positive impact on society than a negative one (EthicsWorld: Surveys and Trends, 2008).

One of the main questions businessmen ask when it comes to the decision on whether to implement CSR or, if it is already a part of the business strategy, whether to support a particular SR cause is "How will the company benefit from CSR?" As best practices have shown in numerous examples (e.g. The Body Shop, Google, etc.) **gaining greater customer trust** and a **better reputation in the society** are two of the top benefits that can be gained if CSR is carried out appropriately. Out of the five most common ways in which a company can earn trust and a good reputation, Slovene consumers chose '*offering environmentally friendly products*' as the best way for gaining trust and building on their reputation (66.29% say it is very important; mean = 4.54, where 1 = not at all important, 5 = very important). Secondly, consumers in Slovenia feel that '*providing quality products*' is important (60.84% feel it is very important; mean = 4.49). These two means for achieving customer trust and respectability are universally seen as the most important actions an organization can take to build trust, except that the global consumer finds 'providing quality products and services' more important than 'socially responsible activities' (Edelman Goodpurpose Community, 2007). The final three categories Slovene consumers still find important are: '*good labour relations*' (mean = 4.47; fifth place for the global consumer), '*providing a fair price for products or services*' (mean = 4.38; third place for the global consumer) and '*attentiveness to customers*' (mean = 4.31; fourth place for the global consumer) (Ibid.) (see also Table 4). All these five means for establishing trust, loyalty and a good reputation are often practiced by Slovene companies, yet not enough attention is paid to SR action although, as we have found, Slovene consumers feel it is the best way for a company to gain all the attributes necessary for growing their customer base and maximizing profits.

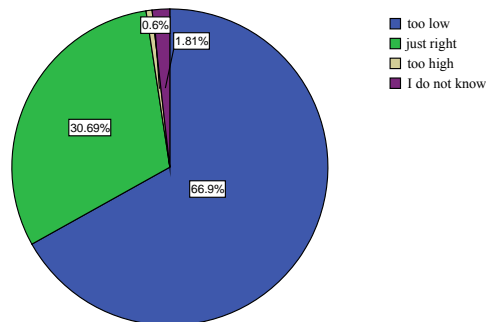
Table 4: Five ways in which a company can earn consumer trust and build on its reputation

Order of importance (1-most important out of the five, 5-least important out of the five)	Global consumers*	Slovene consumers
1	Providing quality products and services	Offering environmentally friendly products
2	Socially responsible activities	Providing quality products and services
3	Providing a fair price for products and services	Good labour practices
4	Attentiveness to customers	Providing a fair price for products and services
5	Good labour practices	Attentiveness to customers

*Source: Edelman Goodpurpose Community, 2007

To conclude Part III of the questionnaire we ask whether Slovene consumers feel that the degree of CSR of *domestic* companies is sufficient. As can be seen on Figure 21 below, 66.89% say it is ‘too low’, while only 30.69% feel it is ‘just right’ and 0.60% that the degree of CSR in Slovenia is ‘too high’.

Figure 21: Do you feel that the degree of SR of domestic (Slovene) companies is:

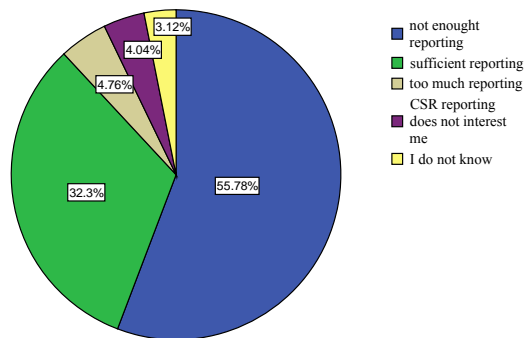


We use the Chi-Square Test to test the hypothesis that between men and women who feel the degree of CSR in Slovenia is insufficient there are no differences. The chi-square distribution for 1 degree of freedom reveals that the probability of observing this difference - if men and women are equally numerous in the population - is approximately 0.5, so we can not reject the null hypothesis that the number of men in the sample that feels the degree of CSR in Slovenia is insufficient is the same as the number of women in this sample (see Appendix C: Chi-Square Test 4).

More than half of Slovene consumers also believe that the media in Slovenia should report on (non)SR behaviour of companies more often (55.78%). 32.29% say that the degree of their CSR

reporting is sufficient, only 4.76% feel there is too much reporting on the subject and 4.04% are not interested in CSR reporting (see Figure 22 below).

Figure 22: Is there enough reporting on socially responsible or irresponsible behaviour of companies by the Slovene media?



These two figures again prove that CSR in Slovenia is not developed to the degree demanded by the average Slovene consumer. If we select only the sample that feel the degree of CSR and CSR reporting in Slovenia is too low, we find a segment that companies on the Slovene market should target when implementing, carrying out and reporting on CSR. Namely, those in this segment - almost equally represented by both men (49.21%) and women (50.78%) - are mostly employed by an employer, entrepreneurs, contract workers or college students, aged between 25 and 39. The majority are single or live in out-of-wedlock relationships in the *Savinjska/Celjska*, *Goriška* or *Coastal regions*. Most of them have finished college or have a secondary school education, with an average household monthly income between €1389 and €2070. On the other hand, the least attractive segment to target are people with primary school education, those above the age of 66, with a cumulative average household income below 690€, and that come from the *Gorenjska* and *Prekmurje regions*.

To conclude Part III of the questionnaire, which deals with the consumer's knowledge and source of information regarding CSR, we find that companies in Slovenia have an opportunity to reach consumers through socially responsible actions, for the majority value company support of good causes and feel it should be practised to a greater degree. More should be done to involve the consumer and report on CSR so that the awareness and recognition of SR companies and specific actions or campaigns will reach a larger population size. Once again word of mouth has proven to be the most credible source of information about brands that support good causes (this is especially important when buying durable goods).

4.3.4 Part IV: The Consumer's Willingness to Help Companies be more Socially Responsible

In the last part of the questionnaire we look at perhaps the most valuable information for managers: how willing the Slovene consumer is to help a company be more SR.

80.85% of Slovenes would be prepared to pay more for brands that support a good cause they believe in (70% of global consumers agree (Edelman Goodpurpose Community, 2007)) and **88.79% would be prepared to pay more for environmentally friendly products** (73% of global consumers agree (Ibid.)) (see Figures 23 and 24 below). These are very motivating results for Slovene managers and prove that CSR pays off. Using the Chi-Square Test we test the hypothesis that there are no differences between men and women willing to pay more for environmentally friendly products and find that we can not reject this null hypothesis for the chi-square distribution, for 1 degree of freedom shows that the probability of observing this difference if men and women are equally numerous in the population is approximately 0.2, which is higher than conventional criteria for statistical significance (see Appendix C: Chi-Square Test 5).

Figure 23: Are you willing to pay more for brands supporting a good cause you believe in?

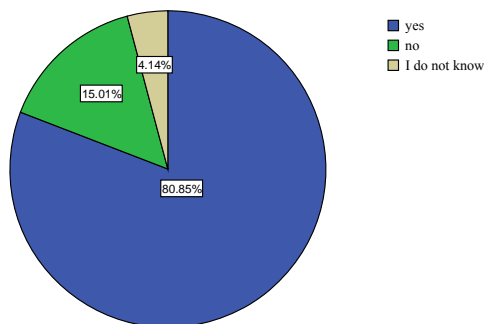
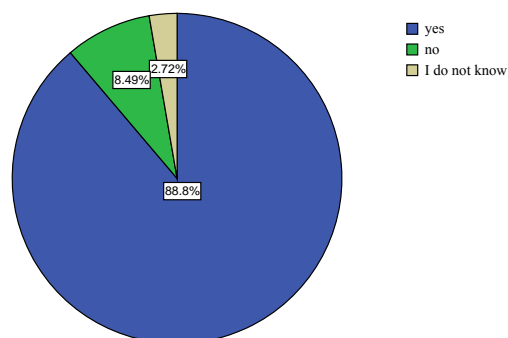


Figure 24: Are you willing to pay more for environmentally friendly products?

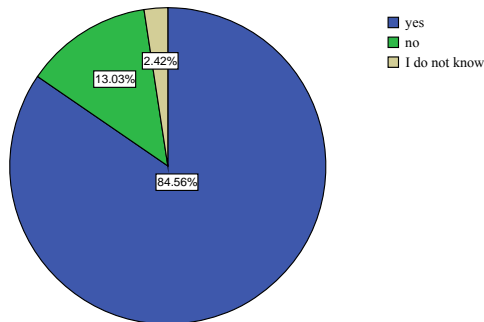


Moreover, **73.52% of Slovene consumers would help a brand promote a product if there was a good cause behind it**, while only 55% of global consumers feel the same (Edelman Goodpurpose Community, 2007). The consumer wants to be involved, is willing to support such causes either with his time or financially, thus companies should engage the consumer as much as possible and allow him/her to be part of the SR process (this is also a good marketing tool).

While only 56% of global consumers are **more likely to recommend a brand that supports a good cause than one that does not** (Ibid.), **84.56% of Slovenes would do so** (see Figure 25 below). As we have seen in Part III of the questionnaire, for consumers word of mouth is the

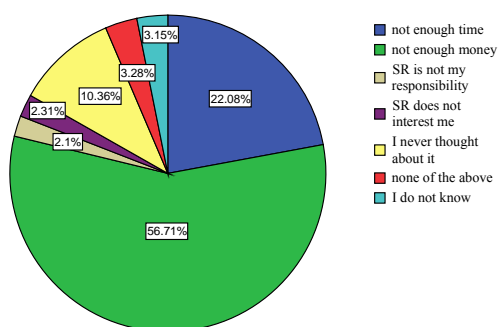
most reliable source of information when deciding which brand to buy. So this is another reason why companies should develop SR into their brand’s identity, for consumers are more likely to recommend a SR brand (free and very affective advertising).

Figure 25: Would you recommend a SR brand to family and friends?



As we can see from the results, Slovene consumers are willing to help brands promote good causes and be more SR. So what are the main barriers preventing consumers from being more SR in their behaviour and actions? More than half of our population (56.71%) say that they ‘do not have enough money’ to be SR (41% of global consumers agree (Edelman Goodpurpose Community, 2007)). While abroad, consumers feel that the main barrier for them not being as SR as they would like is ‘lack of time’ (52% (Ibid.)), this percentage is much lower in Slovenia (only 22%). Other factors Slovene consumers consider barriers for individual SR behaviour and support are: ‘I never thought about it’ (10.36%), ‘SR does not interest me’ (2.31%), ‘SR is not my responsibility’ (2.09%), and ‘none of the above’ (3.28%) (see Figure 26 below).

Figure 26: Main barriers to being less SR (Slovene consumers)



The fact that so many feel that money is the main obstacle when one wishes to be SR tells us that brands need to inform and teach consumers that **money (and time) should not be a problem when one wishes to support good causes under the wing of a corporation’s CSR campaign** (as many multinational and domestic corporations have proven, see Chapter 2.6), and **help consumers find easy solutions for getting more involved** (mass collaboration).

4.3.5 Practical Implications of Questionnaire Results

Benefits of CSR for Slovene Companies

With the help of our analysis we can claim that CSR can bring a company:

- Greater direct profits: 81% of Slovenes would be prepared to pay more for brands that support a good cause they believe in and 89% would be prepared to pay more for environmentally friendly products;
- A specific more socially aware segment: more than 95% of women (in the age groups 18-24 and 40-49) are willing to switch to a brand which is more socially aware and pay more (68%) for environmentally friendly products;
- Free and affective advertisement through word of mouth and mass collaboration: 74% of Slovene consumers would help a brand promote a product if there was a good cause behind it;
- Gaining respectability and consumer trust (increasing customer base): 74% of Slovene consumers associate respectability with socially responsible behaviour of companies and 66% say that '*offering environmentally friendly products*' is the best way for a company to gain trust and build on reputation.
- CSR increases the price premium and a growth in capabilities: the Slovene consumers are prepared to pay more for brands that support a good cause they believe in (81% of Slovene consumers) and for environmentally friendly products (89% of Slovene consumers)

The Value of CSR for the Slovene Consumer

Our questionnaire analysis has shown that on many issues Slovene consumers value CSR more than the global consumers:

- 95% feel it is their duty to contribute to a better society and environment and 93% of Slovenes say they are socially responsible;
- 91% would be willing to switch from their favourite product/service brand, to one that is more environmentally friendly;
- 84% think companies should invest more in charitable causes;
- 67% feel the degree of CSR of *domestic* companies is too low; 81% of Slovenes would be prepared to pay more for brands that support a good cause they believe in;
- 89% would be prepared to pay more for environmentally friendly products;
- 74% of Slovene consumers would help a company promote a brand product if there was a good cause behind it;
- 85% are more likely to recommend a brand that supports a good cause than one that does not.

Slovene consumers are additionally quite familiar with the CSR of domestic companies (in comparison to their knowledge of CSR of foreign enterprises):

- Only 17% of Slovene consumers are familiar with a *foreign* company that is socially responsible;
- 34% of consumers are familiar with a SR *domestic* company;
- On average 32% say they are familiar with a SR *foreign campaign* and 60% are familiar with at least one *domestic SR campaign*.

4.4 Recommendations for Companies on the Slovene Market, based on the Key Findings of the Questionnaire

Based on the analysis of the Slovene consumers' attitude and behaviour regarding CSR, the most important ten recommendations for entrepreneurs and managers on the Slovene marketplace are:

1. The Slovene consumer believes he/she is very socially responsible (93%) (more than the global consumer (56%)). **Therefore, emphasizing SR provides an excellent opportunity for entrepreneurs on the Slovene market.**
2. The Slovene consumer believes he/she can not personally influence the environment (46%) (contrary to Edelman's global consumer (83%)). **Thus, enterprises have to communicate to the Slovene consumer – to a much greater degree - how the consumer's personal choice can make a difference.**
3. SR actions commonly practiced by companies (e.g. 'protecting the environment' 'enabling everyone to live a healthy life', 'equal opportunity to education', 'reducing poverty', 'fighting HIV/AIDS', etc.) have almost the same ranking for the Slovene consumer as in the other countries examined. **Therefore, enterprises should in their CSR campaigns emphasize the protection of the environment and other issues that Slovene consumers personally care about.**
4. More than 95% of women (in the age groups 18-24 and 40-49) are willing to switch from their favourite brand to one which is more socially aware and pay more (68%) for environmentally friendly products. **Therefore, enterprises should, at least in the initial stages, target these segments with their CSR campaigns.**
5. 74% of Slovene consumers associate respectability with socially responsible behaviour of companies and 66% say that '*offering environmentally friendly products*' is the best way for a company to gain trust and build on reputation. At the same time, 67% believe that the degree of CSR of Slovene companies is too low. **Thus, companies in Slovenia should pay more attention to SR action in order to gain all the attributes necessary for increasing their customer base and maximizing profits.**

6. 74% of Slovenes believe that companies spend too much money on advertising and marketing. The majority of these consumers also feel that companies should invest more into worthy causes (84%), while this percent is also high with those that do not worry about brands investing too much into marketing campaigns (82%). **Therefore, companies should report on CSR more often and more aggressively and base their brand advertising on CSR so that the awareness and recognition of the company and specific actions or campaigns will reach a larger population size.**
7. Almost half of the Slovene population regularly checks if a company offering *durable goods* is known for its socially responsible behaviour. **That is why companies selling durables on the Slovene market should make their CSR even more transparent and clear (on the company web page, in stores, knowledgeable salespersons).**
8. 40% of Slovene consumers say they trust the media most as a source of gathering information about CSR, while at the same time, more than half of the Slovene population say that the media in Slovenia should report on (non)SR behaviour of companies more often. **Therefore, greater transparency of SR behaviour is necessary if companies expect the consumer to recognize their social actions and the media to report on their campaigns and social causes (e.g. commercials on TV and radio, print advertising in newspapers and magazines, annual CSR reports issued on the Internet and accessible to all stakeholders).**
9. 81% of Slovenes would be prepared to pay more for brands that support a good cause they believe in and 89% would be prepared to pay more for environmentally friendly products. **Therefore, CSR should in the very short future become an integral part of a company's mission, vision, corporate culture and brand identity, guiding the enterprise in front of the competition and towards long-term firm survival.**
10. 74% of Slovene consumers would help a brand promote a product if there was a good cause behind it. **Therefore, companies should engage the consumer as much as possible and establish networks that allow him/her to be part of the SR process (mass collaboration).**

CONCLUSION

The first part of this master thesis concentrates on the theoretical background of corporate social responsibility and how it is implemented and executed in practice by large international companies. Namely, authoritative sources agree that in the ever changing global markets and in light of the current global economic and financial crisis, the need for greater accountability for a firm's actions and taking responsibility for its impacts on the environment, the local communities and society at large is now more present than ever. The involvement and regulations demanded by the European Commission are guiding other non-EU nations and

governments towards the implementations of greater CSR, while incorporating a *Wikinomics* mass collaboration approach to the concept of CSR brings forward the possibility for companies to involve outside sources (e.g. employees from departments not directly connected to CSR, experts from other industries, consumers, etc.) to provide original, low-cost, innovative new approaches for the introduction or further development of a company's social responsibility.

In Slovenia corporate social behaviour is still focused primarily on environmental protection (limiting the impacts of a company's operations on the environment) and donations/sponsorships, which are not specifically linked to a company's industry or type of business. Thus, many managers of Slovene companies see CSR as a financial burden on the company's budget rather than as an opportunity to seek value, ensure a sustainable development and long-term firm survival, grow their customer base and build a good reputation based on a motivated and innovative socially responsible workforce.

Research has shown that the global consumer is not only aware of CSR and involved in SR activities, he/she even demands socially responsible behaviour of companies. In order to examine how the Slovene consumer sees CSR, we conducted a research among Slovene consumers in May 2008 and found that in Slovenia the demand for CSR is even greater than that on the global consumer markets. Results show that this demand exceeds the actual degree of CSR in Slovenia. The main conclusions that can be drawn from our analysis highlight three key benefits that a greater degree of SR could bring companies operating on the Slovene market. First, a company could reap *greater direct profits*, for 81% of Slovene consumers questioned would be willing to pay more for brands that support a good cause they believe in and almost 90% would be willing to pay more for environmentally friendly products. Second, by implementing a more specific CSR strategy a company would be able to target segments that are more aware of social action, in this way creating successful targeted marketing activities based on CSR (e.g. women from the ages of 18 – 24 and 40 – 49 who are willing to switch from their favourite product/brand to one that is more environmentally friendly (95%) and pay more for that product (68%)). And finally, because our results show that almost three quarters of Slovene consumers questioned associate respectability with corporate social behaviour, CSR would bring a company greater consumer respect and trust (customer satisfaction).

Undoubtedly, the benefits that a focused and well thought through CSR could bring a company outweigh the investment. Not only does it increase employee satisfaction, allow for good relations with suppliers/investors/shareholders, and boost a company's reputation and sales, CSR also has an immense impact on value maximization. Namely, as a result of optimizing firm profits by adding value to individual stakeholders (e.g. introducing a more socially aware corporate culture) while at the same time ensuring at least a zero added value to all other stakeholders, the total stakeholder enterprise value increases in time and allows for the preservation of the long-term participation of all the constituents (stakeholders) and consequently long-term firm survival, sustainable development and competitive advantage.

The concept of socially responsible behaviour has become an imperative for firms and organizations that want to answer the consumer demand on the Slovene market and remain or become competitive.

The established base of Slovene consumers' answers to the questionnaire is sufficiently analytical to permit a targeted research. For example, one might want to know how to promote a product that is intended for retired people by using social responsibility. We can provide answers to questions such as which SR action is not important for a particular age group or segment, should the campaign target mostly women or men, could the price of the product be higher than the price of the competitor's product and finally, how the message should be communicated to the consumer, in other words, how to prepare the appropriate communication strategy.

Another issue that is extremely important for both companies and researchers is where to draw the line between what is considered socially responsible behaviour and what is required by law and only promoted as CSR. For example, governments regulate company gas emission, yet some organizations pride themselves with using only a certain percent even though it is the very same maximum percent that is permitted by law. Similarly, a French vehicle tires manufacturer recently based their marketing campaign on apparent CSR by telling the customer that by buying their tires, the customer also pays for the environmentally friendly recycling once the product reaches the end of its life-cycle. In France however, it is required by law that all vehicle tire manufacturers make sure that their end product is safely disposed off (recycled). Another popular issue is plastic bags. DM - drogerie markt, the German based trading company, assures its customers that their bags are biologically degradable. Yet, when they were tested in a laboratory, chemists found that although they were in fact degradable, they were not biologically degradable (POP TV: 24 ur, 2008). Consumers around the world are often led to believe that a company is SR in its actions even if that is not the case. Thus, more should be done by researchers and governments to regulate and monitor the apparent explosion of CSR, revealing any misleading behaviour. This is necessary in order to expand the teaching of corporate social responsibility and business ethics among both consumers and companies and to punish those companies that misuse consumer trust.

In light of the current global economic downturn it is very likely that the financial crisis will also have a substantial impact on CSR. Will it increase or weaken? For companies that had introduced CSR only as a superficial marketing tool, the so-called 'greenwashers' without a long term, focused and well integrated CSR strategy, which should include all aspects of social commitment relevant to increase operational efficiency and corporate satisfaction in a particular business sector, cost-cutting will most likely begin with CSR initiatives, such as philanthropy. This will definitely be the case if CSR efforts are not aligned with core business.

In this way, the financial crisis may be the tool that distinguishes the 'true' socially responsible companies that embedded CSR in the corporate culture, strategy and governance systems from those 'wearing CSR as a mask'. Namely, for companies with a strong and well planned CSR, the concept has already proven as cost-saving or profitable (reputation, trust, greater efficiency, stronger corporate culture, etc.). For companies that had failed to integrate SR as an integral part

of the business, however, CSR will prove to be a risky investment at a time when cutting costs is inevitable. This presents an opportunity for CSR to develop into a crucial element for competitiveness and long term success. As Max Oliva, associate director of Social Impact Management at IE Business School in Spain, explains: "You will see cutbacks in the companies that have not integrated it. That is good for consumers and an opportunity for maturity in the sector." (Wish, 2008)

The question remains: How will CSR be affected and develop in the future? Undoubtedly, the public has lost trust in many business leaders. One could argue that the stakeholder trust that existed has been the primary casualty of the current financial crisis which began in the US and has affected practically all major global markets. The negative impacts and reputation this has brought to specific organizations has led to economic instability, cutting of jobs and loss of money. Principle-centred leadership and transparency, both integral parts of CSR could present the means to recover and increase the trust that had been weakened or lost. The public's demand for accountability may actually help push CSR into the forefront of corporate values and strategic goals. Whatever the true aftermath of the financial crisis, it will undoubtedly impact the understanding of CSR and its further development.

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Appendices

Appendix A: Summary of Key Findings in the Slovene Language (Povzetek temeljnih spoznanj v slovenskem jeziku)

Prvi del magistrskega dela obravnava predvsem teoretsko ozadje družbene odgovornosti podjetij (DOP) in načine, kako velika mednarodna podjetja ta koncept uvajajo in izvajajo v praksi. Pomembni akademski viri se namreč strinjajo, da je na spreminjajočem se globalnem trgu in glede na svetovno finančno in gospodarsko krizo potreba po večjem sprejemanju odgovornosti za delovanje podjetij in za vplive, ki jih ima na okolje, lokalno skupnost in družbo nasploh, zdaj močnejša kot kadar koli prej. Ukrepi in zahteve Evropske komisije vodijo druge države in vlade zunaj EU k večjemu uvajanju DOP, medtem ko uvajanje sodelovanja množic v slogu *Wikinomics* v koncept DOP prinaša možnost, da podjetja vključijo zunanje vire (npr. zaposlene iz oddelkov, ki niso neposredno povezani z DOP, strokovnjake iz drugih panog, potrošnike itd.), ki ponujajo izvirne, nizkopračunske, inovativne pristope uvajanja oziroma nadaljnjega razvoja družbene odgovornosti podjetja.

V Sloveniji je družbeno odgovorno ravnanje podjetij še vedno osredotočeno predvsem na skrb za okolje (blaženje posledic, ki jih ima podjetje na okolje) in donacije/sponzorstva, ki pa niso vedno specifične za panogo podjetja oziroma vrsto njihovega poslovanja. Zato mnogo slovenskih menedžerjev vidi v DOP bolj finančno breme za proračun podjetja kakor pa priložnost za iskanje dodane vrednosti, za omogočanje trajnostnega razvoja in dolgoročnega preživetja podjetja, širitev kroga kupcev in grajenje ugleda, ki temelji na motiviranem in inovativnem družbeno odgovornem kadru.

Raziskave so pokazale, da globalni potrošnik ni le ozaveščen o DOP in družbeno odgovorno dejaven, temveč zahteva družbeno odgovorno ravnanje tudi od podjetij. Da bi ugotovili, kako slovenski potrošnik vidi DOP, smo maja 2008 izvedli raziskavo med slovenskimi potrošniki in ugotovili, da je v Sloveniji zahteva po DOP še večja kot na svetovnih potrošniških trgih. Rezultati kažejo, da to povpraševanje presega dejansko stopnjo DOP v Sloveniji. Glavne ugotovitve, ki jih je mogoče razbrati iz naše analize, poudarjajo tri ključne ugodnosti, ki jih več DO lahko prinese podjetjem, ki poslujejo na slovenskem trgu. Prvič, podjetje lahko žanje *večji neposredni dobiček*, saj bi bilo 81% anketiranih slovenskih potrošnikov pripravljenih plačati več za blagovne znamke, ki podpirajo dobro stvar, v katero verjamejo, in skoraj 90% bi jih bilo pripravljeno plačati več za izdelke, prijazne do okolja. Drugič, če podjetje uvede bolj specifično DOP-strategijo, bi lahko ciljalo na segmente, ki so dovzetnejši za DOP, in s tem ustvarilo uspešne ciljne trženjske aktivnosti, ki temeljijo na DOP (npr. ženske, stare 18–24 in 40–49 let, ki so pripravljene zamenjati priljubljen izdelek/blagovno znamko za takega, ki je do okolja prijaznejši (95%), in plačati več za tak izdelek (68%)). In končno, ker so rezultati pokazali, da skoraj tri četrtine anketiranih slovenskih potrošnikov povezuje ugled z družbeno odgovornim ravnanjem, lahko DOP podjetju prinese več spoštovanja in zaupanja potrošnikov.

Nedvomno ugodnosti, ki jih specifično osredotočena in dobro premišljena DOP-strategija lahko prinese podjetju, pretehta investicijo. DOP ne le zviša zadovoljstvo zaposlenih, skrbi za dobre odnose z dobavitelji/investitorji/deležniki ter prinaša večji ugled in prodajo, pač pa ima velik

vpliv tudi na dodano vrednost. Konkretnije, kot rezultat optimiziranja dobička podjetja z dodajanjem vrednosti konkretnim deležnikom (npr. s tem, da uvede družbeno bolj ozaveščeno kulturo podjetja) in hkratne skrbi, da je dodana vrednost za druge deležnike vsaj nič, se skupna dodana vrednost za deležnike sčasoma poveča in omogoča ohranitev dolgoročnega sodelovanja vseh deležnikov in zato dolgoročnega obstoja podjetja, trajnostnega razvoja in konkurenčnosti.

Koncept družbeno odgovornega ravnanja je postal nujnost za podjetja in organizacije, ki želijo odgovoriti na povpraševanje potrošnikov na slovenskem trgu in (p)ostati konkurenčna.

Appendix B: Questionnaire

QUESTIONNAIRE

Corporate Social Responsibility in the Eyes of the Slovene Consumer

Hello. My name is _____, from the research firm Valicon. We are conducting a research study among the Slovene general public on the topic of corporate social responsibility from the viewpoint of the Slovene consumer. Due to the context of the research we would like to survey a member of your household 18 years of age or older, who last celebrated his or her birthday.

Let me first explain the concept of corporate social responsibility. Companies that act in a socially responsible manner are those that, for example, implement more rigorous measures to protect the environment than is required by law; they reduce the use of health hazardous chemicals in their products to lower values than are required by law; they issue public reports for consumers on the composition and processing of food; they enable better working conditions than are required by law for employees and stimulate their personal growth; they financially support humanitarian issues and social activity in culture, sports etc. In short: socially responsible companies do not pollute the environment, are employee and customer friendly, and contribute noticeably to good causes.

PART I: The importance of corporate social responsibility for the Slovene consumer

1. I will list a few examples of socially responsible behaviour. Please grade how important each one is for you. Grade on the scale from 1 to 5, where 1 means it is not at all important and 5 means it is very important:

a) helping others and society

1 2 3 4 5

b) spending time with family and friends

1 2 3 4 5

c) protecting the environment

1 2 3 4 5

d) better working conditions for employees

1 2 3 4 5

2.1 Do you feel it is your duty to contribute to a better society and environment?

Yes No I don't know

2.2 Do you believe that you personally can evoke changes in your environment?

Yes No I don't know

2.3 What about in the society as a whole?

Yes No I don't know

3.1 Would you be willing to switch from a product of your favourite brand to a product of a brand that is more environmentally friendly?

Yes No I don't know

IF 3.1=YES; 3.2 What if that meant that the price of the product would be higher?

Yes No I don't know

4.1 Could you say that you are socially responsible in your behaviour?

Yes No I don't know

4.2 If YES: In what way?

If NO or I DON'T KNOW: proceed to question 5.

5. Please grade how important the following categories are for you personally. Grade on the scale from 1 to 5, where 1 means that the category is not at all important to you and 5 means that it is very important to you.

a) protecting the environment

1 2 3 4 5

b) enabling everyone to live a healthy life

1 2 3 4 5

c) reducing poverty

1 2 3 4 5

d) enabling everyone to have equal opportunity to education

1 2 3 4 5

e) fighting HIV/AIDS

1 2 3 4 5

f) building understanding/respect for other cultures

1 2 3 4 5

g) helping others

1 2 3 4 5

h) helping to raise own self esteem

1 2 3 4 5

h) helping to raise people's self esteem

1 2 3 4 5

i) supporting the creative arts

1 2 3 4 5

PART II: CSR and the product/brand

1. Does it bother you that companies support good deeds through their products or brands and make money at the same time?

Yes No I don't know

2. Do you often buy products or brands where part of the paid sum goes to worthy causes?

Yes No I don't know

3. If you would have to choose between two products/brands of the same quality and price, what would influence your choice of purchase? (only 1 answer possible):

- the fact that part of the paid sum goes to good causes
- the fact that the product is environmentally friendly
- shape/design
- technical characteristics
- loyalty to product/brand
- packaging

that it is offered in stores/at hand

depends on the product/brand

other, what?

4.1 Do you feel that companies invest too much money in advertising and marketing?

Yes No I do not know

4.2 Do you feel that companies should invest more money in humanitarian causes?

Yes No I don't know

5. Do you believe that a company that is socially responsible is also more respectable?

Yes No I don't know

PART III: The consumer's knowledge and source of information regarding CSR

1. Are you familiar with a socially responsible **foreign** company?

Yes No

If 1=YES; Which one? _____

2. Are you familiar with a socially responsible **domestic** company?

Yes No

If 2=YES; Which one _____

3.1 a) Before purchasing products for daily use (e.g. groceries), do you regularly check if the company offering the product or service is known for its socially responsible behaviour?

Yes No → Go to question 4 It depends on the product

If it depends on the product: With which products do you check?

b) Before purchasing durable goods (e.g. refrigerators, TV appliances, cars, etc.), do you regularly check if the company offering the product or service is known for its socially responsible behaviour?

Yes No → Go to question 4 It depends on the product

If it depends on the product: With which products do you check?

3.2 If yes, where?

ask friends/relatives/acquaintances

- on the company web page
- on the Internet
- in printed media/on the radio/on TV
- in scientific publications
- other, what?

3.3 When searching for information on socially responsible behaviour of companies, how credible do you find the following sources? Answer on the scale from 1 to 5, where 1 means that the source is not at all reliable and 5 that the source is very reliable.

a) commercials

- 1 2 3 4 5 6 (I do not search for information)

b) articles in printed media

- 1 2 3 4 5 6 (I do not search for information)

c) reporting on TV and on the radio

- 1 2 3 4 5 6 (I do not search for information)

d) friends/relatives/acquaintances

- 1 2 3 4 5 6 (I do not search for information)

e) company web page

- 1 2 3 4 5 6 (I do not search for information)

f) blogs and forums

- 1 2 3 4 5 6 (I do not search for information)

3.4 Which source of information (not necessarily mentioned above) do you find most credible?

4. What about when considering the following sources of information, which do you feel is/are the most credible?

- companies
- the government
- classic media (newspapers, radio, TV)
- Internet
- none of the above

4. In your opinion, do large companies (corporations) have a more positive than negative impact on society?

Yes No I don't know It depends on the company

5. I will read a few examples of ways in which companies earn trust and a good reputation in society. I kindly ask you to grade how important each of the statements is for you, where 1 means that it is not at all important and, 5 that it is very important.

a) providing quality products and services

1 2 3 4 5

b) offering environmentally friendly products

1 2 3 4 5

c) providing a fair price for products or services

1 2 3 4 5

d) attentiveness to customers

1 2 3 4 5

e) good labour practices

1 2 3 4 5

6.1 How socially responsible, in your opinion, are the following **foreign** companies? Answer on the scale from 1 to 5, where 1 means that they are not at all socially responsible, and 5 that they are very socially responsible in their behaviour.

a) Vodafone

1 2 3 4 5 6 I don't know the company/I cannot say

b) IBM

1 2 3 4 5 6 I don't know the company/I cannot say

c) Peugeot

1 2 3 4 5 6 I don't know the company/I cannot say

d) Motorola

1 2 3 4 5 6 I don't know the company/I cannot say

e) Johnson & Johnson

1 2 3 4 5 6 I don't know the company/I cannot say

f) British Petroleum

1 2 3 4 5 6 I don't know the company/I cannot say

g) Nike

1 2 3 4 5 6 I don't know the company/I cannot say

h) Dell

1 2 3 4 5 6 I don't know the company/I cannot say

i) Walt Disney

1 2 3 4 5 6 I don't know the company/I cannot say

j) Google

1 2 3 4 5 6 I don't know the company/I cannot say

k) Apple

1 2 3 4 5 6 I don't know the company/I cannot say

l) New York Times

1 2 3 4 5 6 I don't know the company/I cannot say

6.2 And how socially responsible, in your opinion, are the following **domestic** companies? Answer on the scale from 1 to 5, where 1 means that they are not at all socially responsible, and 5 that they are very socially responsible in their behaviour.

a) Mercator

1 2 3 4 5 6 I don't know the company/I cannot say

b) Petrol

1 2 3 4 5 6 I don't know the company/I cannot say

c) Lek

1 2 3 4 5 6 I don't know the company/I cannot say

d) Krka

1 2 3 4 5 6 I don't know the company/I cannot say

e) Mobitel

1 2 3 4 5 6 I don't know the company/I cannot say

f) Gorenje

1 2 3 4 5 6 I don't know the company/I cannot say

e) Triglav

1 2 3 4 5 6 I don't know the company/I cannot say

f) Kompas

1 2 3 4 5 6 I don't know the company/I cannot say

g) Sava

1 2 3 4 5 6 I don't know the company/I cannot say

h) Trimco

1 2 3 4 5 6 I don't know the company/I cannot say

i) Telekom Slovenije

1 2 3 4 5 6 I don't know the company/I cannot say

j) Si.mobil

1 2 3 4 5 6 I don't know the company/I cannot say

k) BTC

1 2 3 4 5 6 I don't know the company/I cannot say

l) Pošta Slovenije

1 2 3 4 5 6 I don't know the company/I cannot say

7.1 Are you familiar with the following initiatives and activities of **foreign** companies?

a) Toyota's 'Hybrid car'

Yes No I am not sure I don't know it

b) Virgin Airlines' airplanes running on bio-fuel

Yes No I am not sure I don't know it

c) The Body Shop's Against Animal Testing campaign

Yes No I am not sure I don't know it

d) Angel Network, Oprah Winfrey's charity initiative

Yes No I am not sure I don't know it

e) Google's employee protection

Yes No I am not sure I don't know it

7.2 Are you familiar with the following initiatives and activities of **domestic** companies?

a) Mercator's 'Five a Day' (Slovene '*Pet na dan*')

Yes No I am not sure I don't know it

b) Elektro Slovenija's 'energy efficient light bulbs' campaign

Yes No I am not sure I don't know it

c) Si.mobil-Vodafone's 'SMS Donator' for collecting funds for humanitarian causes

Yes No I am not sure I don't know it

d) Petrol's initiative 'Children to Adults' (Slovene '*Otroci odraslim*')

Yes No I am not sure I don't know it

e) Kompas' collaboration with the humanitarian organization Unicef on the project 'Let's Advance in Humanitarianism' (Slovene '*Napredujmo v človečnosti*')

Yes No I am not sure I don't know it

8. At the beginning of the interview I explained that socially responsible companies are those that do not pollute the environment, but do protect their employees and customers, and

contribute significantly to good causes. Do you feel that the degree of social responsibility of domestic (Slovene) companies is:

Too low Just right Too high I don't know

9. Is there enough reporting on socially responsible or irresponsible behaviour of companies by the Slovene media?

not enough reporting

sufficient reporting

too much reporting

CSR reporting does not interest me

I don't know

PART IV: The consumer's willingness to help companies be more socially responsible

1. Are you willing to pay more for:

a) brands supporting a good cause you believe in?

Yes No I don't know

b) environmentally friendly products?

Yes No I don't know

2. Would you buy a product more often if its brand was connected to actions that benefit society?

Yes No I don't know

3. Would you recommend a SR brand to family and friends?

Yes No I don't know

4. Which of the following barriers is most often the reason why you behave in a less socially responsible way?

not enough time

not enough money

SR is not my responsibility

SR does not interest me

I never thought about it

none of the above

Only two short questions follow:

1. How often do you watch the following programmes?

a) The news on RTV Slovenija

regularly not regularly never

b) The news on POP TV

regularly not regularly never

c) Tarča

regularly not regularly never

d) Trenja

regularly not regularly never

e) Tednik

regularly not regularly never

f) Preverjeno

regularly not regularly never

2. How often do you travel abroad?

a) For business

more than once a year once a year every few years never

b) For pleasure

more than once a year once a year every few years never

DEMOGRAPHY

1. Sex

1. male

2. female

2. LETO_R

1900 for NO ANSWER

Could you tell us your year of birth?

.....

3. MES_R

Which month were you born in?

1. January
2. February
3. March
4. April
5. May
6. June
7. July
8. August
9. September
10. October
11. November
12. December

4. DEL_AKT

To conclude a few general questions about you and your household, which are needed simply for statistical analyses...

Could you tell us what your current employment is?

1. Employed (with an employer)
2. Company owner - employer
3. Craftsman
4. Entrepreneur
5. Self-employed specialist (lawyer, doctor, architect)
6. Creative position (artist, freelance journalist, actor)
7. Contract worker
8. Unemployed
9. Retired
10. Primary school pupil
11. High school student
12. College student
13. Apprentice
14. Farmer
15. Housewife, maid, domestic nurse
16. Assisting the household (workshop, restaurant)
17. Unable to work – disabled, ...
97. Other

5. DEL_ADR (if DEL_AKT=97)

If other, what?

6. GOSPA (if DEL_AKT=15)

Would you say that you are a rural housewife?

1. yes
2. no

7. X3

What is your completed education?

1. uncompleted primary school
2. primary school (!!! Check if completed)
3. vocational school (job specific school)
4. four year high school (!!!! Check if 4-year school)
5. higher education
6. technical education
7. college
8. university degree
9. master degree
10. PhD
11. specialization

8. ZSTAN

What is your marital status?

1. single
2. married
3. living in an out of wedlock relationship
4. divorced
5. married but living separately
6. widowed

9. DOHGOSP

What is your cumulative monthly income? (!! of the whole household!!)

1. up to and including 690 EUR
2. over 690 EUR up to and including 1380 EUR
3. over 1380 EUR up to and including 2070 EUR
4. over 2070 EUR up to and including 2760 EUR
5. over 2760 EUR

Thank you for your cooperation!

Appendix C: Nonparametric Chi-Square Tests

Chi-Square Test 1: Respondents that say they are socially responsible Frequencies

sex

	Observed N	Expected N	Residual
Male	128	142.5	-14.5
Female	157	142.5	14.5
Total	285		

Test Statistics

	Sex
Chi-Square(a)	2.951
Df	1
Asymp. Sig.	.086

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 142.5.

Chi-Square Test 2.1: Respondents willing to switch from their favorite brand to one that is more environmentally friendly
Frequencies

sex

	Observed N	Expected N	Residual
Male	122	139.5	-17.5
Female	157	139.5	17.5
Total	279		

Test Statistics

	Sex
Chi-Square(a)	4.391
Df	1
Asymp. Sig.	.036

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 139.5.

Chi-Square Test 2.2: Respondents willing to switch from their favorite brand to one that is more environmentally friendly even if the price would be higher
Frequencies

sex

	Observed N	Expected N	Residual
Male	97	109.5	-12.5
Female	122	109.5	12.5
Total	219		

Test Statistics

	Sex
Chi-Square(a)	2.854
Df	1
Asymp. Sig.	.091

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 109.5.

**Chi-Square Test 3.1: Respondents familiar with a socially responsible domestic brand
Frequencies**

sex

	Observed N	Expected N	Residual
Male	55	58.0	-3.0
Female	61	58.0	3.0
Total	116		

Test Statistics

	Sex
Chi-Square(a)	.310
Df	1
Asymp. Sig.	.577

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 58.0.

**Chi-Square Test 3.2: Respondents familiar with a socially responsible foreign brand
Frequencies**

sex

	Observed N	Expected N	Residual
Male	33	29.0	4.0
Female	25	29.0	-4.0
Total	58		

Test Statistics

	Sex
Chi-Square(a)	1.103
Df	1
Asymp. Sig.	.294

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 29.0.

**Chi-Square Test 4: Respondents who feel the degree of CSR in Slovenia is insufficient
Frequencies**

sex

	Observed N	Expected N	Residual
Male	100	105.0	-5.0
Female	110	105.0	5.0
Total	210		

Test Statistics

	Sex
Chi-Square(a)	.476
df	1
Asymp. Sig.	.490

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 105.0.

Chi-Square Test 5: Respondents willing to pay more for environmentally friendly products
Frequencies

sex

	Observed N	Expected N	Residual
Male	128	139.5	-11.5
Female	151	139.5	11.5
Total	279		

Test Statistics

	Sex
Chi-Square(a)	1.896
df	1
Asymp. Sig.	.169

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 139.5.