H. Fidlerova , J. Prachař, P. Sakal
Slovak University of Technology in Bratislava, Faculty of Materials Science and Technology in Trnava, Slovak Republic
European Polytechnical Institute, s.r.o, Kunovice, Czech Republic

SYSTEM VIEW ON THE ENTERPRISE AS AN IMPORTANT PART OF SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

ABSTRACT

Enterprise and its surrounding environment is changing faster than ever, mankind is facing new challenges. Economic crisis and the crisis of values appear and it brings a new understanding of the enterprise rather than as an independent economic system consisting of processes, people and strategies in order to survive and produce a profit, but a broader understanding of the company as part of the natural system and society.

The aim of the article is to characterize the role of the company at the time of coevolution as an important part of sustainable development and corporate social responsibility. Also set a new paradigm meaning of existence and the company in accordance with the principles of the triple responsibilities and priorities of the Europe 2020 strategy as a vision of Europe's social market economy for the 21st century.

Key words: Enterprise, sustainable development, corporate social responsibility, shared values, stakeholders

INTRODUCTION

Based on the experience acquired through the pedagogic and business activities, acquired during the project KEGA, our opinion is that we witness the crisis of values and economical and financial crisis and that it is the time to start going in different direction. Companies and their activities contributed by their activities to this development and so it is inevitable for them to become part of the sustainable development and bearer of the idea of corporate social responsibility.

The aim of the article is to briefly characterize the company and its position in economic theory and practice in chronological order to its present position and to introduce the concept of the creation of shared values as a new paradigm of thinking and working.

Company and its position in the society and economic theory – the path from maximizing the profit to the production of shared values.

The business is defined in the Commercial Code as systematic activity done individually by a businessman in his own name and in his own **responsibility** with the aim of getting a profit. **Business as creative human activity has some**

characteristics, through which it is different from other kinds of human activities

(http://www.euroekonom.sk/download/0030-statnice-01-01-podnik-a-podnikanie-v-trhovej-ekonomike.pdf)**:**

- independence of the working of economic subjects,

- yeastiness,

- boldness and ingeniousness,

- innovative in solving non-standard tasks when reaching the goals,

- ability to decide under the uncertainty conditions,

- willingness to undertake and withstand economic risks.

The economic theory defines the company in different ways. The author Synek understands the company as organic group of people (businessman and his employees) and items (chosen items such as machinery, buildings, resources, money) with purpose of continuous satisfying of someone else's needs to gain a profit. **Sedlák characterizes the company as economically and legally independent business unit with the basic elements of:**

- ***combination of production factors*** *(every business activity must be equipped by business factors and the right combination of these factors will make their valorisation – chain "factors of production → goods → profit);*
- ***legal independence*** *(enables the company to enter legal relations towards other business entities. Formal consequence of legal subjectivity is the record of the majority of companies into Business Register. Legal subjectivity of the companies that are not bound to do that, is determined by the trade or other kinds of certificate);*
- ***economic independence*** *(is shown by independent deciding about the properties and activities of the company, while abiding with the legal norms).*

The Commercial Code defines the company as a group of tangible, as well as personal and intangible elements of the business. The company includes rights and other property values, owned by the businessman and used for running of the company, or should be used this way due to their nature.

The representatives of economic theories, who do not understand the company as part of the environment and social sphere, who are critical about the SZP concept, are Friedman (1970) and Jensen (2000). They consider maximization of profit and as the basis, and social goals are not part of the company goals, according to them. Porter and Kramer (2002) understand the strategic competitive advantage as the basis and for them the investments into social area are acceptable, if they become competitive advantage.

The economist K. Davis introduced new definition in 1960s. So called Iron law of responsibility speaks about the idea, that together with the economic and legal obligations, the company also have its obligations towards the society and if the company does not fulfil these obligations in long term, the society can take away the right for doing the business from the company. (Sakál et al., 2009).

The idea of joining the ethics and morale with business was used by Tomáš Baťa, who understood the importance of connecting the prosperity of the company and the region, in which he is doing his business, prosperity of his customers and also employees, who create the value of the company. (Zadražilová et al., 2010, 96 p.) Tomáš Baťa said: „I think that I earned the most after I decided for the course that seemed at first beneficial only to people – public. The course of action, which at first promised benefits only to me and disadvantage to the public, brought disadvantages to both of us in the end." (Baťa T., 1926).

Prakash Sethi suggested the scheme of corporate social responsibility in 1975, including three types of the behaviour of a company (Kahounová, 2009):

- ***social obligation*** *– behaviour of the company on condition of influence of market and legal limitations;*
- ***social responsibility*** *– behaviour of the company, which is over the scope of legal and economic norms;*
- ***social sensibility –*** *predictable adapting of the companies to the actual needs of a society.*

While neo-classic theory understands the managerial success as contribution of manager to the financial profit of the company, **sustainable management defines the managerial success as reaching the profit in the ways that contribute to the welfare of the company as well as to the environment,** (Stead, J. G., – Stead, W. E., 2012).

The goal of sustainable management is to meet the obligations to all the three values of sustainability (economy, society, nature), i.e. to operate based on triple income statement. Companies, that follow the principle of triple income statement, pursue the economic success and at the same time support the social and ecological context of their surroundings, (Stead, J. G., – Stead, W. E., 2012).

Actual definition of corporate social responsibility is based on general ethical principles, such as objectivity, involvement, transparency and active cooperation with concerned subjects, featured by shared characteristics (Bussard, 2005):

- ***they are universal,***
- ***they emphasize voluntariness,***
- ***they concentrate on active cooperation with concerned subjects, so called stakeholders,***
- ***they express commitment to contribute to the development of the quality of life,***
- ***they emphasize the development, not only growth,***
- ***they denominate the three areas, influenced by the responsible business.***

Important document of the present time, considered to be the vision of the European social market economy of 21st century, is **Europa Strategy 2020,** which defines following **three priorities** as basics (http://ec.europa.eu/europe2020/documents/related-document-type/index_sk.htm **):**

- ***Intelligent growth:*** *economy based on knowledge and innovation;*
- ***Sustainable growth:*** *support of more ecological and more competitive economy, that uses the resources with higher efficiency;*
- ***Inclusive growth:*** *support of economy with high employment rate, which will ensure social and regional consistency.*

CONCEPT OF PRODUCING THE SHARED VALUES AS BASIS OF BUSINESS STRATEGY

The result of joining the corporate social responsibility and at the same time acquiring the competitive advantage is the concept Creating Shared Value, based in 2006, by author M.E. Porter in the magazine Harvard Business Review. Creating Shared Value represents the creation of value with the goal to satisfy the current requests in the best possible way, with respect to the needs of the company, its surroundings and society. It is a new model of doing business, based on the business strategy with nonzero summary – ***win-win strategy*** (Sakál 2013).

With the goal to maximize the profits of the company while satisfying the social needs, he suggests that companies identify the key factors within the framework of CSR, implement social responsible topics into the value chain and accept the CSR as competitive advantage in the business.

CSV comes with the idea that competitiveness of the company is naturally connected with the prosperity of the community. If the company understands the relations and needs of its surroundings, it can be successful. The creation of shared value includes also activities where company uses its potential for solving the particular social need with expectation of returns of the used investments (Business Leader Forum, 2013).

Companies can create shared value in different ways (Bockstette, V.; Stamp, M., 2013):

1. Re-definition of value chains. Companies can improve qualitative, quantitative, cost and reliability aspects of its inputs and distribution and at the same time to work as good manager of the basic natural resources and momentum of the economic and social development. For example in the areas where Nestlé buys milk (so called Nestlé milk districts), the company offers complex support to the producers of milk and at the same time the company ensures the reliable supply of more than 5 million tons of fresh milk a year from more than 30 countries. The subsidiary of the company Unilever in Hindustan creates working positions for women in India country through its program „Project Shakti", using budget-priced distribution network of soap, shampoo and products of personal hygiene in

small towns. Company Alcoa offers interesting example of re-definition of value chain through its efforts to increase the recycling of aluminium cans. Such initiative can decrease the emissions of greenhouse gases by billions of tons per a year, and at the same time Alcoa can get highly efficient source for its key resources.

2. Changes in perception of products and services. Companies can satisfy the social needs and at the same time offer better services in the already existing markets, seek new markets or to decrease their costs through innovations – there is number of opportunities and experiences – in different topics and industries. For example Hewlett - Packard is developing technological solutions for emergency cases in health industry and education – for example using of cloud computing enables decrease of the distribution costs in education, development of safety markings helps

fighting falsification in medicals. Low-cost drip irrigation systems Jain Irrigation greatly influence the efficiency of using agricultural water in developing (f. e. India), but also in developed countries (f. e. California).

3. Improving the local conditions. Companies are not isolated from their surroundings. To be able to compete and succeed, they need reliable local supplier, working transportation and telecommunication infrastructure, access to talented workers and efficient and predictable legal system. Anglo – American investment fund for small and medium companies Anglo Zimele is an example of the company reinforcing the local surroundings. The company has invested more than 3 million dollars into small and medium enterprises in mining industry since 2008, companies in the area of mining activities in South Africa and it helped to create about 10 000 new working positions. Local communities are profitable thanks to the economic development, while Anglo-American company has easy and cheap access to high quality suppliers. Cisco 's Networking Academy initiative is yet another example. The company has established nearly 10 000 new education programs for network administrators and developers in last 10 years. Thanks to that, its recruitment base has increased and at the same time the company encouraged creation of new group of customers in quickly growing markets.

Executive director of American Chamber of Commerce in the Czech Republic, Weston Stacey, confirms, that creation of shared value will be the key factor of loyalty of customers and employees, it will form the company's strategy of how to keep the incomes in long-term and how to keep the loyalty of shareholders; it will define not only how the company is devoted to the needs of market, but also how the market will be devoted to your company. It is the concept that does not deserve to be overlooked by the companies, but it should be in the centre of their attention.

The development towards the shared values is kind of evolutionary, it is revolutionary change of paradigm of how the companies see themselves and their role in the society

Professor Michael E. Porter (Harvard Business School) says that we are witnessing the real re-definition of the borderlines of capitalism. The creation of shared values is another level of evolution in cultivation of the capitalistic model.

To reach the change in thinking towards the sustainability, there is Horizontal priority of the SR government – Consistently Sustainable Development 2007-2013 to help with. The main goal of this program is to ensure environmental, economic and social sustainability of the economic growth. (http://www.hpisahptur.gov.sk/horizontalna-priorita-trvalo-udrzatelny-rozvoj-2007%E2%80%932013/). **Specific and partial goals listed in this document are:**

1. Increasing the economic prosperity:

- intensify the competitiveness and efficiency of the economy of Slovakia;

- increase of the level of research, development and education;

- decrease of energy and resources demandingness of economy and increasing of the usage of renewable sources of energy.

2. Increasing the quality of environment:

- rational usage of natural resources;

- *reducing the impact of the climate changes;*
- *decreasing the pollution of environment;*
- *protecting the nature and biological diversity.*

3. Social consciousness and inclusion:

- *decreasing of the unemployment rate;*
- *improving the position of handicapped and marginalized groups of citizens;*
- *ensuring the protection of health of citizens.*

4. Balanced regional development:

- *improving the total economic, social and cultural potential of regions;*
- *improving the traffic infrastructure;*
- *improving the information infrastructure.*

The conditions for successful sustainable management are the three requirements according to Stead (2012): At first it requires support and active participation of the managers on every level, starting from the strategic level to the operational level. Second – it requires open dialogue and processes of reaching the agreement that enable all the relevant stakeholders to express their opinion to all the actual problems, to the proposed changes and to how these changes will be solved. Third – it requires that all the changes in the organization and the approaches used for these changes should be efficiently implemented into the culture of the organization.

According to the Strategy, the company in 2020 will efficiently combine management and responsibility together with the social innovation in all the areas of its activities. Due to the fact that the first pillar is an opportunity to improve the economic, social and environmental efficiency, the second pillar tries to supply innovative products and services for customers and innovations for working places for employees and labour in general.

Stakeholders are part of the understanding of the company in accordance with UR and USZP. The term stakeholders represents all the individuals, organizations or institutions that can influence the working of company or that are influenced by the working of company in some way.

When analysing the company, it is important to identify the stakeholders, to rate them and to choose the important stakeholders, analyse the main stakeholders and learning about them.

Stakeholders are: suppliers, customers, financial market, media, banks, employees, public, public administration organs, advertising agencies, owners, labour unions, local and other communities. Stakeholders can be divided into primary stakeholders – who have direct interest in the company (employees, business partners, owners, close communities, etc.) and secondary stakeholders – representing the public and special interest groups without direct interest in the company (autonomy and state authorities, media, competition, regulation authorities, etc.), (Gondášová, 2010).

External dimension of the company includes the influence on (Prskavcová, M. et al., 2007):

- ***Local communities*** *– activity of companies can positively or negatively influence their closest surroundings. If the company contributes to the decreasing of* *unemployment, increasing the municipal budget and supporting the local civil activities, it is clear that the influence of the company to its surroundings will be consistent with the social responsibility.*

- ***Business partners, suppliers and customers*** *– CSR mainly influences ethics of business. This element includes keeping the terms, signing mutually advantageous agreements and complying with the quality.*
- ***Human rights*** *– more and more companies are accepting the ethics codes concerning the working conditions, human rights and influence on the environment. The company publicly refuses for example corruption or incorrect behaviour and company voluntarily endorses ethical behaviour.*

Each of the subjects concerned this way is influencing the business of the company in his own way. Owners and shareholders are concerned in the growth and profitability of the company, employees evaluate the working conditions, consumers are interested in the quality of products, government in decrease of unemployment and business environment, MVO and communities are interested mainly in behaviour of the companies.

Internal dimension of the company includes following areas:

- ***Human resources management*** *– all the activities that lead to increasing the professional qualification of employees, lifelong education of employees, harmonization of professional and personal life and to implementation of the tools against discrimination*
- ***Safety and health protection during work*** *– concerns not only safety of the working place, but also the safety in the time when companies use outsourcing.*
- ***Adapting to changes*** *– in the times when company is going through restructuring or acquisition, it is very difficult to keep the costs low and increasing efficiency of work.*
- ***Or quality of services and products*** *- the emphasis in such cases is on regardful and thoughtful behaviour of the company to its employees, suppliers and customers, who are suddenly exposed to great uncertainty.*
- ***Managing the impacts on environment and natural resources*** *– "win-win" principle is used in social responsibility – welfare for business, for environment and for all the participants. The fundamentals are to pursue such activities, investments and behaviour of the company that has minimal negative impact on the environment in the given region.*
- ***Personnel policy*** *offers directions for implementation of strategy and for personnel activities, it should reflect and support the values of organization in the area of dealing with people. It must support consistency, decency and righteousness in the matters concerning employment and rewarding of people.*
- ***Global interest in environment*** *– impacts of company's activities are often of global nature. The company should assume not only local or regional, but also global responsibility. The production of the company should be inferior to the principle of sustainable development, i.e. it should be ecological.*

CONCLUSION

COMPANY is a system which is not isolated, but which is part of dynamically changing environment and at the same time it is influencing its surroundings through its products, waste, influence of employees, influencing of local community, its suppliers, customers.

Implementation of the concept of shared values into the company's strategy, it is possible to reach its economic goals through social and environmental activities and that way the company will start producing the shared values.

ACKNOWLEDGMENT

The paper is a part of the submitted KEGA project No. 037STU-4/2012 Implementation of the subject of "Sustainable Corporate Social Responsibility" into the study programme of Industrial Management in the second degree of study at STU MTF Trnava.

The work is also part of the upcoming grant VEGA project No. 1/0510/15 "Sustainable Strategic Management vs. sustainable Corporate Social Responsibility vs. Integrated Management System for Strategic Business Units".

REFERENCES

BENEŠ, V. et al. 2004. *Zahraniční obchod*. Grada Publishing: Praha, ISBN 80-247-0558-3.

Business Leader Forum, 2013 http://www.blf.sk/business-leaders-forum

BOCKSTETTE, V.; STAMP, M. 2013 .: Průvodce vytvářením sdílené hodnoty; FSG a CSR Consult, BUSSARD, A. a kol. 2005. Spoločenský zodpovedné podnikanie. 1st edition. Bratislava : Nadácia Integra,. p. 6 - 7.

FIDLEROVÁ, H., ŠMIDA, Ľ., DRIENIKOVÁ, K., HRDINOVÁ, G., SAKÁL. 2013. Stručná charakteristika a zhodnotenie priebežných výstupov z riešenia projektu Udržateľné spoločensky zodpovedné podnikanie I. [on-line]. Available on www: http://www.sjf.tuke.sk/transferinovacii/pages/archiv/transfer/26-2013/pdf/064-070.pdf

FIDLEROVÁ, H., ŠMIDA, Ľ., DRIENIKOVÁ, K., HRDINOVÁ, G., SAKÁL. 2013. Stručná charakteristika a zhodnotenie priebežných výstupov z riešenia projektu Udržateľné spoločensky zodpovedné podnikanie II. [on-line]. Available on www: http://www.sjf.tuke.sk/transferinovacii/pages/archiv/transfer/26-2013/pdf/071-075.pdf

GONDÁŠOVÁ, A. 2010. *Využitie metód identifikácie a klasifikácie zúčastnených strán v koncepte triple bottom line*. In *Zborník vedeckých prác doktorandov a mladých vedeckých pracovníkov* "Mladí vedci 2010".Banská Bystrica. 311 p.

GOSIOROVSKY, I. 2005. : *Personalistika*. Kunovice: EPI, Evropský polytechnický institut, ISBN, 8073140640, 9788073140649.

Horizontálna priorita vlády-TUR. http://www.hpisahptur.gov.sk/horizontalna-priorita-trvalo-udrzatelny-rozvoj-2007%E2%80%932013/

KLINEC, I., PAUHOFOVÁ, I., STANĚK, P. 2009. *Nové globálne prostredie – zmena parametrov tvorby a rozdeľovania bohatstva v 21. storočí.* Bratislava: EÚ

SAV. 39 p. ISSN 1337-5598 (elektronická verzia: [quo. 10.11..2013] - http://ekonom.sav.sk/uploads/journals/WP20.pdf.

Národný program kvality Slovenskej republiky 2013-2016. [online]. Available on www: http://www.rokovania.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-159929?prefixFile=m_

NSRR SR. Trvalo udržateľný rozvoj. [quo: 2014-03-18]. Available on www: http://www.nsrr.sk/sk/horizontalne-priority/trvalo-udrzatelny-rozvoj/

http://www.zodpovednepodnikanie.sk/o-zodpovednom-odnikani -Tomáš Baťa . O zámožnosti. 1926)

Obchodný zákonník

PORTER MICHAEL, KRAMER MARK R. 2011. *Creating Shared value. How to reinvest capitalism – and unleash a wave of innovation and growth.* In *Harvard Business Review*. January-February Available on www http://www.waterhealth.com/sites/default/files/Harvard_Buiness_Review_Shared_Value.pdf [quo. 11.3.2014]

PRSKAVCOVÁ, M., - MARŠÍKOVÁ, K.. ŘEHOŘOVÁ, P., ZBRÁNKOVÁ, M.2007

Problematika Corporate Social Responsibility se zaměřením na lidský kapitál, Gender Studies a environmentální management. Syntetická studie. Liberec: Technická univerzita v Liberci, ISBN 978-80-7372-289-0

SAKÁL, P. a kol.. 2013. *Udržateľné spoločensky zodpovedné podnikanie I, II, II, IV.*, MtF STU Trnava, ISBN 978-80-8096-186-2.

Správa o sociálnej zodpovednosti podnikov: zodpovedné a transparentné správanie podnikov a udržateľný rast. 2013. [online]. Available on www: http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2013-0017+0+DOC+PDF+V0//SK.

STEAD, J.G., STEAD, W.E. 2012. *Manažment pre malú planétu.* Bratislava: Eastone Group. ISBN 978-80-8109-216-9

http://www.euroekonom.sk/download/0030-statnice-01-01-podnik-a-podnikanie-v-trhovej-ekonomike.pdf

ŠMIDA, Ľ., FIDLEROVÁ, H., SAKÁL, P., 2014. Ústav priemyselného inžinierstva a manažmentu MTF STU Trnava - prediktor konceptu udržateľného spoločensky zodpovedného podnikania priemyselných podnikov v slovenskej republike. In. Transfer inovácií 29/2014. [online]. Available on www: http://www.sjf.tuke.sk/transferinovacii/

ZADRAŽILOVÁ D. 2010. *Společenská odpovědnost podniků Transparentnost a etika podnikání*. Vydavateľstvo: C. H. Beck, ISBN: 9788074001925

http://publview.stuba.sk/view_publ.php?dv=1&a=80459,56161&chb_pdr=-1

http://publview.stuba.sk/view_publ.php?dv=1&a=29765&chb_pdr=-1