INTEGRATING THE SOCIAL PRINCIPLES IN THE COMPANY’S STRATEGY

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ИНТЕГРИРАНЕ НА СОЦИАЛНИТЕ ПРИНЦИПИ В СТРАТЕГИЯТА НА КОМПАНИЯТА

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ABSTRACT: Enterprises are part of society; that is why they must pay attention to how their business activity affects society and natural environment. Organizing business activity of enterprises in a socially acceptable manner brings benefits to both sides. Potential benefits for society are: economic development of social community, advancement of education system, increase of the level of health and social care, improvement of local infrastructure, reduction of environmental problems and so on. Potential benefits for enterprises are as follows: reduction of business costs, advancement of reputation in society, building of strategically important partnerships, better positioning of brands etc. Under the conditions of globalization, it comes to broadening of multinational companies in whose interest is to solve social problems because this gives them further possibility to evade legal constrains of certain states and build good reputation in society. At the same time, liberalization of foreign trade leads to the larger involvement of enterprises in international business operations and global supply chains. In order to enter the market of other countries or become the suppliers of multinational companies, enterprises are expected to apply a large number of international quality standards, safety products as well as other elements of socially responsible business activity.

For these, as many other reasons, managers of enterprises (especially those successful) accept more and more the concept of CSR. However, there is often a problem how to introduce this concept into business activity of enterprises: what social problems to focus on, what measures to introduce, how to organize the implementation of these measures, how to monitor the success of their application and how to estimate their reverse impact on the business activity of enterprises. In the paper, the principles one should have in mind when introducing the practice of CSR are explained. The aim of the paper is to explain the rules of CSR, the application of which can advance the business activity of enterprises and influence the advancement of social community.

Key words: Corporate social responsibility, social principles, business strategy, philanthropy, environmental protection

Introduction

To produce and supply products and services in order to fulfill the economic needs of a society is the reason why the companies are formed. By performing their businesses, choosing the options to invest in, supplying products and services and doing other activities on daily bases, companies accomplish their goals and this necessary has impact on society. The fulfillment of the economic goals in an efficient way cannot be the reason, or rationale, for companies to be irresponsible toward the society. Namely, companies themselves are part of that same society so they must pay attention on how their activities impact the society and the environment. In other words, companies should be socially responsible members of society.

There are different opinions about the meaning and wideness of the corporate social responsibility concept (CSR). Archie Carroll defines a socially responsible behavior of companies as their obligation to: a) produce products and services and offer them by fair prices, pay taxes, salaries and dividends – economic responsibility; b) obey the law; c) obey the moral norms; d) help the ones in need and be a part of a solution to a social and environmental problems, on voluntary bases [1, p. 40]. The European Commission for Sustainable Development sees socially responsible behavior as one that is aimed toward fulfillment of obligations that are imposed by law or contracts, but also the ones that are not defined by law or the contracts such are: investment in human capital development, environmental protection and building and improvement the relationship with all interest groups [2].
Opposite to quoted statements that define CSR as multidimensional behavior (economic, legal, moral and discretionary aspect of responsibility), some authors see CSR exclusively as voluntary involvement of a company in dealing with social problems and in achieving social goals. In that line is opinion of Kotler and Li that CSR represents an employment of a company’s resources oriented toward social welfare based on discretionary business practices and contributions [3]. Here on, we will accept the notion that the CSR is a managerial approach that incorporates managing the business in a way that enables the company to achieve its economic goals by behaving in a legally and moral manner accompanied by voluntary engagement in the social goals fulfillment [4].

No matter the wideness of a CSR program, its implementation should contribute to both the society’s and the company’s interests. By implementing some of the CSR measures companies can directly contribute:

- to the economic development of a society,
- to the development of the educational system,
- to the raising the level of a health and social care,
- to development of local infrastructure,
- to solution of social and ecological problems, etc.

Indirectly, in this way, companies can:

- build (or strengthen) the awareness and public interest in some social problems and goals (for example: introducing the global warming problem, informing about consequences of drug abuses, alcoholism or smoking health issues)
- help in fund raising (for example for solving the problem of children without parents, dealing with some disease, providing the food for socially underprivileged) and
- promote the bigger involvement of all that can be of help in dealing with social problems [3].

Potential benefits for company could be:

- building the reputation of a social responsible citizen,
- attracting the best work force,
- lowering the costs of doing business,
- developing the relationships with local organizations,
- strengthening the brands, partnership with local community, etc.

Good reputation of a social responsible company is a product of a fact that public can notice the company’s interest and activities that are focused on solving the social problems. This can be a powerful source of competitiveness, especially if CSR is in a way linked to the company business itself. As we have told earlier, CSR means a responsible behavior of a firm toward its one personnel as well. If a company can ensure good working conditions, obey the rights of its personnel, build a surrounding for carrier development and education, then a firm become an attractive employer. This reputation as an employer can help in engaging the most talented workers and managers which is a base for creating the distinctive value. Responsible behavior toward the environment (waste management, recycling in order to ensure the needed imputes, water and power saving, etc) can be an important mean for cost reduction. As one can conclude, for company that behaves in a socially responsible way CSR means indirect effects, not the direct ones.

Beside this effects that a socially responsible company can expect, a powerful motive for CSR today are the expectations but also the requirements of a number of interest groups (customers, government, suppliers, local community, workers), as well as the intense competitive pressure, the process of globalization and liberalization of foreign trade.

All this is a reason why the social component is becoming more and more immanent to the management, and why variety of activities governed by CSR are becoming a part of a present day businesses. For some companies responsibility toward the society means periodical donations and sponsorships which can be convenient marketing tools and the CSR itself is implemented and valued in a short term. Opposite to them is a growing number of companies which develop a strategic approach to CSR by incorporating social elements in the strategy and by matching and harmonizing the CSR programs and measures with the business goals. Practically this means that: a) companies are focused on a fewer social goals which are in line with the company’s core competences or are of a high importance for a community, customers, personnel or some other group; b) in choosing the program and measures they are governed with a notion that these should contribute to the company’s business or marketing goals (higher market share, expansion, strengthening the brand identity, etc); c) in implementing the CSR practice companies involve the bigger portion of their personnel; d) companies are introducing the sys-
tems to monitor the impact of CSR on both business and social goals. This is the way in which CSR is becoming the part of business strategy and a powerful source of its competitiveness.

In this paper the strategic orientation of firms toward CSR will be explained. More specific, the paper will suggest the principles that managers should bear in mind when identifying and choosing the social goals, defining the programs and measures for their achievement as a part of a strategy, as well as criteria for evaluation of possible effects. The aim of the paper is to point out the rules that should be obeyed during the strategic decision making process so the CSR could become a source of a firm’s competitiveness.

**Choosing the social goals**

No company can solve all the social problems no can bear the costs of their solving. So the right way would be to choose the ones that are in correlation with the business itself and to leave the other ones to other companies, NGOs or governmental institutions that have capabilities, capacity and the interest to deal with them. The best self evaluating test is the question: is the chosen goal a field for joint value creation – value that is important to the society and in a same time of an importance for the company [5].

When choosing the social goals it is recommended to focus on few fields of engagement in which a company can implement some kind of initiative, engage its workers in voluntary actions, help by transferring money, knowledge or technology. Depicted behavior is desirably because it can contribute to social interests while achieving some company’s goal – brand positioning, differentiation, long term partnership with entities in local community, learning.

It is important to point out that choosing the right fields of engagement means that the chosen goals should be in line with or connected with the business itself (business activities, products and services) or to be of a high importance for the society. Either way, the company should be capable and willing to support the chosen goals in a longer period of time.

The logic in choosing the goals connected with the business is in the fact that this is a way to truly and successfully contribute to the solution because the resources (material and the immaterial one – like the knowledge and the experience of the personnel, partnership with other companies, existing reputation, distribution channels, technology, etc) needed for the solution already exist. In the same time, by choosing to contribute to achieving this kind of goals, the company is choosing to solve the problem of the part of the community that represents its potential customers, workers, suppliers. This is the way to ensure the needed resources or new income sources. The example of one Microsoft program can illustrate this. Namely, after estimation that the existent system of education in IT in the USA is not a good one (because of the unskilled professors and the outdated technology) the company conducted the project focused on improvement of IT knowledge in the USA. In the project that lasted for six years (1996-2002) Microsoft had invested 50 millions of dollars in supplying the US colleges with new equipment, training the teaching personnel and modernizing the syllabuses. Apart from this financial help, Microsoft’s employees voluntarily have helped in modernizing the teaching programs and building a scientific institute. After the project has ended, the community has gained generations of experts in a field of IT whose engagement in scientific institutes, profit and nonprofit organizations contributed to social welfare. In the same time Microsoft has insured generations of skilled employees. Because the project was connected with the Microsoft’s business, it wasn’t necessary for the employees to gain new knowledge so they only transfer the existing one, but also the experience and ideas, to the scientific institutions. The project used company’s equipment, facilities, informational and communicational system as well. So, the important effects both for the community and the company were realized without high additional costs for the company itself [5].

Good example is the company Lizol, the producer of house chemistry products. The company backed up a project named “The Big Cleaning of America”, the project initiated by one NGO, by donating 25.000 of its one products with detailed explanation for using them and the advantage of doing so. This action was followed by an aggressive marketing campaign for the products and the project, the company’s web site promoted the project, big number of T-shirts with the name of the project and the products were printed and the company’s employees voluntarily took part in cleaning schools, supermarkets, shopping malls. Thus, the company helped the realization of the project which contributed to the social goals by using its own products, distribution channels and promotional activities. At the same time, this was the mean to direct the public attention toward its
products and to give a chance to the project participants (possible future customers) to try and get familiar with the company’s products [3].

Choosing the goals that are in line with the business accompanied by innovations in CSR field is the way toward higher level of competitiveness. Toyota for example has lowered the impact on air pollution by inventing the "Prius", hybrid (gas&electricity) car. The CO₂ emission of this hybrid is 10% lower than in other, only gas models. In 2004, voters have declared this model for the car of the year in the US, which gave Toyota an absolute advantage comparing to Ford and other competitors. Toyota has gained a unique position in the customer’s mind and made its technology a standard to follow [5].

It’s also very important to choose the goals which have big importance for the community, employees, customers, suppliers, governmental institutions. The good example of this kind of choice would be an engagement in improvement of educational system – when there is a deficiency in skilled work force; or strictly moral and transparent behavior – when corruption is a social problem. In this way company can attract the public attention (by dealing and solving the problem that occupies the minds of the most) and gain the trust because the credibility of social responsible citizen will rise. At the same time, company would contribute to solving the big and important social questions, so the benefits are mutual.

It’s recommended to choose the goals which company can focus on during a longer period of time because the effects of CSR can be evaluated in this time period. Namely, the company would need a time to get familiar with the problem itself, to develop a relationship with interested parties and to identify the right initiatives. So at the begging the costs are high while the benefits are hardly visible at all. This ratio gets better in med-term and especially in long term period. Also, social problems usually are formed during a longer period of time so they are time consuming in a sense of their successful solution. For example, alteration the behavior linked to the addiction problems calls for a number of repetitions of consequences of this kind of behavior, a number of educational programs designed for those whose behavior needs to be altered and a long lasting preventive measures to lessen or solve the problem.

Choosing the programs and measures to accomplish the chosen CSR goals

In accordance with chosen social goals, management should identify programs to be carried out and define measures as a part of identified programs. Those programs should be in a line with company’s strategic priorities, social goals chosen to be fulfilled, disposable resources. A study that involved companies from developed countries and carried out by Richard Welford showed that the most common programs are [6]:

1. Programs of social responsible behavior toward employees include:
   1.1. Measures of work force diversification so that any kind of discrimination (based on sex, religion, nationality, age) is reduced and socially marginalized people are employed.
   1.2. Measures aimed at improving the working environment.
   1.3. Measures for professional and carrier development.
   1.4. Measures for promotion and improving the right workers.
   1.5. Measures for elimination the corrupted and immoral behavior of employees.
   1.6. Measures for balancing working and private life.

2. Programs of social responsible behavior toward external stakeholders can include:
   2.1. Measures of social responsible behavior toward customers (offering safe and secure products, truthful product information, quality control, fair prices, responsible marketing, consumer rights protection).
   2.2. Support measures for developing supply chains.
   2.3. Investing in accordance with social responsible criteria.
   2.4. Measures for decreasing the conflict of interests between company and the society.

3. Programs of social responsible behavior toward social community:
   3.1. Measures for improving the economic development of local community (local workforce employment, choosing local suppliers, investing in local infrastructure).
   3.2. Measures of educational improvement.
   3.3. Volunteering for local community (stimulation of employees and business partners to voluntarily work for achieving social goals).
   3.4. Philanthropy (donations of money, products or company’s services).
   3.5. Supporting the behavior changing campaigns (helping the nonprofit organizations in
conducting the projects aimed at changing the behavior of certain social groups. For example, regularly medical check of women so the cervix or breast cancer can be prevented; teenage education to prevent addiction problems).

3.6. Promotion of certain social goals (contribution to the effort of some nonprofit organization in raising the awareness about importance of certain issues – blood or organ donation, helping the children without parents, safe houses for violence victims).

3.7. Helping the community through company’s marketing activities (directing a part of the income gained on a base of selling certain product or product line toward solving some social problem).

3.8. Giving scholarships or the opportunity to gain experience by working in the firm.

3.9. Developing the cross sectoral partnerships in order to improve local development.

4. Programs for improvement the quality of the environment:

4.1. Introducing the cleaner technology.

4.2. Responsible and sustainable usage of the resources, lowering the CO₂ emission, recycling.

4.3. Involvement in the environmental protection initiatives.

4.4. Complying with ecological standards.

4.5. Environmental and ecological education for the employees.

5. Reporting programs:

5.1. Embodiment of the social and ecological performances by business reports.

5.2. Raising the availability of relevant information about company’s business (the most usual way is to make them available on the company’s web site).

5.3. More transparent business practice.

5.4. Dialog with the stakeholders.

As we have mentioned before, one company cannot solve all problems that one society has, so the right way would be to choose the right one so that the benefits for both – the community but also the company – would be the highest possible. In doing this, management should have in mind that: a) the chosen programs should be in line with the business goals and should contribute to solving of some important problem for the local community, customers, employees, or other interest groups and it is desirable that the company has some experience in dealing with the issue; b) it is recommended to define several measures in order to fulfill the chosen goal with the emphasis on measures that are not taken by other companies belonging to the same strategic group; c) when realizing the program it is advisable to develop a partnership with the community’s strongest organizations [3].

Evaluation of possible CSR effects

Practical implementation of CSR can bring along certain problems so, beside strategic guidelines, it is recommended for every CSR activity to define operational plan, to anticipate the resources needed for its implementation and to define criteria for overlooking and evaluating the effects. Operative plan of CSR should foresee the way to make CSR activity transparent to the groups of interest, the way to harmonize the activities with the ones of the partner organization(s), the time that employees must invest in socially productive work and following administrative activities, the costs of implementation. These plans should help in bringing the strategic guidelines down to the operational level so that they could be fulfilled in an efficient way. Every operational plan should define the needed sum for investment. The whole investment includes financial but also physical investments, investment of employees’ time, resources for implementation of promotional, educational programs. These forecasting are the base for budget definition.

In order to accept suggested guidelines and budget, expected benefits should be specified, criteria for evaluating achieved effects should be defined and elements of the report as a tool for monitoring the realized measures should be proposed. To estimate the expected benefits is not an easy thing to do because in most cases they refer to indirect benefits in a form of growing goodwill – improved image and stakeholders’ perceptions, employees’ satisfaction, lower costs of hiring new workers and also the fluctuation of existing ones, decreased regulatory control. This is the reason why there are no developed standard criteria for anticipation and measurement of the effects so the companies are free to develop their one internal system for measurement. If the results are linked to marketing goals then they are usually evaluated thorough enhanced firm’s visibility and media coverage, brand identity, customers’ loyalty, higher selling volume. Some of these data are internally available (selling volume) and some can be reached through external reports (TV, radio, partners). Still, gaining reliable information usually ask for additional customers’ inquiry using the methods that can be used again in the future. If the results are linked
CSR programs of Serbian enterprises

Serbian enterprises are not dedicated to a lot of social aims. A lot of bad circumstances from the past, difficult transitions period to market economy, political and economic instability have had big influence on this situation. They create environment where nobody takes care of negative consequences, on local community and natural environment, which can produce irresolvable behavior of enterprises. Such situation causes spreading social and ecological problems, which already has been accumulated [7].

Research shows, that CSR programs of Serbian enterprises are limited and only deal with periodical sponsorship. For example, in research which was carried out until 2008, nine out of ten questioned firms often or occasionally donate money to local charities. Their support is related to local schools, sports clubs and art activities [8].

This could be explained by the fact that Serbian managers believe that sponsorship and donations are the most visible manner of enterprise's social engagement, which could have a big influence on reputation and competitive ability of an enterprise. Serbian managers think, that is very important to be publicly recognized, as “good citizen, sometimes it is as important as to have good product, or to sell them at right price. A national culture and tradition, oriented towards charity and community development with a powerful need for social acceptance and recognition, have great influence on periodical philanthropic activities. In collectivism culture, it is important to be recognized “as a good citizen”, so the motto “one should give to the sick and poor if one can” is understandable. That is one of the main reasons why charitable giving and donations are so popular [9].

Unfortunately, CSR in Serbia has been carried out periodically, spontaneously, and without a plan. It is mostly seen as a marketing tool and/or a concept that makes companies more respectable in the eyes of external stakeholders, including the media, government and, finally, but certainly not least important, business partners and consumers. The fact, that enterprise mostly helps cultural and sports events if they are promoted by great marketing activity, explained this situation in the best way. Media activity in this area could be one of the main reasons for it, but also the PR activities of the domestic and foreign companies. The CSR is understood as a powerful PR tool. For example, the opening of a new sales outlet is usually followed by a donation to a school or investment in renovation of playgrounds. That is the way that event becomes more attractive for the media and overall public attention. This is hugely influenced by: low level of manager’s conscience about CSR benefits, lack of knowledge for strategic realization of CSR activity, domination of small and medium size enterprises, unstimulative environment etc. (Hajiev, 2008)

Branches of multinational companies, and a few large domestic companies have only strategic approach to CSR in Serbia. “Holcim” is one of rare companies with strategic approach to corporate social responsibility.

The Multinational Company “Holcim” purchased the cement factory in Popovac, Serbia in 2003. This company transferred its experience in the field of social responsibility from other countries and regions in which it operates to Serbia, where it started to apply it among the first ones. In the beginning it was a set of partial activities, and it was followed by clearly formulated corporate social responsibility strategy. The aim of formulating corporate social responsibility strategy was to unite social responsibility that Holcim group manifests in certain fields (business prac-
tice, relations with employees, safety at work and relations with suppliers and customers). Another aim was to define directions of the company’s policy, and to propose activities in relation to engagement of the company in the field of improvement of the local community in which it operates for the period of the next 3-5 years. All this should help the company build good reputation and obtain better competitive advantage in the society [13].

The first step was to determine a vision. The vision is defined in the following way: “Our vision is to become pioneers in the practice of corporate social responsibility in Serbia, leaders that will constantly improve and promote that practice, partners that will be the stimulus and example to others, all with the purpose of the welfare of future society”. So, the company tends to be recognized by the local community and customers as the leader in realization of activities that increase the welfare of the society. Moreover, the company plans to improve and promote those measures with the purpose of becoming example to other companies as well so that they could act in the same way.

In accordance with the vision, key values were formulated that should be used as the criteria for assessment and acceptance of proposed activities. Key values include: innovativeness (that is related to improvement of working conditions, stimulation of learning and advancement, application of new ideas and technological solutions), participativeness (that is related to good communication with key stakeholders and possibility of their involvement in the process of decision-making) persistence and dedication to started projects. Education refers to increase of level of knowledge in undeveloped community in which they operate. This will be achieved by establishing partnerships with different stakeholders in the course of which they will bring key subjects into light, influence increase of level of knowledge and solution of problems, as well as by insistence on educational aspect of the projects they fund.

After that, key groups of stakeholders were selected (local community, local self-government, non-governmental organizations, customers, suppliers) and several representatives were selected to be interviewed. Discussion questions were formulated and reports that will be used for reporting on stated questions were prepared. On the basis of the discussion, the conclusions about the current problems in the local community were reached. It was concluded that the local community’s level of awareness on the problems within the local community was very low. Holcim’s role should be reflected in raising awareness of key stakeholders on the need for solving social problems and in their training in how it can be achieved. Discussion with municipality representatives was useful for reaching a conclusion that, although there were many organizations that could promote social responsibility, there was no communication among them. In the course of the discussion with the customers and suppliers, it was concluded that Holcim should work on their education with the purpose of raising awareness and knowledge on social responsibility, and that it should also involve into its own social responsibility programs those that want to be involved. It was also concluded that the company should stimulate national institutions to promote corporate social responsibility in Serbia, as well as educational institutions that should spread the knowledge from this field.

All these conclusions served as the basis on which the measures for solving each of these problems were defined. With the purpose of improving the local community it was planned that Holcim should annually fund the projects of non-profit organizations and institutions in the local community (in the area of Paracin municipality) or the projects of national institutions in cooperation with local community institutions within the field supported by the company. With the purpose of solving the problem of lack of communication among local community organizations, Holcim should support their mutual projects, organize mutual educational programs and stimulate sharing resources among them. Development of partner relationships with the Municipality and establishment of common priorities in the course of formulation of the strategy of future development are also planned. Support to municipalities will be reflected in involvement of the population in volunteer activities supported by the company. In this way, bigger involvement of the local community in company’s projects directed towards local community improvement will be achieved (the company can also obtain useful ideas from the local community). At the same time, local community will be informed about the activities realized by the company.

Apart from the “Holcim” which has CSR strategy, until 2003, a lot of enterprises in Serbia implement CSR in chosen social fields or have it implemented unselectively, periodically (only when expecting big support by medium). For example, company „Hemofarm“ is known as the
company with important influence on life’s quality in the community of Vrsac. The company has been implementing a lot of partial projects in the following fields [14]:

a) Commitment to patients and socially Neglected: Hemofarm and the Hemofarm Foundation are permanent donors to numerous patient associations, including the Cancer Fighting Association, the Multiple Sclerosis Association of Vojvodina, and the Association of Handicapped Students in Novi Sad. They help with one-off actions of treatment as well as with other kinds of support to the sick and socially endangered people. The Hemofarm Foundation is also concerned with children living in special homes. It supports them with clothes, footwear, school accessories and toys.

Hemofarm has been making endeavors to help the impoverished domestic healthcare by purchasing the missing equipment. It finds donors and thanks to the Hemofarm’s field associates, it has an objective picture of healthcare institution’s requirements. Financing of the reconstruction of the Neuropsychiatry Hospital in Vrsac. It made a considerable progress at the plan of education of the population in general, as well as of the professional population, so that the knowledge pertaining to the contemporary ways of prevention and treatment could reach the patients as quickly as possible.

b) Commitment to Genuine Values: The activity of the Hemofarm Foundation, supported by Hemofarm, is directed towards the improvement of science, culture, art and sports, support of young talents, preservation of the national cultural heritage and its authentic values. The Foundation has been awarding the authors of the most important scientific, research-developmental and innovative works for years; it has been encouraging the work of young talents in all areas of science and art. The Foundation provides 40 to 50 scholarships to the best high school students, and 50 to 60 scholarships to the most successful university students in the country every year, as a support to their further professional advancement.

Hemofarm is the founder of the Dositej Obrovic Legacy, which is engaged in the research of the work of this pivot of the Serbian culture and enlightenment, but it has also been active in encouraging the development of literary creativity in young people. The most prestigious national literary award for poetry, which is named after the famous poet from Vrsac, Vasko Popa, has been rewarded every year under the auspices of the Hemofarm Foundation. Hemofarm is a regular patron of the Sterija Theatre in Vrsac and a sponsor of the Festival of theatre classics Vrsac Theatre Autumn.

“Delta Holding” founded the Fund for future – to support children without parental care from public institutions. This is one of the most vulnerable groups in Serbia, bearing in mind the fact that these children must leave the institutions after they turn 18 (legal age in Serbia) and there are no institutionalized mechanisms to support these young people. Delta holding developed the program to support them in their education while they attend primary and secondary schools, encourages them to finish university courses and eventually – find employment within Delta holding. Besides this project, the company provides charitable giving in different areas of social development [15].

Apart from multinational companies and a few national companies, the rest of Serbian enterprises are not engaged a lot in social community. The unstimulative environment the great influence. It could be said that there is no legal support to improve CSR In Serbia. Companies do not have any tax breaks or the possibility to distribute part of their income to humanitarian organizations or funds. There are no financial instruments related to rewarding socially responsible companies. Nevertheless, one should mention that donations tax was decreased from 5% to 2.5% in 2006. On the other hand, for in-kind donations, companies have to pay VAT (18%), even though they are not actually selling any goods or services.

Conclusion

It can be noted that the tendency of companies to be a part of a solution to social problems is higher and higher. This kind of behavior is beneficial both to the society but also for the subject itself – the company. CSR can be a booster for economic development, improvement of local infrastructure, educational, health and social care system of a community and it can contribute to solving, or at least minimizing, some social problem (poverty, corruption, health issues, etc). Good reputation, lower costs, the best work force attraction, new customers, higher goodwill are some of the possible benefits for the company.

CSR is becoming more present both it theory and practice. Nevertheless, there is no unique comprehension of its wideness or the activities that can be watched as a part of a CSR practice.
This paper is lightening the strategic aspect of CSR. It depicts the elements management should focus on when integrating the social principles in the company’s strategy. Management is suggested to focus on lesser number of fields in which it is recommended to perform higher number of initiatives. It’s desirable for companies to pick the goals which are linked with the business (company’s strategic, marketing goals, activity, products and services) or are of a high importance for a community or a specific group. Engagement in achieving this kind of goals will lead to the highest effects for the society and the company. It is also suggested to choose those CSR programs in which implementation can be used existing experience, material and immaterial company’s resources so the benefits for both sides can be at their maximum level. At the end it is stated that proposed CSR initiatives should be integrated into strategy only if there is an estimation of a positive cost-benefit ratio (where the benefit part includes benefit for company and the society).

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