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ANALYSIS OF THE PROCESS OF PROMOTING CORPORATE SOCIAL RESPONSIBILITY IN FUNCTION OF COMPETITIVENESS IMPROVEMENT

Abstract: *The authors of this paper attempt to point out the importance of promoting the concept of corporate social responsibility to maximize its application in contemporary business. Examples of certain companies indicate that promoting corporate social responsibility through social networks could be a great way for certain part of population (primarily youth which have not had the opportunity until now), to be informed about the role and importance of this concept in modern business. Social networks are becoming an important tool in the process of communication in contemporary society. Great popularity of social networks made leading world companies to use certain types of social networks, such as Twitter, Facebook, LinkedIn, YouTube and the like, in their communications with customers, partners, and others, in order to maintain a better position on the market and promote their activities.*

Keywords: *corporate social responsibility, youth, promotion*

1. INTRODUCTION

As a term, Corporate Social Responsibility (CSR) had been introduced in the practice in 1970, although various forms of this concept emerged at the end of 19th century. Due to technological and social changes in the world, there has been a changing awareness about what it really corporate social responsibility is. Initially, the focus of the company in the field of CSR involved only certain philanthropic activities, ie, donating funds for charity. Terms such as labor and ethical business practice have been in use for more than a century. However, issues related to human rights, environmental protection, consumer protection, the fight against corruption have emerged in the later period as a result

of changes in the market. To date, many respected scholars in the field of management and economics, as Adam Smith, Peter Drucker, Philip Kotler etc., spoke of the need for responsibilities that enterprises must have in their own actions, and thus spread the awareness of more responsible business operations that enterprise must show in practice.

The global nature of environmental issues and health, recognition of responsibility around the world in the fight against poverty, the growing financial and economic independence, and more widespread value chains represent the relevant issues for an organization and by far exceed the scope of the specific areas in which an organization operates. It is important for the organizations to deal

with social responsibility, regardless of social or economic circumstances. Instruments such as the Declaration on Environment and Development in Rio, Declaration on Sustainable Development in Johannesburg Summit, the Millennium Declaration and the ILO fundamental principles and rights related to labour, emphasize this need [1]. The European Commission, in 2010, defined Corporate Social Responsibility as "a concept which integrates into the enterprise the concern for society and the environment in their business activities and their interaction with their stakeholders on a voluntary basis" [2].

Globalization, in the previous period, has contributed to a change in the terms of different impacts on the community and the environment by organizations from the private sector, non-governmental sector and the state. NGOs and enterprises are now able to provide services that were previously offered only in government, especially in those countries that historically have been faced with serious challenges and limitations, and therefore were not able to offer services in the areas of health, education and social welfare. Parallel with the improvement of the capacity of these countries, the role of government and private sector organizations are changing.

Particular challenge for the implementation of CSR emerged during the economic and financial crisis, given that enterprises had to maintain their activities related to social responsibility. In the opinion of an expert on corporate social responsibility, Michael Hastings, the global economic and financial crisis has been a great moment for the promotion of CSR. In fact, he believes that this period would be the best time to emphasize the importance of corporate social responsibility activities of large enterprises on society and the company itself. In times of crisis enterprises, through socially responsible activities and support

throughout the community, are trying to preserve a reputation that they need to regain the integrity and value.

However, as already noted, the focus and subject of CSR have changed along with the changes and needs of the society, and there was also a need to change the ways of promoting this concept. In fact, in the last 20 years we faced with intensive use of information technology (IT) in the economy and society. This is especially true for application of the Web, which was created with the intention to introduce two-way direction into the world, trying to connect people with each other and create a new medium through which it will be possible to advertise information. As a result of the Web appearance, enterprises have begun to use the Internet as a tool for public relations (PR) in the process of promoting a broader philanthropic activities and management of their own image. Companies quickly realize the possibilities offered by the use of the Internet, and started intensively to apply it in their own business. The reason for this lies in the fact that in the period from 1998 to 2011 there is a constant growth of the population which uses the Internet.

Table 1. Percentage of households with Internet access

Country	2000	2005	2010	2011
USA	41.5	-	71.1	-
South Korea	49.8	92.7	96.8	97.2
Brazil	-	13.6	27.1	37.8
China	-	11.0	23.7	30.9
EU 27	-	48.4	70.1	73.2
Netherlands	41.0	78.3	90.9	93.6
Iceland	-	84.4	92.0	92.6
Norway	-	64.0	89.8	92.2
Luxembourg	-	64.6	90.3	90.6
Sweden	48.2	72.5	88.3	90.6

Source: [3]

As can be seen in Table 1, since 2000, there is a growth in Internet access. South Korea is the leader with the highest prevalence of households with Internet access that is not a coincidence, because IT

sector in this country is very developed, and citizens have developed awareness of the benefits of Internet application in their lives.

Population that uses the Internet the most, are young, which also represent the most important age group. This is particularly noticeable in the last 10 years, when the first form of the social networks appeared - MySpace, and then the others such as Twitter, Facebook, Youtube. Therefore, the companies began to promote their products and services through it, because in this way they can more efficiently and cost-effectively reach their target audience, which are young.

2. ROLE OF SOCIAL NETWORKS IN CSR PROMOTION

In the world, various cultural and corporate change occur, and one of the changes is related to the phenomenon of social media, which takes an increasing role in modern business, such as helping companies to better manage relationships with customers (Customer Relationship Management - CRM), also promote socially responsible activities. Social media have begun to play a key role in how companies shape their policy of corporate social responsibility how to present themselves as good corporate citizens. Application possibilities of social networks grow each day, and one of the recent that in this way people can obtain loans from banks.

Social media have the ability to make activity of the companies more visible in the field of CSR in the market both for the existing and potential customers. They also play an important role in the knowledge management due to the connection between the corporate world and stakeholders, where social media is closing the gap in knowledge management and business intelligence.

According to an independent study entitled "Social Media Around the World 2011", which was conducted in 2011 in 35 countries in the sample of 9027 participants, the following data were established on the position of social media in modern life [4]: 1) *Awareness of the Facebook social network is close to 100%. 2) More than 1 billion people use social networks, representing more than 70% of the total internet population. 3) More than 400 million people use Facebook every day. According to survey data this is the most represented social network. In Europe, an average of 1.9 people join, U.S. 2.1, while in Brazil and India, the number is much higher - 3.1 and 3.9 million people. 4) Tweeter, despite of 80% awareness of respondents, is used only by 16%, which represents a particular enigma. 5) The problem for the new social network is the fact that 60% of respondents do not want the new social network. This position is confirmed by the fact that 93% are satisfied with what you get on the existing social networks. 6) More than 50% of social network users are connected to brands. 7) 36% of the set contents of brands is on social networks. 8)*

Consumers want to be in the boardroom. 44% of respondents want to participate in the creation of products and advertisements. 9) Consumers prefer to e-mail via the social networks to ask questions about brands. 10) 2 out of 3 employees are satisfied with their employers, but only 19% published a story about it on the social networks, which is untapped potential for communication.

As can be seen from these figures, social networks are a great communication potential for enterprise. The use of social networks in the process of setting up business has many advantages, and the most important is that social networks allow better communication with companies to its employees, customers, stakeholders and other important actors in

the business. In modern business communication is one of the key elements to achieve competitiveness in the market and therefore it is necessary to promote and encourage it. Social networks make this process more efficient for the company and provide an opportunity for better understanding and implementation of socially responsible actions by customers and other stakeholders. If we want to include the social media as part of corporate strategy, it is necessary to [5]: 1) Understand and shrink the online space. 2) Set objectives and goals. 3) Incorporate social media into your corporate communication strategy. 4) Secure the Board support. 5) Secure adequate resources. 6) Secure continuous communication with stakeholders via social networks. 7) Conduct continuous improvement.

IBM Institute for Business Value has included two on-line surveys on a sample of 351 executive manager whose job is responsibility for social media, and on 1000 users. Firms in the market are designed to be as close as possible to the customer, which puts a big pressure on their managers. Research shows that social media is a priority for the company, since 70% of respondents say they will have a smaller impact on the market if they do not use them. 67% of managers believe that the media presence is imperative if companies want to attract top managers, while 58% believe that their competitors successfully picked up the customer through social sites. From this we can conclude that social interactions significantly changed expectations in relation to communication and engagement.

According to this survey, 79% of companies use social networking sites, most notably the famous Facebook and LinkedIn, while 55% of companies use the site media sharing sites, where the most important YouTube. Using microblogging sites, including the most famous Twitter,

has a slightly smaller share (52%). 74 percent of surveyed executives, find that social networks are mostly used for communicating with customers and answering their questions (65%), which indicates that firms primarily use this form of media to engage customers [6].

As a comparison with previous research, we can take the survey by consulting house Wolfstar worked in collaboration with the United Nations Office for Partnerships on a sample of 500 global companies that are listed in the Financial Times from September 2010 to May 2011. Of all the companies, only 46 knowingly using social networks, which confirms that the most profitable companies are not at the same time the companies that promote CSR. Example of Gazprom and Exxon Mobile is the most obvious because they do not feel the need to communicate through social media.

According to data from Global Social Media and CSR reports of companies, for their social activities it is mostly used as a part of their CSR strategies RSS (107 companies), followed by a embedded video (102 companies) [5]. But most of all the activities are carried out independently without any strategy.

In the list of 500 largest enterprises located in 37 different sectors of which the dominant banking sector, with 14% of the oil and gas producer with 9%. An analysis of data from 46 companies that actively use social media in CSR, we can see that the built-in video (embedded video) and RSS predominant with 37 and 36 companies. The application of Twitter is the third most abundant (28 companies) Social Networking činjnicu indicating that managers are not yet ready for the appropriate use of You Tube [5].

By the combination of embedded video and You Tube they could come to a real synergy video archive. By sector, most companies are from the banking, pharmacy and biotechnology (15 companies), and computer and software services (9

companies).

As you can see, these two previous studies give different ratios of companies in relation to the social networks, that is, selecting the most appropriate network for the promotion of the own social activities. However, what binds both studies is the fact that the company still did not understand all the options that they could use in social networks in order to improve their competitiveness.

Traditional means of communication is not effective and it is necessary to start using the Internet and social networks, in order to speed up the sharing of information about their products and services with customer. The reason for this attitude toward communicating of the company lies in the fact that the current market offers to buyers a lot of information about products and services and therefore need to be more direct and closer to customer.

3. PROMOTING CSR IN SERBIA

Successful companies have applied ethical The concept of social responsibility has been present for several years in the domestic market. In order to better promote the concept of CSR, the Fund for an Open Society, Smart Kolektiv and Serbian Chamber of Commerce launched, nearly ten years ago, a project called "Responsible Business Initiative", with purpose to promote and institutionalize the concept of social Responsibility in Serbia. From that time to the present, a lot has been done in this area, and on its further promotion in the Serbian market. The main promoters of CSR in the domestic market are the Balkan Community Initiatives Fund (BCIF), Smart Collective and Serbian Chamber of Commerce.

The Balkan Community Initiatives Fund, in cooperation with USAID and several other national and international organizations launched in 2007 Virtus

Year award with the aim of further popularization of CSR in the domestic market. Virtus Award is conferred to the present six times in a row, where winners were foreign companies, public and state-owned enterprises, small and medium enterprises, media companies, corporate funds and foundations. If we analyze the structure of the business award winners for period of 2007-2012., we will come up to the conclusion that the most of awards went to the financial sector and banks (11 in total). This data is not surprising, because as we mentioned in the list of FT 500 DOP is mostly applied by enterprises in this sector. Domestic financial institutions which conduct concept of CSR in its operations are: the National Bank of Serbia, Erste Bank, Societe Generale, Banca Intesa, EFG Eurobank. When talking about financial institutions we must mention the impact of the National Bank of Serbia in promoting the Global Compact in Serbia, as well as banks such as EFG Eurobank, Piraeus Bank, Societe Generale Bank and Credite Agricole-Meridian Bank, which were the first access to the initiative of the United Nations. After banking, the most first prizes were given to the media, especially e-media: B92 and RTS. The media - which include television, newspaper and now Internet - are the most distinctive information channels that reach and influence the general public. As such, they play a central role in ensuring that CSR is put in the public spotlight. That is why the CSR promoters must work to reach out the major media journalists who are dealing with this area, talk with them, as well as with business leaders who are the leaders in this field and make the social responsibility of the company to become a question that will make economists and politicians and movie stars to think about. Media play two distinct roles in this debate. The traditional media are seen only in the role of someone who is spreading the information. However, the increasing

prominence of multinational media group draws attention to what is going on behind the scenes [7].

Serbian Chamber of Commerce in 2007 for the first time began to award prizes for CSR, and since 2008, the prize is awarded every two years. Unlike other awards in this field, its role is to try to treat equally various business segments. The questionnaire, which is the basis for the methodology covers five areas of CSR including: employees, environment, market, property and communities. Companies that want to compete for the prize as Serbian Chamber of Commerce CSR can be nominated in two categories: large enterprises and SMEs. Winners of the first prize were: Tigar from Pirot (large enterprises category) and a company Biovoda from Bujanovac (SME category) declared as the most responsible companies in Serbia in 2007. In the category of large companies, reward in the next two years was given to Metalac Gornji Milanovac, Eurobank EFG, while in the SME category award went to the Footwear Pavle and Sunce Marinkovic. It is interesting that Sunce Marinkovic Enterprise in 2011 received another award in the field of CSR and it was award Virtus, indicating that the jury members through these two awards praised the efforts made by this company in promoting energy efficiency and involvement in solving community problems among its employees and partners.

It must also be emphasized that the state adopted the "Strategy for the development and promotion of CSR in Serbia for the 2010 to 2015", suggesting the fact that the government in this way wants to determine the situation in this area. However, despite these strategies, and translated standards ISO 26000:2011, the concept of CSR has not yet been adequately developed as one would wish. Domestic companies still do not understand the wide range of activities offered by the concept of CSR, and are

concerned mostly to the casual philanthropy and volunteering activities. Domestic managers, unfortunately, as part of its business philosophy, insufficiently implemented principles of CSR, which significantly affects the competitiveness of domestic firms, in the domestic and international markets. The reason for this attitude towards CSR lies in the fact that the domestic market has insufficiently developed consciousness and strength to punish any company that does not want to be socially responsible. This penalty represents a loss for the company as end user, and thus the market. However, it must be noted that there are companies which have been working on the development of CSR in their businesses, and they are leaders in their respective industries, such as eg.: Telekom Serbia, Erste Bank, Commercial Bank, Holcim, Delta Holding and other companies which in this way try to be a good partner with the local community and society in which they operate.

Local organizations have started lately, as a way of promoting their activities, to use the socio networks, primarily Facebook and Twitter. Reason for such commitment of companies towards social networks can be found in the fact that there has been an increase in the use of social networks, especially among the younger population, and that this kind of promotion for their products and services, cost significantly less. Also, companies have started using social networks for representing their own socio activities, and thus attracting the target market - young.

4. ATTITUDE OF YOUTH TOWARDS SOCIAL NETWORKS AND SOCIALLY RESPONSIBLE BUSINESS

Ipsos Media CT dealt with issue of the use of new media in society, and

conducted research which in a period from 8.09. - 21.10.2012., in three phases, on the total sample of 2327 respondents. According to results of this study young (12 to 29) represent the highest percentage group that uses the Internet. 98% of young adults use the Internet occasionally, whether at work, home or elsewhere. Research has shown that young people, most used Internet as a source of information (49%), and then the TV (40%). Compared to other age population, young people are more geared towards the Internet than TV. When we speak of the total target population, research has shown that there is a steady growth of Internet access in the household, from 51% in 2010, 60% in 2011, to in 2012 was 64%. The young age categories were dominant with 87%, followed by respondents aged 30 to 44 years with 77%.

However, the purpose of Internet use are different for the total survey sample, and the percentages were allocated in three categories [8]: **search for information about (84%), information, reading news (78%) and social networks (65%).**

When we talk about social networks, we can conclude that the increase of the number of new users, which points to a new trend in communication. Growing number of new profiles, and all of the social networks Facebook and distinguished himself in 2010, he was 58% in 2011. 64% (2.342 million people), but in 2012. amounted to 68% (2.656 million people). Another social network according to the degree of representation is Twitter, but it was only in 2012 with 12% began seriously to develop. Data from 2012 show that the most common age group young people on Facebook with 89%, which confirms the fact that young people today want information fast, and the network of the socio them with an adequate service. However, when it comes to social networking there is a problem related to user activity. Research has shown that it is growing at Facebook in the past three

years, 87% (2010), 94% (2011) and 93% (2012), which confirms the dominance of the socio rmeže compared to Twitter, where the increase was 32% (2010), 46% (2011) and 50% (2012). The results indicate that the total number of respondents, 98% use the Internet every day whether at work, home or elsewhere. Interesting data on the habits of the Internet where they can isolate three habits [8]: *76% of social network (2012), and 70 (2011); Send / receive mail 67% (2012), ie. 66% (2011); information, read the news 71% (2012) or 61% (2011).*

The issue of youth awarness of CSR in Serbia is very important because in the future, they will be the ones that will work or run their own businesses. Between November and December 2012, on the territory of 14 cities and municipalities in Serbia a study called "Analysis of the attitudes and opinions of young people about starting their own businesses and the implementation of corporate social responsibility" was conducted. In this survey, 755 students aged 19 to 27 years gave own opinion on starting business, corporate social responsibility and competitiveness of the national economy. In the last four years (2009, 2010, 2011, 2012) similar studies were carried out and they can be used to compare and understand the type of young people compared to the CSR.

As given in Table 2, the young are still on high level of misunderstanding of the concept of corporate social responsibility. Although the percentage of young people that are introduce to the term CSR increases,each year it is still not sufficient. Data for 2012 show reducing the difference, but it's still not enough. These data should not cause concern because all these young will in future work in business and make decisions that unfortunately will not be based on the principles of CSR.

Table 2. Encountering the term CSR

	2009	2010	2011	2012
Yes	13.10	28.28	31.75	44.62
No	85.36	71.72	68.25	55.38

Table 3 presents the ways in which young people are being introduced with the concept of CSR. As can be seen in the last four years, there is growth in introducing young people to CSR through textbooks, which indicates the influence of educational institutions in promoting this concept. We can also see the important role performed by the media and the Internet on introducing young people with the CSR, which represents good way for more intensive promotion of CSR. This especially applies to the Internet, as the young population is their biggest customer.

Table 3. Way of introduction to the term CSR

	2009	2010	2011	2012
Media	15.64	41.86	32.05	34.42
Schoolbooks	10.04	20.60	33.65	22.22
Internet	10.42	22.23	23.40	36.59

Table 4. The most common activity in the field of CSR in domestic companies

	2009	2010	2011	2012
Promoting social objectives	-	26.76	26.32	24.41
Marketing associated with social goals	7.14	18.66	17.84	
Responsible business practices	8.69	19.54	19.01	
The social marketing	10.42	18.66	-	18.07
Voluntary work for the community				17.93

With regard to activities in the field of CSR, by domestic companies, the most notable according to young respondents is promotion of social activities (24.41% in 2012, 26.32% in 2011, 26.76% in 2010), while on the second place they put socially

responsible practices (Table 4). Examples of some social campaign led by some media in the past period have confirmed the position of this study, which is that local companies direct the great attention to promoting social objectives.

Unfortunately, despite the great effort that some local companies invest in CSR, young respondents still do not see domestic socially responsible companies in the market (Table 5).

Table 5. A domestic enterprise that could be characterized as a socially responsible organization

	2009	2010	2011	2012
Yes	11.35	13.28	16.18	8.74
No	64.23	86.72	83.82	91.26

The reason for such a high percentage of non-recognition of domestic socially responsible companies, can be found in the lack of understanding of the term corporate social responsibility, which are best seen in the percentage of familiarity with the term CSR in Table 2. Therefore the solution is to promote the comprehensive concept of operations among young people, that has to cover several levels as follows [9]:

- The necessity of creating a program for introducing young people to the importance and benefits of implementation of CSR and its role in improving competitiveness.
- The cooperation of several institutions that deal with young people and the economy, such as the Ministry of Education and Teacher Training, Ministry of Economy and Regional Development, the National Employment Service, the National Agency for Regional Development, the Serbian Chamber of Commerce, universities, associations, etc. with purpose of promoting corporate social responsibility.

Stronger local media promotion of socially responsible companies, as well as

awards for corporate social responsibility, such as: Virtus awards and awards of Serbian Chamber of Commerce.

5. CONCLUSION

The global economic crisis has affected the changing business environment, and this is especially true for resource management and competition in the market. Innovation, flexibility and productivity are the guidelines for future development in the field of competitiveness and organizational management. The essence of the struggle for competitiveness lies in the acceptance of change. Companies from countries in transition are facing with huge problems, where the dominant issues are related to the advancement of knowledge and the organization. Domestic companies are insufficiently competitive and global economic crisis has only highlighted this fact further. Competitiveness is still essentially the other side of productivity. Productivity and quality are inextricably linked in tandem and they create a competitive advantage.

Corporate Social Responsibility as a concept enables the company to be competitive in the market. Imperative for any business enterprise is to achieve business excellence, and its three pillars are: meeting the demands of users, improving business productivity and corporate social responsibility. The first two steps result in a profit, but without the

social responsibility of business there is no excellence of the companies.

The development of the concept of CSR has evolved parallel with way of its promotion. Thanks to intensive development of information technology in the last 20 years there has been a radical redesigning in promoting socially responsible business. Companies have realized that by using the Internet, and later, through the social networks such as Facebook or Twitter, can more efficiently and with less expense promote their products and services, as well as socially responsible activities. A particular reason for all companies active participation in social networks is a throwback to the young population who are the dominant users of the Internet. In this way, the company is trying to get closer to all young people and communicating through the virtual lish obtain more information related to execution and their opinions on products and services, but also the company which is very important if it wants to be competitive in the market. This form of communication is becoming dominant in modern business because customers are becoming more free to express their views regarding the company's operations, especially in the area of corporate social responsibility.

As a result of intensive use of social networks in modern business enterprises, as part of their marketing services, companies began to hire experts who will only deal with the social networks and their representation on it.

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