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IDENTITY OF INDUSTRIAL ENTERPRISES IN THE CONTEXT OF CREATING SUSTAINABLE SHARED VALUE II. – CREATING CORPORATE IDENTITY*

1 Sustainable corporate social responsibility

The concept of **corporate social responsibility** (CSR) has changed dramatically over the last decades. Howard Bowen in 1953 in the book entitled *Social Responsibilities of the Businessman* called on businessmen to adopt commitments to society. It took too much time while entrepreneurs at least in some parts of the world have adopted this issue as significant and beneficial to business theory and practice.

The European Union engaged in issues of CSR during the 1990's, when an expert group CSR Europe was established by the European Commission. In 2001 the European Commission published a Green Paper "Promoting the European Framework for Corporate Social Responsibility", which defines European perception of the concept as a voluntary tool that enterprises use to contribute to a better society and a cleaner environment.

The European Commission looks at CSR particularly as a source of competitive advantage and innovation which can ensure the long-term existence of an enterprise [5]. At present, the European Union sees CSR as *corporate social responsibility of enterprises for their impacts on society* and demonstrates itself through activities beyond purely economic values. CSR has a significant place in the process of achieving the objectives of Europe 2020 strategy.

CSR as the concept of Sustainable Development (SD) is based on social, environmental and economic responsibility of enterprises.

The importance of CSR lies in carrying out **activities beyond legislative measures and standards**, and an acceptance of real responsibility for one's own actions. The interest in CSR reflects the move from limits of achieving maximum profit. Efforts to achieve maximum profit reflect the "unique" characteristic that supports unlimited economic growth regardless of the society and the environment. It is selfishness and greed, which are historically, from Adam Smith and Milton Friedman, to the present popularized as positive attributes in relation to unlimited economic growth.

Wayne Visser identifies five stages leading companies from greed to real responsibility: **greed – philanthropy - marketing - management - responsibility** [11].

Management of any company must be primarily liable to the company that they manage. The fulfilment of a particular enterprise's mission is therefore a primary need

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and a primary interest. There is a lot to lose if enterprise performance gets worse in carrying out a local society specific task, but a healthy enterprise cannot exist in a sick society. **A powerful enterprise must be the company interested in the local community although the community itself does not see any problem.** Management of a company should have the utter interest in health of the community even if the community suffers from a disease the enterprise has not caused [1]

The enterprise must meet its obligations in relation of all stakeholders of the company and in relation of an **effort to achieve a sustainable profit.** If the enterprise wants to achieve maximum profit it simultaneously supports its own inability to solve social issues of society that are closely connected to the enterprise. The enterprise is not able to justify rationally the consequences of such activities.

The interest of enterprises in implementing socially responsible activities should not be short-term. **The real acceptance of responsibility is a gradual process, but also long-term effort to behave responsibly, which can lead to sustainability.** Then we can talk about Sustainable CSR (SCSR).

According to Gabriela Hrdinova [4] the only system alternative for mankind in the 21st century is SD and SCSR and the paradigm shift of thought, creation and redistribution of wealth on the planet Earth.

The European Parliament adopted on 6th February 2013 resolutions: "On CSR: accountable, transparent and responsible business behaviour and sustainable growth" and "CSR promoting society's interests and a route to sustainable and inclusive recovery", acknowledging the importance of company transparency on environmental and social matters [2].

If currently voluntary activities in the future become mandatory, companies are able to positively influence the development of not only themselves, but also their surroundings will be key players in the business community. Committee on International Trade stated [3]: *"Corporate Social Responsibility can ensure the equitable distribution of profits in way to create sustainable economic and social prosperity and emerge more people out of poverty, especially in times of financial crisis; simultaneously expresses regret that the protocols of social interventions are currently only voluntary and urges the European Commission to declare them as mandatory."*

Under the proposal, **large companies** with more than 500 employees would be **required to disclose relevant and material environmental and social information** in their annual reports. This approach taken ensures administrative burdens are kept to a minimum. **Brief information** which is **needed for understanding an enterprise's development**, performance or position would be made available rather than a fully-fledged and detailed "sustainability" report. If reporting in a specific area is not relevant for an enterprise, it would not be obliged to report but only to explain why this is the case. Furthermore, disclosures may be provided at group level, rather than by each individual company within a group [2].

The proposed measure has been designed with a non-prescriptive mind-set, and leaves significant flexibility for enterprises to disclose relevant information in the way that they consider most useful. Enterprises may use international or national

guidelines which they consider as appropriate (for example, the UN Global Compact, ISO 26000, or the German Sustainability Code) [2].

According to the surveys, which were conducted in the Western Europe, almost 50% of Europeans prefer products made in "socially responsible companies". In Australia, in the target group "alpha segment", that is in the group of rich and educated people, the percentage is much higher (90%). Being responsible to the society as a whole is in parallel with the growing role of consumers, who are becoming rulers of market. With this in mind, it is clear that the rapid identification of the company and strengthen the image of the company contributes own "hallmark", thus brand mark, logo. The question whether "sustainability" can increase sales corresponded to the European Association of Communication Agencies and the World Federation of advertisers unequivocal YES! [12].

Since 1999, Harris Interactive Inc. carried out a study that evaluates the reputation of American corporations. There are used **six specific factors** to determine the order of **reputation** [7]: "**1. emotional attractiveness, 2. products and services, 3. working environment, 4. financial performance, 5. vision and leadership, 6. social responsibility.** Given six factors can be completed by the seventh factor - **innovation.** Enterprises must keep, or improve during the period of turbulence the seven factors." We here again add - SUSTAINABLE INNOVATION.

According to a survey conducted by the Pontis Foundation and the Agency Focus in 2013, Slovaks regarded as socially responsible automotive and engineering companies. **Slovaks are reporting that if the enterprise adheres to the following values, then it is fair business** [9]: „...*fairness in business (36 %), not abusing of employees (32 %), taking care of employees (29 %), ecological behaviour (14 %), quality products (13 %), responsibility for the business (12 %), donor ship, sponsorship (6 %), provide permanent employment (5 %), safe working conditions (5 %), good relations with suppliers (4 %), staff training (3 %), support region, the municipality (2 %), anti-discrimination measures (2 %), transparency (1 %).*“ In this survey, in our opinion is missing the focus on the basic economic problem of the 21st century, defined in [4] by Gabriela Hrdinova. It is **the paradigm shift in the creation and redistribution of wealth on the planet Earth.**

It follows that in our opinion CSR is an important tool in increasing the competitiveness of industries. In order for enterprises to successfully apply a long-term responsibility in all their activities, it is necessary to proceed to a sustainable strategic management and SCSR.

2 Corporate identity in the context of creating sustainable shared value

Creating a CI should always be carried out as a managed process. In view to its long-term nature, it is recommended to divide it into individual steps. The process of creating CI should be systematically developed. The key instrument should be the communication; in order to shape the image of the enterprise apparently in cohesion to the internal image, because there is based creation of external behaviour. Result of the process of creating CI should be a meaningful image of the company attractive to employees and its surroundings [6].

Necessary steps for the proper definition of the content of the procedure and its implementation are [6]: *1. directing and sensitive response of top management on issues of CI, 2. understanding of the function and importance of identity at all levels of the company management, 3. defining the key issues of the nature of the development of CI, 4. mapping the most important measures of internal communication to ensure patency of shaping CI, 5. analysis of the process of identification of employees with the company, 6. establishment of principles for shaping the internal company image, 7. defining the objectives and procedures for shaping corporate culture, corporate communications, visual elements, employee behaviour, influencing the attitudes of employees in relation to targeted image, 8. implementation of planned procedures and on-going confrontation of the development of internal and external components of CI.*

In the context of creating sustainable shared value, the public regard as responsible companies those that represent themselves not only with great image, but image that is based on the appropriate created and maintained CI. **Successful creation, implementation, maintenance and improvement of CI need to apply systemic/holistic and responsible approach in all business activities.**

Instead of conclusion

Well as we wrote in our afterword of the monograph [10]: *"We do not make, however, the illusion that the actual state can be changed in a short time [8]: "The idea that all organizations, authorities and other "business" will be socially responsible is utopia. Also, the idea that entrepreneurs, managers, politicians and people in general are not selfish, they do not meet their particular interests, but on the contrary, it would perhaps satisfy the interests of other people remembered the protection of nature and environment for life, is utopia. Achieve the ideal of polite behaviour of all organizations is utopia. The idea of achieving this state so that all organizations behave in a socially responsible manner is thus utopian vision. Suggestion that the media would significantly influence the social responsibility of organizations is also a utopian idea.*

This does not mean not to seek corporate social responsibility, quite the contrary!"

We experience from the from our participation in international scientific conferences at home and abroad as well as interviews with ordinary citizens around the world, we can confirm that there is a prevailing opinion that requires a **change in the status quo**. Therefore, we believe that we too, through pedagogical, scientific research and publication activities are contributing to this change. This is heading also the grant that we solve.

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