

THE CORPORATIVE SOCIAL RESPONSIBILITY AS A BASE OF BUSINESS

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ABSTRACT

The analysis of modern approach to managing business organization is given in this paper. The essential goal of modern doing business is to achieve business excellence and gain world class of products and services. Companies which apply modern methods and techniques of management actively and continually have much better chance to strengthen their competitive ability on global market and to establish firm position with the perspective for further market growth. Modern business philosophy implies the fact that the organization has to be responsible for its actions and moves toward all the actors in the surrounding. Achieving the goals of business excellence of an organization assumes a built corporative social responsibility. In order to become competitive in the international circles domestic companies have to change the way of thinking and adopting of modern world achieving in the field of managing the organization.

Key words: social responsibility, organization, competitiveness, quality, business excellence, knowledge.

1. INTRODUCTION

Modern business implies the reconstruction of business functions. From traditional understanding based on the linear way of thinking when all the business functions had an equal importance, companies have to turn to proactive thinking which implies understanding and creating changes as well as giving importance to those business functions which enable a company to create, maintain and improve the competitive position on the global market. Functions which have strategic importance for business companies are the following: research and development, quality and marketing.

2. THE BASES OF MODERN ORGANISATION MANAGEMENT

Global competition is becoming more intense, aggressive and noticeable. Considering the complexity and intensity of competitive relationships within the global economy it is much harder to accomplish success at the beginning of the 21st century. The reasons behind this are in the following facts: **1)The power has been shifted from producers to distributors; 2)Multinational companies ; 3)New products last shorter; 4)Goods do not last as long as they used to; 5)Digital technology caused the development of a line of products; 6)The number of registered trade marks and patterns is increasing; 7)The number of available products is increasing; 8)The markets are hyper fragmentary; 9)The space for advertising is saturated; 10)The customers became picky, [1].**

Global doing business implies the strategic role of knowledge and managing which is based on constant knowledge improvement. Global competition moves on the basis of prices and technical innovations towards the knowledge management sphere and innovations in the sphere of management

and marketing. Education and knowledge are new factors of **competitiveness**. Each individual has to improve himself permanently and to improve his knowledge. The education is a competitive surrounding both for individuals and companies; stress Riderstrale and Nordstrom-work place has to be the students' home [2]. The groups of those individuals who constantly improve themselves and improve the productivity of their knowledge make an organization successful. **Knowledge** becomes a product and corporative intellectual property is today more valuable than physical resources. Due to some understandings [3], the more aware companies become of their intellectual capital-either patents, process knowledge, technologies, managing skills, marketing and market information, competitive information, new product concepts, customer and supplier researches, competitive analytical patents, licenses, rights, ideas for process and procedure ideas- the more constant supervising will be required. Not only that the modern organization has to create its knowledge it also has increase the value.

3. CORPORATIVE BUSINESS PESRONSIBILITY AND ACHIEVING COMPETITIVENESS OF BUSINESS ORGANIZATION

Today business **organizations** became aware of the fact that the way they do business has a significant influence on society. Due to some understandings [3], if a company is aware of the influence it could have on the society, if it provides job, working places and guaranties stable economy then its focus has to be changed in order to reflect radical thinking. The attitude –to exist in order to compete will have to give its place to the new one-to exist in order to last. Achieving goals of **business excellence** within an organization is a creative corporative social responsibility (CSR). It is a choice for improvement of society's wellbeing through discrete business practices and contributions to company resources [4]. The key word of this definition is "discrete". Actually it is voluntary choice of an **organization** and its decision to choose and apply business practices which make contributions. Some reasons for applying and developing corporative social responsibility are the following: the increase of market involvement, strengthening the position of a trade mark, strengthening the corporative image, improving the ability for gaining and motivating the employees, reducing business costs and increasing the interest investors interest.

The '90s brought the necessity for satisfaction of general social interests. Due to some understandings today we spot six social initiatives that act in the domain of corporative **social responsibility**: **1)Marketing linked to social goals; 2)Corporative social marketing; 3)Corporative philanthropy; 4)Promoting social goals; 5)Volunteer work for a community; 6)Socially responsible business practice** [4].

4. APPLYING THE CONCEPT OF CSR TO THE MARKET IN SERBIA

Competitive position of Serbian companies due to the reputation on the world's market is highly unfavorable. The companies mostly have not invested adequate business efforts in the formulation of the reputation as a key element which affects the market position of a company and its competitive ability. Successful companies have applied these principles in business since long time ago-look after the employees, protection of the environment, customers' health and development of healthy competitive relations. According to Kotler [5] companies which are in the group of the favorite ones support the understanding of rules for serving people's interests and not their own. The fifteen leader companies in 2001, such as Johnson & Johanson, Microsoft, Coca-Cola, Intel, 3M, Sony, HP, Fedex, IBM, Disney, General Electric, Dell, P&G i UPS are well known by their products and services but also by the philanthropy of a company. Those are the companies which gained their reputation and reliability due to investment of long term efforts directed towards the achievement of customers' satisfaction which resulted in financial effects and market position.

Corporative social responsibility is one of the grounds of company's business excellence. The other two grounds are customers' needs satisfaction and business productivity improvement [6]. Business excellence implies the development of business market with a customer in the organizational center of attention, constant improvement of business based on the improvement of knowledge and labor productivity but also the business adjusted to different interest groups in the surrounding with the function of the improvement of public interest.

Due to the results of a survey [7] which referred to 150 business organizations on the Serbian market domestic managers think that the most important activities related to the CSR are the following:

people's health protection, profit accomplishment, fulfillment of the responsibilities towards the government. During the last three years 67% of inquired companies were engaged in the projects of environment protection, 30% were not involved and 3% of them do not know whether they have done it or not.

In order to improve the situation in the sphere of corporative ethics the Chamber of Commerce in Serbia defined and adopted the codes of business behavior. The Chamber's parliament adopted two codes at the conference held on 15th December 2005: **1)The business ethics code and 2)Corporative management code.**

By the business ethics code are determined the principles and rules of business ethics which are obligatory for commerce subjects, members of the Chamber, employees, members of the institutions and people hired on the base of determined ground of the business subject as well as international companies. The corporative management code consists of rules about management and supervising the management within social capitals. The core goal of the code is establishing good business customs within a sphere of corporative management, which should establish the balance between the power and the influence of institutions in the society, to create real and consistent system of labor controlling of management and protection of the shareholders' and investors' rights. General goal of both codes is the improvement in the economy of Serbia and approaching of domestic economy to the demands of international surrounding, especially those that come from EU in the process of European integrations of Serbia.

In order to promote the concept of SCR better, the fund for opened society, Smart collectivity and the Chamber of Commerce started a project called Responsible Business Initiative-RBI with the aim to inspire and institutionalize the concept of social responsibility of the companies in Serbia. The Chamber of Commerce of Serbia assigned the rewards for SCR in March 2008-the company Tiger from Pirot and company Biovoda from Bujanovac were declared as socially the most responsible companies in Serbia. In the category of big companies the rewards were given also to the company Ball Packaging from Belgrade, brewery Carlsberg from Celarevo, Holcim from Novi Popovac and Erste Bank from Novi Sad. Due to the results of the inquiry conducted by the Medium Gallup which referred to SCR on the domestic market (the inquiry was conducted in the middle of November 2008 among 1000 examinees) the most responsible companies on the domestic market are: Telekom, Telenor, EPS, NIS, Knjaz Miloš, PTT, Hemofarm, Galenika, MTS, Apatinska pivara, Imlek, koka Kola, Srbijašume, B 92, Zdravlje, RTS, Aerodrom Nikola Tesla, Bambi, Jat Airways, Putevi Srbije [7].

Corporative philanthropy is the most common segment of socially responsible business, predominantly because the corporative philanthropy is an activity that is directly connected to image crating of a company. Today in Serbia there is the Law of donations and humanitarian help which is applicable to the rights and obligations of acceptors of donations and humanitarian help. However, there is not a law about fiscal reductions for charity, philanthropic giving. Due to the understanding of all representatives of all sectors the key thinking is the development of a mechanism of fiscal reductions for philanthropic giving of private domestic companies [8]. Fiscal reductions which exist in the current fiscal system refer to the reductions of tax for capital profit, according to which the reduction can be 3% of entire profit. The greatest part of Serbian people, i.e. 77% of them think that companies as an important segment of society should be engaged in the sphere of corporative philanthropy. Serbian companies are not experienced enough in the grounding a partnership with the third sector.

According to the results of a research conducted on the market of Serbia and whose aim was to analyze the attitudes of head executives regarding the concept of corporative enterprise [9], the head executives stress the following factors as the main ones: business quality improvement-22%, business productivity increase-20.3%, enterprise behavior 16.54%, employees' improvement-15%. As necessary elements for the development of company's competitive abilities, analyzed executives spot: permanent knowledge improvement of the leadership and employees-20.74%, business quality standardization-20%, development of enterprise culture in business environment-17%, investment in the development of national brands-14.8%. As main obstacles in the development in the competition of companies analyzed executives stress: lack of knowledge-24.8%, old-dated equipment and technologies-24.1%,

inadequate use of modern methods and management techniques-16.54%, insufficiently inspiring business ambient-8.27%.

Due to all mentioned as basic directions for acting and functions for improvement of domestic companies' business the following can be spotted: **1)The change of behavior based on the applying the modern management techniques; 2)Accepting the market logics of the market; 3)Applying and developing integrated management systems; 4)Applying the concept of corporative social responsibility; 5)Constant improvement of the knowledge of all the employees in the business organizations, especially the head leadership; 6)Wider and universal usage of benchmarking concept in the domestic business organizations; 7)Creating successful brands based on the combined effects of quality improvement, differentiation of products and integrated marketing communication; 8)Achievement of customer satisfaction as a base for forming loyalty regarding the trade mark.**

Innovating knowledge according to world's experiences is a significant factor for business improvement of domestic companies. According to Masaki Imaji [10], each delay in applying the latest technologies can be very expensive, and a delay in the applying the latest marketing technologies is not less expensive. Draker says: "Everyone knows that the second law of thermodynamics is that all labor turns to warmth and attrition. Draker's first law is that everything turns to labor or otherwise nothing is done. A lot turns to warmth and attrition from labor, but labor is on the first place, [11]". Starting from a definition of organization success like this, it is implied that all domestic companies need to think of their own development strategies, especially due to European and global interrogational flows, a usage of concept SCR is one of the basic elements of successful market development.

5. CONCLUSION

Applying the concept of corporative social responsibility within the companies in Serbia should enable forming the conditions for more successful market performance. In the process of creating an adequate surrounding for applying corporative social responsibility one of the key elements are institutions. Firm institutions are the base for further development of other elements that make the surrounding and those are: regulations and strategies and the participants in the process (companies, NVO and local self-government). Applying ethical codex of behavior, both by the various associations and chamber systems and competitive business subjects as well, should contribute to the development of competitive relations in economics and to the improvement of competitive climate.

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