

**Corporate Social Responsibility as a tool of  
Public relations**

Šárka Fučíková

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Bachelor thesis  
2010

 **Tomas Bata University in Zlín**  
Faculty of Multimedia Communications

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Univerzita Tomáše Bati ve Zlíně  
Fakulta multimediálních komunikací  
Ústav marketingových komunikací  
akademický rok: 2009/2010

## **ZADÁNÍ BAKALÁŘSKÉ PRÁCE**

(PROJEKTU, UMĚLECKÉHO DÍLA, UMĚLECKÉHO VÝKONU)

Jméno a příjmení: **Šárka FUČÍKOVÁ**  
Osobní číslo: **K07148**  
Studijní program: **B 7202 Mediální a komunikační studia**  
Studijní obor: **Marketingové komunikace**

Téma práce: **Corporate social responsibility jako nástroj PR**

Zásady pro vypracování:

1. Provedte rešerši literatury věnující se problematice Corporate Social Responsibility (CSR) a Public Relations (PR).
2. Objasněte zmíněné pojmy a popište jejich funkce.
3. Popište vztah CSR a PR.
4. Popište možnosti hodnocení CSR aktivit a formy komunikace těchto aktivit.
5. Vypracujte analýzu reportingu vybraných CSR aktivit.

Rozsah bakalářské práce:

Rozsah příloh:

Forma zpracování bakalářské práce: **tištěná/elektronická**

Seznam odborné literatury:

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Vedoucí bakalářské práce:

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Ústav marketingových komunikací

Datum zadání bakalářské práce:

**1. prosince 2009**

Termín odevzdání bakalářské práce:

**10. května 2010**

Ve Zlíně dne 1. prosince 2009

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## **ABSTRAKT**

Tato bakalářská práce se zabývá problematikou Corporate Social responsibility (CSR) neboli společenskou zodpovědností firem, a její implementací mezi nástroje Public relations. Hlavní důraz je zde kladen na možnosti hodnocení aktivit spojených s CSR, jejich reportování a vliv těchto aktivit na firemní PR. Práce pracuje s hypotézou, že mezi CSR a PR existuje reciproční vztah proto by mělo patřit CSR mezi jeden z nástrojů PR a zároveň PR by mělo sloužit jako nástroj při reportování CSR aktivit.

V práci jsou zahrnuty případové studie příkladného reportování podle hodnocení v soutěži CRRA awards 2010.

**Klíčová slova:** Corporate Social Responsibility, etika, Public relations, hodnocení CSR aktivit, reportování CSR aktivit

## **ABSTRACT**

This bachelor thesis solves the theme of Corporate Social responsibility (CSR) and its implementation amongst the tools of Public relations. The main aim of the work is set before the possibility of evaluating activities connected with CSR, reporting of those activities and the influence of those activities on the company's PR. This paper works with a hypothesis that there exists a reciprocal relationship in between CSR and PR. That's why CSR should belong to the PR tools and at the same time, PR should serve as a tool for CSR activities reporting.

There are case studies included in the thesis that show the exemplary reporting according to the competition CRRA awards 2010.

**Keywords:** Corporate social responsibility, ethics, Public relations, evaluating of CSR activities, reporting of CSR activities

## **ACKNOWLEDGEMENTS**

I would like to express my appreciation to Mgr. Svatava Navrátilová, Ph.D. for all her help as my supervisor by working on this thesis, for advice and topics to think about. Thanks for obligingness to consult the work on a distance, what enabled me to write it abroad.

Sincerely I would like to thank my parents for their support in every moment of my life and that they believe in me.

And last, but not least, I thank my colleagues Marek Kozel and Lenka Blažková to be great friends on whom I can rely in good and bad and who were always beside me during the last 3 years.

I hereby declare that the print version of my Bachelor's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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## **INTRODUCTION**

A huge concurrence environment in almost every section of commercial world started to increase during the last decades. The customers realised that they can decide from plenty of products and services for the one that they consider as the best. Lots of people realize that there are important things in the background of business to be hold in mind when they make the decision about purchase. According to ethics and moral principles there are some responsibilities that organizations have to society. In early 70s first definitions started to be created about the topic. During the last years the theory of social responsible crystallized and got its followers and opponents.

On one side there is the opinion that just the person is responsible for his behaviour and the only responsibility of the company is to make as big profit as possible, but on the other side market plays nowadays the biggest role in the human's life and it influences everyone. Not just the business sphere, but the social life and the environment as well. Behind every company there are persons that can't be hidden and that has to take the responsibility for the company's behaviour.

### **The target**

The aim of my example study is to show how to report and evaluate the CSR actions and how to inform the audience about those actions in a right way. At the beginning I will describe what should we imagine behind the used terms and I will discuss how can the practise of CSR influent the work of public relations management and back. Besides I will discuss the possibilities of evaluating and measuring of CSR activities with the importance given on awards CSR competitions and I will describe these possibilities on chosen case studies.

### **Hypothesis**

It is not wrong to use the CSR reporting as a part of PR. The important thing is the quality of reporting the CSR activities with the importance given to the credibility, transparency and entireness of information of the company's behaviour.

On a case of a right CSR reporting I will describe the strength of CSR in the company's brand image.

# 1 CORPORATE SOCIAL RESPONSIBILITY

## 1.1 The ethical question of the concept

Organizations around the world, as well as their stakeholders, are becoming increasingly aware of the need for socially responsible behaviour. The question of Corporate Social Responsibility (CSR) increased dramatically during the last decade. People generally know the concept and it is no longer just a marginal theme in a business world. The main aim of the theory stands on the perception of ethical behaviour. But on the very beginning it is important to ask, what ethics is.

The word is derived from the Greek “ethos” what means customs, but it may be taken as convention or standards that a particular community follows and acts upon. Nowadays the word ethics gets different meaning, more than “just” a custom; ethics refers to behaving “right”.

*“Ethic is about the good (that is, what values and virtues we should cultivate) and about the right (that is, what our moral duties may be).” Holmes, F. Arthur, (1984)*

But as the business surrounds us, we should ask, how to apply ethics in this sphere. This practical question approaches Dienhart.

*“Business ethics focuses on how we use and should use traditional ethical views to evaluate how institutions orchestrate human behaviour” Dienhart, W. John, (2000)*

This definition refers to public relations in relation to CSR. PR experts use the language of the ethical doctrines to build significant claims for CSR programmes that would follow social rules and rules of etiquette, which societies have developed and which are the societies structured around. Moral rules help to structure social relations and many of the decisions that individuals and businesses make must take account of them.

There comes Milton Friedman with his theory against CSR, who mentions that the social responsibility of business is to increase profits.

*“There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits” Friedman, M., (1993)*

Friedman insists that it is wrong to suggest that corporations can have social responsibilities, since only individuals can have responsibilities. He claims that the actual responsibilities of the corporate executive should be narrowly defined.

*“In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom” Friedman, M.,(1993)*



Figure 1 Pyramidal Structure of Corporate Social Responsibility - *Bakhsheshy, A. (2007)*

By claiming that businesses have only one social responsibility, to maximise their profits, Friedman is stating that the managers of a corporation must ultimately serve the interests of the shareholders. That means that they have as much profit of their shares as possible and he is correct. But doing this is one part of the social responsible, not the only one. It is important to mention that he does not say that moral rules have no place in relation to business practice; in fact, while pursuing profits business must conform to what he refers to as ‘ethical custom’.

## 1.2 Definition of the CSR

Defining Corporate Social Responsibility is not an easy task, because there isn't any generally agreed definition. Sometimes it is confused with different actions as it describes J. Nelson.

*“The term CSR is often used interchangeably with others, including corporate responsibility, corporate citizenship, business in society, social enterprise, sustainability, sustainable development, triple bottom line, societal value-added, strategic philanthropy, corporate ethics, and in some cases also corporate governance.” Nelson, J. (2004)*

The definition itself went through a long evolution and, as I have already mentioned, there isn't any generally agreed. As a solid ground for modern definition, I consider the definition of United Nations Global Compact, with the 10 principles including human rights, labour, the environment and anti-corruption.

*“These principles enjoy universal consensus and basically have been derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development” The Rio Declaration, (1992) and the United Nations Convention against Corruption.*

The set of rules are:

### **Human Rights**

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

### **Labour Standards**

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

## **The Environment**

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

## **Anti-Corruption**

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The term social responsibility came into widespread use in the early 1970s, although various aspects of social responsibility were the subjects of action by organizations and governments as far back as the late 19th century, and in some instances even earlier.

The phrase “Corporate Social Responsibility” originates with H. Bowen, who wrote the first publication with this theme named Social Responsibility of Businessmen, in 1953 and he was called “The father of CSR” by Carroll in his publication Corporate Social Responsibility, Business and society from 1999.

*“CSR refers to the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society.” Bowen, H. (1953)*

Often quoted definition of CSR provides Philip Kotler.

*“CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.” Kotler, P, Lee, N, (2005)*

A key element in his definition is the word discretionary, which refers to a voluntary commitment a business makes in choosing and implementing socially and environmentally responsible practices. The term community well-being, according to Kotler, includes human conditions as well as environmental issues.

The International Labour Organization (ILO) described on its website CSR as

*“A way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes*

*and in their interaction with other actors” and further specified CSR as “a voluntary, enterprise-driven initiative, which refers to activities that are considered to exceed compliance with law”. ILO (2006)*

The European Union drew up its own definition of CSR. The Green Paper of the European Commission published in 2001 provides basically two definitions of CSR. In the introduction it is stated that

*“Corporate social responsibility is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment”.*

Further in the Paper CSR is described as *“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.* *Green Paper on corporate social responsibility (2005)*

The strongest part of authors ends with the “triple bottom line” of the CSR definition. The triple bottom line refers to economic, environmental and social sphere mostly said as 3P – People, Profit, and Planet.

### **1.3 Stakeholders in Corporate Social Responsibility**

The stakeholder concept is a theory of organizational management and business ethics that addresses morals and values in managing an organization.

According to Freeman’s definition

*“Stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization’s objectives”. Freeman, R. E. (1984)*

Company’s stakeholders can be grouped in the following four categories

**Authorizers** – this group includes government, regulatory authorities, shareholders, and the Board of Directors. These are the stakeholders who have authority over the company and authorize its decisions;

**Business partners** – employees, suppliers, trade associations, and service providers are all business partners. These stakeholders help company in reaching its objectives;

**Customer groups** – all kind of customers fall within this stakeholder group; and

**External influences** – community members, media, and issue advocates also influence company’s decision-making process.

The stakeholder concept is highly relevant for CSR, as without it would be difficult to identify various groups (stakeholders) that can be highly influential for company’s success.

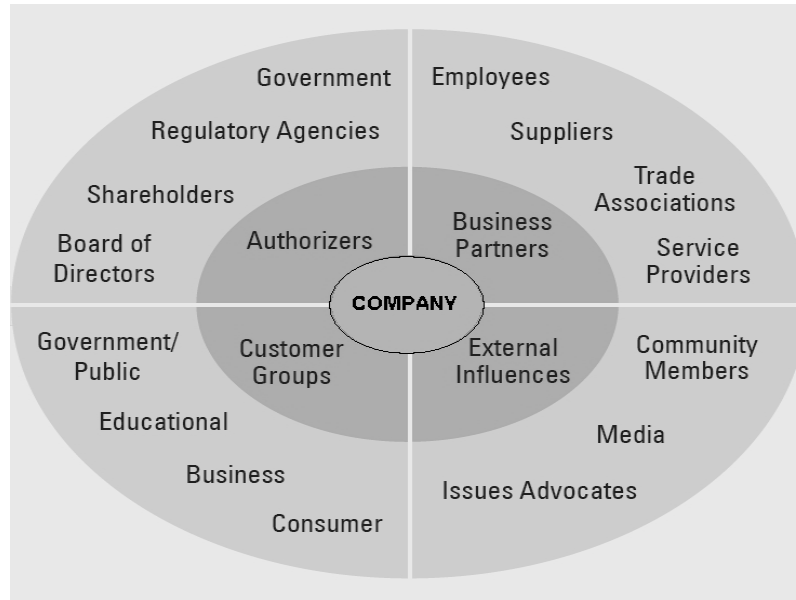


Figure 3 Stakeholder Model - *Based on Dell's Sustainability Report (2007)*

### 1.4 Social Responsible Relations

In addressing its social responsibility an organization should understand three relationships

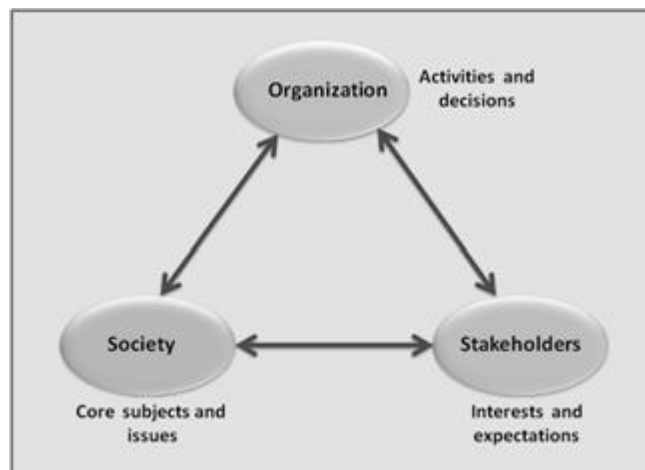


Figure 2 Relationship between an organization, its stakeholders and society

An organization should understand how its activities and decisions impact on society. An organization should also understand society's expectations of responsible behaviour concerning these impacts.

An organization should be aware of its various stakeholders. The activities and decisions of an organization may have potential and actual impacts on individuals and organizations. This fact creates the "stake" or interest that causes the organizations or individuals to be considered stakeholders.

An organization should understand the relationship between the stakeholders' interests that are affected by the organization, on the one hand, and the interest of society on the other.

## **1.5 The tools of CSR**

According to Philip Kotler, there are six forms of CSR initiatives: cause promotions, cause related marketing, corporate social marketing, corporate philanthropy, community volunteering, and socially responsible business practices.

### **1.5.1 Corporate Philanthropy**

Corporate philanthropy is a direct contribution by a company to a charity or cause, most often in the form of cash grants, donations or in-kind services. It is perhaps the most traditional of all CSR initiatives and has historically been a major source of support for community health and human service organizations, education, and the arts, as well as organizations with missions to protect the environment. The corporate donations are often critical to an existence of non-profit organizations.

Lately there appear to be more long-term relationships being developed with non-profit organizations, ones that look more like a partnership than an ad hoc support.

### **1.5.2 Cause Promotions**

In a cause promotion a company provides funds, in-kind contributions, or other company resources to increase awareness and concern about a social cause. Successful campaigns utilize effective communication principles, developing motivating messages, creating persuasive elements, and selecting efficient and effective media channels. Campaign plans are based on clear definitions of target audiences, communication objectives and goals, support for promised benefits, opportune communication channels, and desired positioning.



Corporate cause promotions mostly focus on building awareness and concern about a cause by presenting motivating statistics and facts, such as publicizing the number of persons affected by lung cancer, by sharing real stories of people in need or who have been helped by the cause; Persuading people to find out more about the cause by visiting a special web site or by requesting an informational brochure; Persuading people to donate their time or money and or non-monetary resources to help those in need; and Persuading people to participate in events, such as attending an art show, participating in a fundraising walk, or signing a petition to help the cause.

### 1.5.3 Cause Related Marketing

In the cause related marketing (CRM) campaigns, a company commits to making a contribution or donating a percentage of revenues to a specific cause.

CRM intersects with marketing, philanthropy, corporate affairs, and corporate community investments. Together they all form part of the overall matrix, which makes up CSR, which in turn forms part of the overall business strategy.

The benefits to the company, the charity or cause partners and therefore to the wider community can all be enhanced through effective communication, co-ordination, co-operation and by taking an overall view of the business.

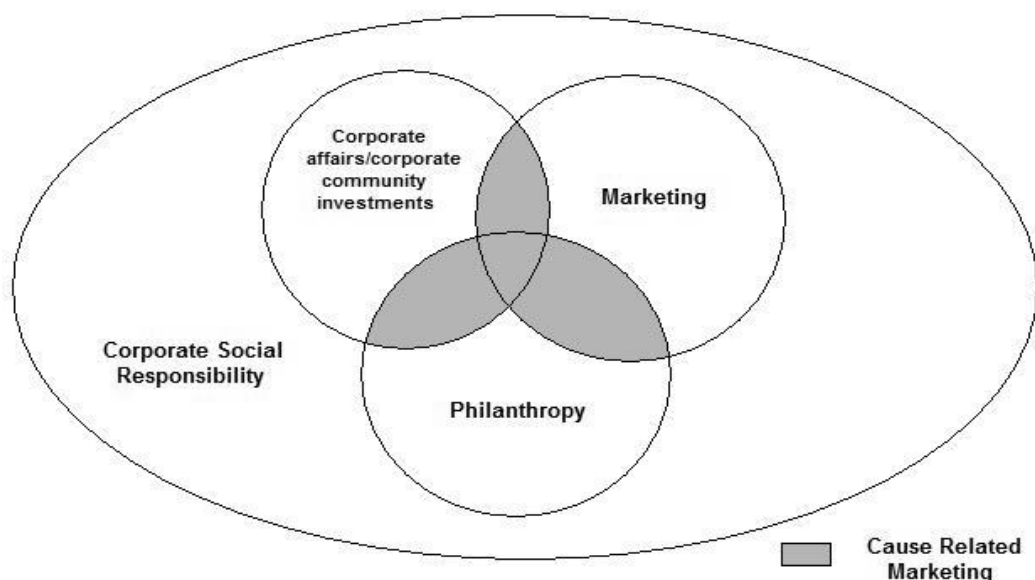


Figure 4 Relations among cause related marketing, marketing, corporate community investment, philanthropy, and Corporate Social Responsibility- *Adkins, S. (1999)*

#### **1.5.4 Corporate Social Marketing**

Corporate social marketing means whereby a company supports the development or implementation of a behaviour change campaign, which intends to improve public health, safety, the environment, or community well-being.

The campaign is designed primarily to support and influence a particular public behaviour (e.g. refrain from smoking close to the children) or action (e.g. regularly visiting a physician for a preventive check-up).

#### **1.5.5 Community Volunteering**

Another CSR initiative, community volunteering, is an initiative in which an enterprise supports and encourages employees, business partners, or franchise members to volunteer their time to support local community and beneficial causes. Volunteer efforts may include employees volunteering their expertise, talents, ideas, or physical labour. Distinguishing community volunteering from other initiatives is not difficult, as it alone involves employees of a company personally volunteering for local cause efforts.

Similarly as other CSR initiatives, community volunteer programmes can contribute to building strong and enduring relationships with local communities, attracting and retaining satisfied and motivated employees, reinforcing current involvement and investments in CSR initiatives, enhancing company image, and providing opportunities to demonstrate products and services.

#### **1.5.6 Socially Responsible Business Practices**

Socially responsible business practices are those where the company adapts and conducts discretionary business practices and investments that support CSR causes to improve community well-being and protect the natural environment. Main distinctions from other CSR initiatives include a focus on activities that are discretionary, not those that are mandated by laws or regulatory agencies or are simply expected, as with meeting moral or ethical standards.

## 1.6 Corporate social responsibility inside the organizations

“If the brand is the promise, employees are the promise keepers.”

*“Internal communications can convey the benefits of the brand idea and encourage involvement ... There is always the temptation to see brands as something ephemeral – the realm of marketing... not the whole organization.” The Holmes Report (2003)*

Social responsibility differs toward different sectors. One part of the stakeholders is the internal customers of the company, its employees. The most basic internal social responsibilities toward employee are:

- Fair wages and regular payment
- Good working conditions and safety
- Reasonable working standards and forms
- Labour welfare service like healthcare, recreation and accommodation
- Training and promotion
- Recognition and respect for hard work, honesty, sincerity and loyalty

But beside those points, the issue of internal social responsibilities includes long-term preparation of the management and training of the head employees to improve the internal culture of the company.

On one side it is need that all employees understand the content of social responsibility and its influence on the firm behaviour, but the most important point is that the managers know and behave themselves according to philosophy of the company. It has often been said that leadership by example is the most effective way to improve business ethics and if managers are perceived as an example for the employees, in the question of CSR it applies doubly.

Good perception of the company from external audience starts inside the company. Big part of the information about the company and its actions get outside just by personal and private communication of the employees outside the organization. Only the employees that understand the importance of the steps that the company makes to be social responsible

and that are satisfied with the steps done toward them can create a good image of the company. Beside this, social responsibilities and building of relation between the management and employees go beyond basic legal obligations in the social area. Social actions inside the company inclosing training, working conditions, management employee relations, can also have a direct impact on productivity. The employees who are satisfied with their organization's commitment to social and environmental responsibility are likely to be more positive, more engaged and more productive than those working for less responsible employers.

The stakeholder management perspective provides not only a language and way to personalize relationships with names and faces, but also some useful conceptual and analytical concepts for diagnosing, analyzing, and prioritizing an organization's relationships and strategies.

One of the important things of internal CSR is involving employees and other stakeholders to the CSR strategies development. Those who are going to be affected by the practicing of CSR need to know that this is going to happen. Ideally, they will be involved in the discussions mentioned strategies and steps of CSR. Additionally, they will need to have a set of knowledge, skills and capacities which equip them to play their role. The company needs to investigate to what extent it needs to take action to equip managers and staff to ensure that they:

- understand the context and drivers for the adoption of the CSR strategy
- understand the issues which it covers (the particular environmental or social issues);
- understand what is expected of them, for example in terms of particular behaviour or performance targets;
- learn the new skills and knowledge which they need to have, to behave themselves according to the successful practice of CSR

Particular attention may be paid to the role of employees and their representatives, and dialogue with them. As stakeholders located within the company, employees are in a good position to provide insights into current practice on a range of CSR issues, and insights into how to successfully improve performance. Changes to company practice and policy, as

part of any new CSR initiative, are likely to be more successfully implemented with the commitment of the employees, and this is likely to be more easily obtained if they are involved in the process of developing the changes.

## 2 WHY TO BE RESPONSIBLE

“Increasingly CSR means quality management.” Rio Tinto

*„Responsible business practice makes companies more competitive. All over Europe, achievements of integrating corporate social responsibility throughout a company have proved that dual commitment to social progress and business success goes hand in hand.” Bernard Giraud in the publication of Trnková (2004)*

Nowadays, as there is such a concurrence environment in every sector of business, it is important to offer more than just a quality products and services. Commercial attend the clients' attention by using emotions and the brands' aim is to create a long term relations. Because of this, it is important for the company, or the brand to appear behaving correctly and responsibly.

*“Three-fifths of surveyed CEOs estimated that corporate brand or reputation represents more than 40 per cent of a company's market capitalization” Fleishman-Hillard (2005)*

And according to the study of The New York University, intangible property means 85% of the market capitalization of the society.

*“demand for ethical goods and services has rocketed from 3.5 billion to 24.7 billion pounds ... It is clear that UK consumers are increasingly willing to take action through their wallets to support business they consider ethical and to avoid companies they consider to be unethical.” Cooperative Bank Ethical Index (2003)*

It is obvious that the importance of CSR increases rapidly and it means a huge advantage in the competitiveness of the company.

The responsible behaviour brings many advantages for the company although they are not only financial. For the company according to its long term relations with the external audience are the intangible assets human resources, natural sources, brand equity, reputation and the relations with co-operators and customers.

Responsible companies are known for its proactive politics and they help to create new positive trends and innovation. Those firms are commonly more attractive for the investors, they have higher credibility for the stakeholders, their customers are normally more loyal and they are attractive for productive and active employees.

*There was a research conduct by BLF in the year 2003 were almost all the asked companies (93%) state that they are responsible because of the firm's own beliefs. 59% of companies mentioned that they tend to attract good and responsible employees. One half of the companies admitted that they imply the CSR activities to their PR and marketing as a tool to increase the reputation and not to say the sale. Almost the same percentage sees the CSR activities as a competitive advantage and some of the firms mentioned that they do their CSR because of the taxes deduction or just because the concurrency does it. (Translated by author from Trnková, J. 2004.)*

There can be made a list of benefits of CSR, where some of the points result already from the introduction of this chapter. To make this case synoptic let me mention the benefits in the table below:

CSR activities lead to

- Enhance brand image and reputation
- Help in identifying new products and new markets
- Reduce exposure to non-financial risk
- Increase sales and customer loyalty
- Reduce costs through environmental best practice
- Improve financial performance of the company
- Create of new business networks
- Increase staff motivation, contribution and skills
- Reduce costs through lower staff turnover
- Improve trust in the company and its managers
- Improve government relations

CSR delivers win-win solutions for enterprises and the communities in which they operate.

There was a research by KPMG in the year 2008 which I will mention later showing the motivation for CSR activities in the next graph. Differently we can see how the motivations are changing during the last 3 years.

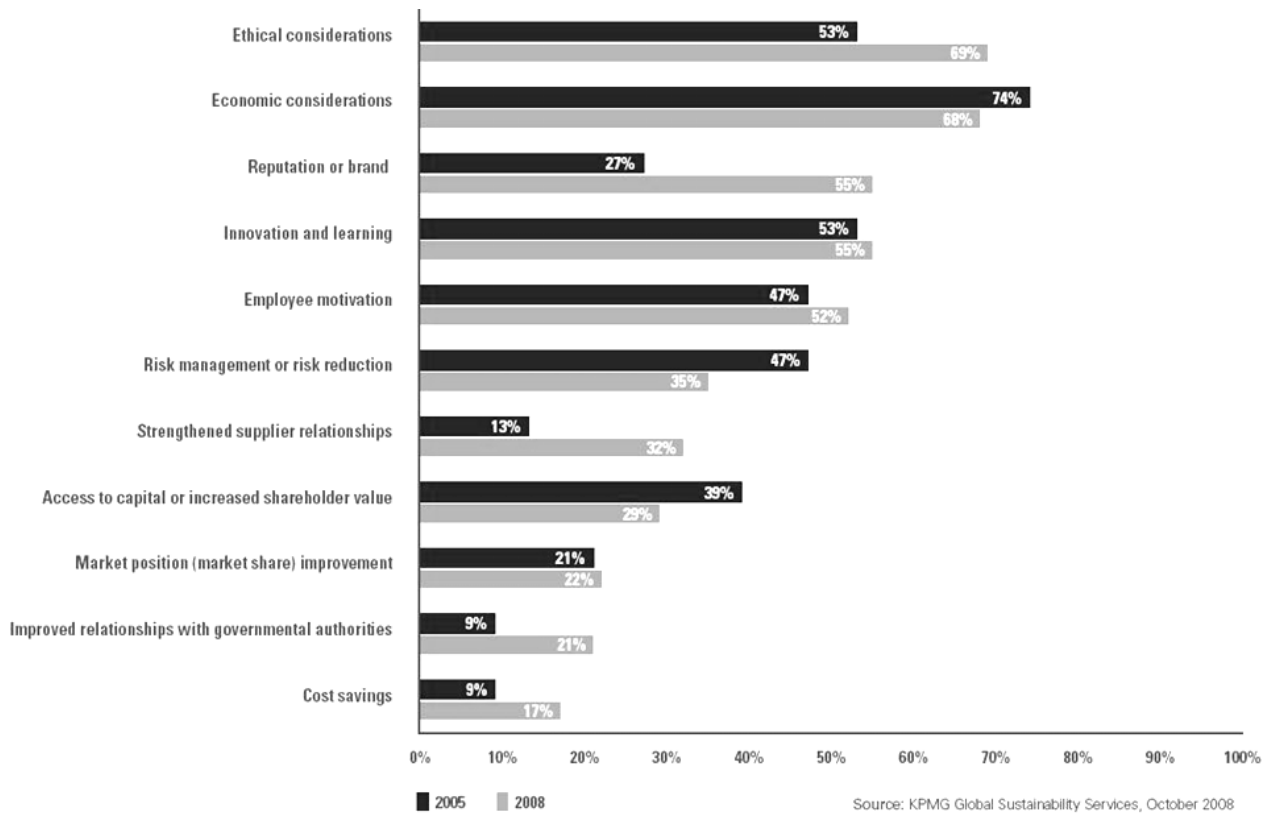


Figure 5 Drivers for corporate responsibility reporting, KPMG 2008

It is obvious from the graph that more and more companies report their activities for reputation increasing and to strengthen of supplier relationships.

In general, economic reasons are decreasing.



### **3 COMMUNICATION ON SOCIAL RESPONSIBILITY**

“You can’t build a reputation on what you are going to do.” Henry Ford

Almost all of the practices related to social responsibility involve some form of internal and external communication. Internal audiences include employees, suppliers and stakeholders, while external audiences might include shareholders, customers and the media. Communication serves in social responsibility to demonstrate accountability and transparency; show how the organization is meeting its commitments on social responsibility and responding to the expectations of stakeholders and of society in general; raise awareness both within and outside the organization on its strategies and objectives, plans, performance and challenges for social responsibility; provide information about the impacts of the organization's operations, products, services and other activities; help to engage and motivate employees and others to support the organization’s activities in social responsibility; help to engage and create dialogue with stakeholders; and enhance an organization’s reputation for responsible action, openness, integrity and accountability, to strengthen stakeholder trust in the organization.

Information relating to social responsibility should be understandable, accurate, balanced, available and on time.

That means that information should be provided with regard for the knowledge and the cultural, social, educational and economic background of those who will be involved in the communication. Both the language used, and the manner, in which the material is presented, including how it is organized, should be accessible for the stakeholders intended to receive the information. They should be factually correct and should provide sufficient detail to be useful and appropriate for its purpose; they should be balanced and fair and should not omit relevant negative information concerning the impacts of the organization’s activities.

### **3.1 Types of communication on social responsibility**

There are many different forms of communication related to social responsibility. Some examples include

- Communication to the organization's management and employees to raise general awareness about social responsibility and related activities
- Communication with stakeholders on specific issues or projects of social responsibility
- Communication with stakeholders concerning claims about the social responsibility of activities, products and services
- Communication to suppliers about requirements related to social responsibility
- Communication to the public about emergencies that have implications for social responsibility.
- Product-related communication, such as product labelling, product information and other consumer information
- Articles on aspects of social responsibility in magazines or newsletters aimed at peer organizations
- Advertisements or other public statements to promote some aspect of social responsibility, for example energy efficiency or water conservation
- Submissions to government bodies or public inquiries

There are many different forms and media that may be used for communication. These include reports, newsletters, magazines, advertising, letters, voicemail, live performance, video, websites, podcasts (website audio broadcast), blogs (website discussion forums), product inserts and labels. It is also possible to communicate through the media using press releases, interviews, editorials and articles.

### **3.2 The transparency of CSR activities**

Transparency is a crucial condition to implement a CSR policy based on the reputation mechanism. Some companies are blamed to use the corporate social responsibility as their virtue, but the real face may be different. The application of CSR is called “Green washing” by some of its opponents. To avoid such a connection it is important to make the activities transparent and to report them correctly.

Transparency in an organizational context can be defined as the ability to know what and how decisions are being made and implemented towards external actors and internal actors.

It was also generally agreed that transparency covers a wide range of options, with reporting being one among many. In fact, bigger question for companies is not whether to be transparent, but how. There are some rules according to them should the CSR management work

- There should be top-level commitment to transparency
- Relevant stakeholders, internal and external, should be involved
- The boundaries of the system being examined should be well-chosen
- International standards should be built on
- Information should be measured accurately
- Appropriate communication channels should be used
- The reasons for selecting particular indicators be explained

Companies should be free to develop their own indicator sets, relating to their national and other circumstances, but they ought to base these on existing laws and rules which have been developed through open and collaborative processes, such as the Global Reporting Initiative that I will describe later.

The literature provides several economic and moral arguments why transparency is important in relation to CSR. Without transparency, companies performing well in CSR cannot distinguish themselves from companies that perform badly. Transparency can also be defended from the moral point of view. First, consumer freedom increases when more information about the characteristics of various products is available. Ethically speaking, in-

forming transaction partners is an important aspect of showing respect to others. Stakeholders have a reasonable right to information concerning the reporting company when its activities have an influence on their interests

Transparency is also morally important because it enhances an attitude of honesty, openness and a commitment to truth that is implicit in thinking on CSR. More transparency, for example by labelling products, will confront consumers directly with the moral consequences of their choice and thus increase their willingness to pay for CSR products.

### **3.3 Organizations watching and appealing for CSR activities**

There are very important stakeholders in the case of CSR to be mentioned. These are organizations, which occupy themselves with CSR.

To make it easier for orientation in the big number of such organizations there are two big groups- organizations BINGO (Business-Initiated NGO), those are based from the initiative of companies or associate companies and PINGO organizations (Public Interest NGO), NGO created to watch the public interest and appealing for the responsibility of corporations.

#### **3.3.1 Bingo**

In the 1996 initiate that time chairman of European commission Jacques Delors the creation of CSR Europe. Its aim is to promote CSR all over Europe. It works as consultancy and education centre in this area. It collects case studies of a good praxis which gives a creation to a database of CSR activities of the responsible companies. Its members are the corporations that want to profile themselves as responsible, and the partnering BINGO organizations from distinct European countries.

International Business Leaders Forum is the other important organization. It works from the year 1990. It was established to promote the ethics in business- focused on sustainable development. Thanks to this organization there are offices all over the world which focus on new developing markets and their connections to one working net.

#### **3.3.2 Pingo**

From the year 2005 there are all the important Pingo organizations connected in European Coalition for Corporate Justice (ECCJ) about 20 organizations formed its values to 6 prin-

principles of corporate responsibility. The importance is put to obligate regulation of corporate responsibility in all steps of supply chain, obliged reporting, and transparent informing about lobbying and about using donations. The advantage of ECCJ is the cooperation of the organizations and the experiences exchange.

### **3.3.3 Auditing organizations**

**CorpWatch** is an organization that is important to mention, because it works on detection of corporate irresponsible behaviour. It was established in 1996. It has a great database of irresponsible behaviour case studies.

Another net working in this area is **OECD Watch**. We can deduce already from the name that we speak about a net of NGOs that watch the keeping to the OECD regulations and audits all the activities of OECD in the area of the corporate responsibility.

## 4 THE PUBLIC RELATIONS

The Institute of Public Relations (IPR) is the UK's leading professional body for PR practitioners. It was established in 1948. The definition framed by the IPR in 1987 is still useful

*"Public Relations is the planned and sustained effort to establish and maintain goodwill and understanding between an organization and its publics." IPR (1987)*

It is important to note several important words of the definition. Planned and sustained suggest not automatic and effortless relationships. They have to be established and maintained indeed from the will of the company. PR work exists in a time and it is mostly a question of relation management, it is not possible to be run as a series of unrelated events. The aim is not popularity or approvals, but goodwill and understanding.

There are many thoughts that PR is about promoting an organisation, whereas most PR work involves ensuring publics have an accurate view of the organisation, even if they don't like what it does. By PR activities company doesn't expect to be loved, but to be respected and understood.

The first definition of Public Relations was stated in the "The Mexican Statement" at the 1st World Assembly of Public Relations Associations in 1978.

*"It is the art and social science of analysing trends, predicting their consequences, counselling organizational leaders & implementing programmes of action which will serve both the organization's and the public interest." The Mexican Statement (1978)*

The table below will help to imagine all the activities that PR content.

PR activity	Explanation	Example
<b>Internal communications</b>	Communicating with employees	In house newsletters. suggestions boxes
<b>Corporate PR</b>	Communicating on behalf of whole organization, not goods or services	Annual reports, ethical statements, conferences, Image, visual identity
<b>Media relations</b>	Communicating with journalists, specialists, editors from local, national, interna-	Press releases, photo-calls, video-news releases, off-the-record briefings, press

	tional and trade media including newspapers, magazines, radio, TV and web-based communication.	events
<b>Business-to-business</b>	Communicating with other organizations, suppliers, retailers	Exhibitions, trade events, newsletters
<b>Public affairs</b>	Communicating with opinion formers, local/national politicians, monitoring political environment	Presentations, briefings, personal meetings, public speeches
<b>Community relations/CSR</b>	Communicating with local communities, elected representatives, headteachers	Exhibitions, letters, meetings, presentations, sport actions and other sponsorship
<b>Investor relations</b>	Communicating with financial organizations	Newsletters, briefings, events
<b>Strategic communication</b>	ID and analysis of situation, problem and solution for further organizational goal	Researching, planning and executing a campaign to improve ethical reputation of organization
<b>Issues management</b>	Monitoring political, social, economic and technological environment	Considering effect of economy and presidential campaign on organizations
<b>Crisis management</b>	Communicating clear messages in fast-changing or emergency situation	Dealing with media after major rail crash on behalf of police, local hospital or local authority
	Writing for different audi-	Press releases, annual reports, newsletters, web

<b>Copywriting</b>	ence to high standards of pages literacy	Leaflets, websites, internal
	Overseeing print/media	magazines
<b>Publications management</b>	processes, often using new technology	Annual conference, trade
	Organization of complex	show, press launch
<b>Events management</b>	event or exhibition	

*The table of PR tools, Theaker, A. (2001)*



## 5 THE RECIPROCAL IMPORTANCE OF CSR-PR CONNECTION

“CSR as a tool of PR, PR as a tool of CSR”

There are many different ways to see the role of PR in CSR and even to perceive the concept of PR. Public relations practitioners can use CSR as just another element in

*“Creating a favourable and positive climate of opinion toward the . . . institution”  
Steinberg (1975)*

Or, as mentioned Grunig, they can try to realise the idea that

*“Public relations can also have a public service role” Grunig (1989)*

The sceptics see the implement of CSR to PR mostly in the limiting or even negative view. They tend to use the terms "green wash" or self-glorification. The traditional PR firms are widely synonymous with polished marketing and looking good image positioning, but it has to be understood that CSR is not just about "looking good."

Communications are rapidly taking on a critical role in the evolution of CSR by informing and creating awareness of its role in connecting business and society.

It may present great potential for the PR profession. Commitments applied to solving the important social and environmental issues can powerfully stimulate business development and success. That's how CSR is mobilizing PR firms to use their strategies to understanding a model "business-in-society" that is being created by CSR, and to change the old form of the traditional PR.

According to Rex Harlow, PR is a management function that

*"Helps establish and maintain mutual lines of communications, understanding, acceptance, and cooperation between and organization and its publics". Harlow, R*

CSR reporting and evaluation is usually directed to the company's public relations department, as there are the specialists to communicate the company's behaviour and because PR is the place where the company meets the public outside of the usual roles of producers (or service providers) and customers.

L'Etang described the connection between CSR and PR saying:

*"corporate social responsibility is seen as part of the public relations portfolio and as a technique to establish relations with particular groups (for example, in the local community) and to enhance reputation with key stakeholders" L'Etang*

I find myself agreeing with Coupland, who mentioned that there is nothing wrong with a role of PR in the reporting of CSR activities, when it is based on relevant research and it demonstrates transparently the mutual benefits to company and stakeholders. The United Nations Global Compact mentions a link between corporate social responsibility and communications by declaring that Effective two-way communications is essential to CSR success. Public relations, properly placed and administered in the CSR business model, functions as the critical link between a corporation and its stakeholders. This makes communications and public relations a vital factor for CSR success. The interaction, or partnering, with stakeholders (i.e. governments, NGOs and other organizations) is the core of CSR practice.

Beside this, any firm has a legitimate right to inform their stakeholders about all the responsible actions, they are doing. In the business world it is a devious opinion that someone who helps someone else should do it just for his good feeling, and not inform about it. If the management used the firm's money to its good feeling, it wouldn't be a philanthropy, it would be a fraud.

## **6 MEASURING AND EVALUATING OF CSR ACTIVITIES**

Measuring and evaluating CSR is not an easy task. It needs highly developed and reliable measurement and internal reporting management systems. Measuring results provide companies necessary feedback of their efforts and can enable them to take essential steps if something goes wrong direction or just not according to plan.

Companies can take advantage of tools and systems already used for measuring and evaluating of marketing activities and simply adjust them to measure and evaluate costs and benefits of CSR. However, there is one serious problem that needs to be resolved and overcome - the time factor problem. Usually, costs and results of marketing campaigns and marketing activities can be allocated to particular time period and when calculating marketing effectiveness, costs and benefits are directly allocated to the respective time period. But true CSR is a long-time project without any foreseeable ending. Moreover, effective CSR should be incorporated into a company's overall strategy and into all decision-making processes at all levels in the hierarchy.

Then we can admit that to measure the CSR activities is possible just by watching the brand image increasing and measure the relation marketing using marketing tools.

Measurement and evaluation can provide a picture of what is happening, qualitatively and quantitatively, within the company. Outputs can be used as an input into a CSR report or a benchmarking study comparing the company's performance to other companies in its sector of activity. CSR measurement can improve the focus and performance of the business; Help justify and allocate resources to the most effective CSR activities and eliminate ineffective ones; Help to open up new ways of thinking, which can lead to new products, better marketing or wiser investments; Allow communication of evaluation results that can strengthen relationships with stakeholders.

### **6.1 Indexes in the CSR area**

Measurement of sustainable performance for investors can be provided by implementing Stock indexes in to the annual evaluation and reporting. Stock indexes are supposed to show if the company is responsible or not or if it is sustainable in its work. There are 3 most important indexes:

Dow Jones Sustainability Indexes

Ethibel Sustainability Index

FT-SE4Good Index

Indexes work mostly with “triple-bottom line“. The best known is Dow Jones Sustainability Index (DJSI) provided by SAM Group and Dow Jones & Company. It prepares “Corporate Sustainability Assessment” according to economic, environmental and social criteria.

Information is collect primary from 4 sources. Forms filled by CEOs, firm documentation (company’s reporting, annual reports, PR messages and others), media messages and stakeholders’ interview and comments (can be a personal contact in the company)

## **6.2 Reporting**

Globalization, greater ease of travel, and the availability of instant communications mean that individuals and organizations around the world are finding it easier to know about the activities of organizations both nearby and in distant locations. Community-right-to-know legislation in many locations gives people access to detailed information about the operations of some organizations. A growing number of organizations now produce social responsibility reports to meet stakeholders’ needs for information about their performance.

These and other factors form the context for social responsibility today and contribute to the call for organizations to demonstrate their social responsibility.

In preparing a social responsibility report, an organization should take account of the following considerations

- The scope and scale of an organization's report should be appropriate for the size and nature of the organization
- The report should describe how the organization decided upon the issues to be covered in the report
- The report should present the organization's operational performance, products and services in a broader sustainability context

- The report should provide a fair and complete picture of the organization's social responsibility performance, including achievements and shortfalls and ways in which the shortfalls will be addressed
- A report can be produced in a variety of forms, depending on the nature of the organization and on the needs of its stakeholders. These may include electronic posting of a report, web-based interactive versions or hard copies. It may also be a stand-alone document or part of an organization's annual report

International advisory-auditory firm KPMG dedicates its researches for the CSR reporting since 1993 and in the research from 2008 shows this tends to report on a sample of 250 top World organizations according to Global Fortune (G250) and 100 largest companies according to their revenue (N100) in 22 countries.

Almost twice as big is the number of companies creating their reports under the Global Reporting Initiative (GRI) which has a target to be a connecting file of principles and indicators according to which can be created all the reports.

In the last version from 2006, called G3, is GRI trying to help the beginning firms to follow 3 level reporting according to the number of indicators contained in the report (from level C with 10 indicators to A with all 50 indicators)

Besides the main aim of the initiative, which is the connection of parameters used to create CSR report, it is a tool to motivate smaller companies to inform about their activities, what is a great step for the future.

Reporting is an area, which is still in a progress and I would say that a creation of one stable paper of principles would help to compare reports for the stakeholders; it would make the case more transparent and credible.

CSR Reports should show value added improvements. For example they can show year-on-year CSR improvements, highlight new areas of CSR performance and they can be used to benchmark for comparative valuations, but they shouldn't add-in "green-wash."

CSR reporting has many benefits for the company, its stakeholders and it helps internal strategy too. Assessing, monitoring and reporting CSR helps develop strategy, where case studies can be used and applied as an example for the next actions.

CSR Reports help to educate investors on CSR activities; they help to build investor Relations.

### **6.3 Global Reporting Initiative**

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the World's most widely used sustainability reporting framework and is continuously improving and it works all over the World.

In order to ensure the highest degree of technical quality, credibility, and relevance, the reporting framework is developed through a consensus-seeking process with participants drawn globally from business, civil society, labour, and professional institutions.

This framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.

#### **6.3.1 The history of GRI**

By pointing some of the most important dates in the GRI history, I will try to show, how quickly the GRI is growing.

In 1997-1998 the Boston-based non-profit CERES started a "Global Reporting Initiative" project division and staffing, fundraising and network development began.

There was formed the GRI Steering Committee, which runs until 2002. In 1999 UNEP joined as a partner, securing a global platform for GRI.

The first Sustainability Reporting Guidelines was released in 2000. That year 50 organizations released sustainability reports based on the Guidelines; Four years later it was already ten times as much- 500 organizations released sustainability reports based on the Guidelines.

In 2005 major technical revisions process commenced and engaged 100 people worldwide in working groups to produce the third generation of GRI Guidelines (known as "G3");

Outcomes of engagement and analysis were assessed by GRI's governance bodies (Board, Technical Advisory Committee and Stakeholder Council) and integrated into the final G3, which passes for release by a majority vote in 2006. There were already more than 850 organizations that released their sustainability reports according to the GRI.

Important year for reporting evaluating was the year 2007 when the GRI Readers' Choice Awards and Survey was launched and "The GRI sustainability reporting cycle: A handbook for small and not-so-small organizations" was published in English, Spanish, Brazilian Portuguese, German and Portuguese.

The importance of the CSR grows rapidly in the last years, what was obvious at the 2nd Amsterdam Global Conference on Sustainability and Transparency in 2008, which attracts over 1000 international delegates.

#### **6.4 Standards in CSR area**

There are different standards according to them companies can report their activities.

One of the most important standards is the OECD regulation that was firstly published in the year 1976 and then changed many times, the most in the year 2005.

These papers contain international codex of ethical principles that governances recommend to the corporate labouring on the country. These papers have been signed by 30 countries belonging to OECD.

Other important standards and certifications that touch CSR activities from different points of view are:

SA 8000 Workplace/Employee Relations

ISO 9000 Organization & Governance

ISO 14001/14004 Environment

AA 1000 Stakeholders (*based on work attitude with transparent communication with different groups of stakeholders*) Gravlien, I. (2005)

EMAS Eco-Management and Audit Scheme

*When focusing on those 4 standards we can see that each of them avers just some sphere of CSR activities. To evaluate those activities they can be combined. (Translated by author from Doležalová K., 2005)*

Certificate that aims to connect all those part, ISO 26000, should help organisations to realise their social competences and responsibilities by paying respect to cultural, social, environmental, legislative and economic differences.

## 6.5 The stakeholders' engagement

As I found in the presentation of Stanislav Kužel from the company Czech Coal a.s. about the evaluation of CSR using GRI methodology, there is this easy graphic:

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**Monitoring** ⇨ **Reporting** ⇨ **communication** ⇨ **cooperation**

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There are standard scopes and feedback praxis in sustainability reporting guidelines GRI but the most important are the stakeholders.

Mutually providing information with organization and stakeholders and obtaining recommendations is the basic condition of business-society relationship.

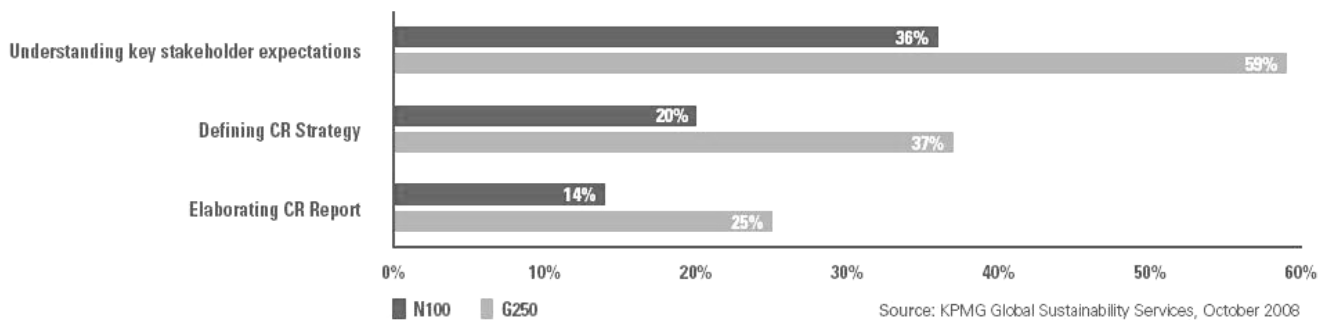


Figure 6 This graphic shows the stated purpose for conducting stakeholder engagement according to KPMG research 2008.



## 7 CSR AWARDS

Corporate Social Responsibility and informing about it is one of the key benchmarks of an organization's overall success and reputation in the marketplace. To evaluate the initiatives and the surrounding communications there are many competitions and CSR awards and CSR reporting awards.

Companies use the results of their emplacement in competitions as a feedback of their activities and as a competitive advantage of their brand image.

For example, the group of European local leaders of the area Management Consultancy European Independent Consulting Group and M.C.TRITON organize a competition „The European Corporate Responsibility Award“Innovation for a better world. The aim of the competition is proclaiming of the CSR concept.

In the Czech Republic, there is for example the “Podnik Fair Play” award.

### 7.1 CSR reporting awards

The only annual awards are the CR Reporting Awards (CRRA), global awards for Corporate Responsibility (CR) reporting, which are organized by CorporateRegister.com. They identify and acknowledge the best CR reports across nine categories, five of which are for specific 'transparency aspects' such as carbon disclosure. *The CRRA'10 solicited reports published between October 2008 and October 2009. This time, 128 companies from over 40 sectors, from well-known multinationals to local SMEs, entered their reports across nine categories. This year's winners are, among others: Vodafone Group plc (Best Report Category and Relevance & Materiality Category), Hewlett-Packard Company (Best Carbon Disclosure), and Coca-Cola Enterprises Inc (Creativity in Communications). Corporate register 2010*

In the brochure about the this year CRRA I found that Global sustainability reporting output has risen every year since the start of the graph in 1992 - reaching around 3,500 reports in 2009

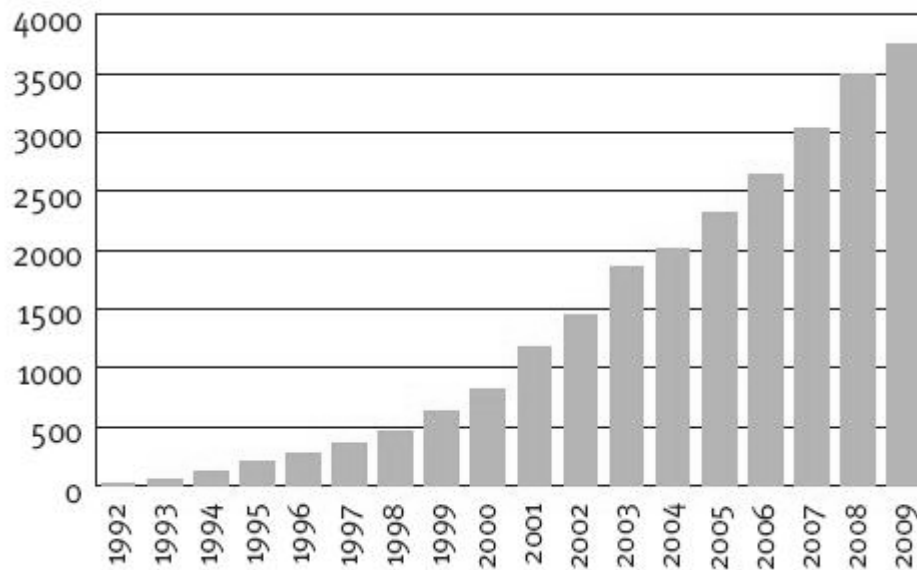


Figure 7 Global report output per year, CRRA 2010

About one-fifth of all reports in any given year are first reports.

Close to 40% of reports use the GRI framework, mainly European reports.

There were received 6,981 valid votes. Of these votes, Europeans were the main voters, followed by Americans and Asians. Corporate CSR professionals were the main voters, followed by people in service organizations, with CSR consultants and students making up the next biggest groups of voters. Academics, investors, journalists, NGO's and regulators made up the remaining 17% of the votes.

Another interesting award is the GRI Readers' Choice Award. The winners of the GRI Readers' Choice Awards are a true reflection of the views of the readers who have taken the time to submit their selections. There are GRI and non-GRI Reports accepted in the reports database. The aim is to include organizations' most recent report. Reports must be publicly available online.

## 8 CASE STUDIES

I will describe the performance in the CSR activities of companies on their participation in CSR competitions. I have studied a lot of companies and its reports and I will bring the best or the most interesting reports of CSR activities that I found. It is difficult to say what makes the good report, but according to CRRA it considers 5 essential elements: Content, Communication, Credibility, Commitment and Comparability.

### 8.1 Vodafone – leader in sustainability and reporting

Vodafone has won Best Report in the CorporateRegister.com CRRA '10 Reporting Awards for the third year. Since 2004, Vodafone has been using their signature format "We Said, We Have, We Will", as a powerful approach which stands the test of time and clearly attracts and interests of stakeholders. This format is easy to follow and to orientate in the announcement and the real action of the company. It clearly shows the connection of CSR and PR when the word follows the action and the action follows the word. Vodafone maintain leadership in sustainability, transparency and world class reporting. (See Figure 14) Vodafone produces exceptional reports, both on a global level and in many individual locations.

*“Vodafone locals produced 11 reports in fiscal year 2008/2009. These are not just translations of the global report. They are genuine reporting efforts tailored to the needs of local stakeholders.” Elaine Cohen, 2010*

The Vodafone Report for the year ended March 2009 called "Mobilizing Development" won by a clear margin of around 100 votes. It is an interactive PDF with a tabbed page navigation system, and icon hyperlinks within the report which makes navigating the PDF very intuitive. Other links also lead to the web pages.

#### Content

At 60 pages there are clearly stated the issues and there is the stakeholder engagement involved nicely detailed. The nice addition in this report, in response to stakeholder feedback, is the inclusion of an entire section on Vodafone's new Indian business. There is a list of issues raised by investors, such as climate change and Base of Pyramid Initiatives and a clear Materiality Matrix, which only the best of reporters include. Vodafone's top material is an issue of increasing access to communications, representing business opportunity and a source of socio-economic value.

### Communication

I think the best about Vodafone's reporting style is that the language is easy to read, relevant and lacks frills. Vodafone says what they mean to say. They don't waste lines of their report with generic platitudes, but every sentence is used for a reason.

### Commitment and comparability

The commitment is given all through the report as I have already mentioned the "we said, we have, we will" style of reporting and there are easy tables in the last part of report that make it very easy to compare the words with the real action.

### Credibility

These tables build an atmosphere of credibility as well. The reader sees that Vodafone admits that it managed to fulfil just 50% of a commitment, but it is still working on it.

There are pictures and quotes from experts, what add a measure of credibility to the report. The assurance statement is well detailed and does a good job.

Clearly, reporting is a reflection of the business, and it does seem that reporting at Vodafone reflects a core approach of sustainability, which is present in all business decisions.

Beside all this, Vodafone has an incredible sense for communication all its marketing steps. It has established the Vodafone foundation, which serves as another channel to communicate CSR behaviour.

## **8.2 Walt Disney – winning first time report**

Disney image is one of clean family entertainment and responsible broadcasting, reflecting good basic ethics, integrity, and promotion of diversity, harmony and impact on society. Disney has already reported its activities before, but this is the first time they do it in "one package".

### Content

In all sections of this report and through their media channels, Disney have addressed difficult issues such as prevention of violence, health eating and more, thereby creating awareness and understanding, part of their positive impact on society.

The report includes content standards, marketing to children, healthy food at Disney venues, environment, journalistic integrity, Disney merchandise, workplace impacts and more. It is important to admit that a large part of the report is presented very positively, without showing any metrics or meaningful data.

Obviously the biggest area of activity for Disney is the impact on children (and families) reported over 10 pages. Clearly Disney have a major following, but data demonstrating a positive impact on child development and healthy lifestyles, would give this report a little more strength.

The stakeholder engagement section doesn't indicate strong practice, but community involvement is extensively reported, including donations and volunteer hours. Materiality is not really presented in detail. Environmental impacts get good coverage with core data on emissions and water and waste. Supplier diversity and supply chain development and monitoring are advanced and Disney's disclosures relating to factories producing Disney-branded products are excellent. All of this and more is contained in a 100 pages.

#### Communication:

The report is written in a modest language without pretending to be a perfect application of CSR, but they describe it as a stage in an evolving process.

It's easy to navigate in the main report and in the online version too. The only thing is that the report is a little too detailed, making it hard to find the main message.

#### Credibility and commitment

There is a promise to consider assurance in the future. It certainly would add value to see some form of assurance in the next report.

There should be probably more disclosure of substance of Disney's commitments.

After all Disney's first-time GRI 'C' application level is more than sophisticated marketing brochures. It covers the core issues of the entertainment and media sectors. It's well done, but I would admit that the first place in CRRA '10- the first time report has a point of relationship that Disney has already created with its stakeholders. It is nice to get back to the childhood and reading through Disney's report can lead to overview some parts that are not perfect. I have to say that I see a little bit of "it's Mickey's first report, I have to vote for it" in the CRRA award placement. But that again shows that the CSR PR and brand image is closely connected.

### **8.3 Coca-cola**

Coca-Cola Enterprises (CCE) is the world's largest bottler of Coca-Cola products. It produces and packages the brands under license, then sells and distributes them to retail and wholesale customers in North America and parts of Western Europe. CCE is responsible for a wide range of sustainability issues including water use, packaging and distribution impacts. It is the fourth Corporate Responsibility and Sustainability (CRS) Report and this year it won the “creativity in communications” in CRRA awards.

#### Content

The report is packed with interesting and innovative information. There are five priority issues or “CRS strategic focus areas”, some of which are addressed more clearly and explained more convincingly than others. The report focuses on energy conservation/climate change, water stewardship, sustainable packaging/recycling, product portfolio/well-being, diversity and inclusive culture.

There is an interesting research that CCE has done to understand its material impacts and it is the main benefit in the report. It completed water-risk surveys for each of the 79 production plants. And it is extending the reach of its efforts by partnering with customers, for example by working with Wal-Mart to reduce the energy consumption of vending machines in employee break rooms.

#### Commitment

According to the chairman and CEO John Brock “the commitment has never been stronger”. Proof lies in the new “Commitment 2020”. The company appears to have taken a big step forward in 2008.

*“We believe it is now time to set more demanding goals and targets as well as a timeframe in which to achieve them”. Coca-cola sustainable report 2009*

Although the company is clearly attempting to introduce a more aggressive strategy and targets, only the climate change and water goals have become more ambitious. For example there is a clear description of how it reached the goal to make the average efficiency of 1.3 litres of water going into a product to make one litre of beverage. The others tend to either lack metrics or be little different to previous ones.

#### Communication

Report is accessible and easy to navigate both as a pdf and in html format. Visually the design is simple but helps to guide the reader through the report very effectively. CCE avoids jargon and successfully describes its business model for anyone unfamiliar with the company. The overall writing style is appropriate for the reader. The more complex areas such as the manufacturing and distribution process, water recycling and the packaging life-cycle are all accompanied with clear and helpful diagrams.

### Credibility

In general, the tone of the report is credible and comes over as sincere. It balances positive stories by acknowledging shortcomings.

It lacks just a little bit of credibility when the CEO explains that the CRS Board Committee and external sustainability experts came together to establish the Commitments 2020, but does not explain why they came up with the targets nor introduce these experts.

Although it follows GRI guidelines, CCE do not include an external verification, instead obtaining feedback and guidance “through listening sessions and stakeholder engagement”. MBA graduate students at Georgetown University’s McDough School of business in Washington, D.C were invited to review the report. But the way their reaction is too positive and favouring. Publishing specifics about their critique would allow the reader to make believe in what they are saying. Stakeholder voices or comments, both positive and negative, providing outside perspectives are helpful in making a report trustworthy.

## 9 "NEW STYLE" OF CSR REPORT

*“Softchoice is proud to release our second Corporate Sustainability Report! This report is for YOU. We’re opening up our notebook, and giving you full access to all our work in 2009. Throughout the report you’ll find links to tools that you can use to build your own Corporate Sustainability Strategy. Learn from our mistakes, copy our policies and surveys, and leverage all our hard work!” Softchoice 2010*

This report didn’t participate in any CSR reporting competition, but I would like to mention it because of its originality and because I would use this report as an example of reader-friendly, transparent and credible way to describe company’s aims in CSR field not just for SMEs.

### Content

The report is part of a suite of what Softchoice calls their "Sustain-Enable" web-based report site. The site contains a downloadable interactive e-book style PDF in the style of a spiral notebook with handwritten graphics, sketches, photos, text and links. It is well done, interesting to read from the first to the last page even for a person, who is not interested in software and IT so much. Also, the site contains several CSR themed videos which all look interesting.

### Credibility

What is also interesting on the Softchoice report site is their offering of tools for readers to reapply their own learning and processes. You can download templates for a Supplier Green Audit, a Travel Carbon calculator, a Commuter Survey Sample, or a Light Bulb Project Plan and more. In other words, not only are Softchoice reporting their progress, they are also sharing the way they did it. This is quite unusual for a CSR report. CEO David MacDonald says the theme of the report is about "Sharing".

### Communication

This report shows a creative and engaging approach to reporting. For example in the part “Learn from our pitfalls” they say: “make sure you consult with people in the business before shutting off their computer automatically to save power. “

I wanted to show the language of the report on this example. It’s really easy to read and I think this is one of the biggest goals of the company. As I mentioned before, it is very important to create relationship with the stakeholders and this company found the best way to



do so. The report is easy to download, it doesn't take a long time to open it, it's easy to orientate in it, it's amusing and totally open, what help to build an atmosphere of credibility by reading it.

The report is full of the people who make CSR at Softchoice, even including a 4 year old bulldog who accompanies "Mom and Dad" to the office and a host of photos and videos of the Softchoice people.

The way of softchoice's communication is great to build a relationship.

The Report itself is a GRI C level, and reasonably comprehensive, and for a mid-sized business with fewer than 1,000 employees, it's a major achievement.

## CONCLUSION

*“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.”* Warren Buffett

Brand image is the most important value that the company can create according to its behaviour and performance in society. Companies realising this behaves responsibly in the economic, environmental and social sphere. They implement CSR to their brand visions and it's obvious that they need to inform about their activities the stakeholders. The best way to inform them is to report their activities. By reporting and informing the stakeholders about all the activities that company makes it is possible to create a relationship, what's nowadays one of the most efficient marketing tools. It is important to realise that it is not a one-side advantage of the business-society relationship. CSR is a win-win solution of business practice.

To make the report credible it has to be transparent and done according to standards and guidelines as for example the GRI guidelines. The report should be available for the stakeholders; it should be well readable and understandable, providing entire information. Reports are measuring and evaluating in CSR reporting awards.

The connection of CSR activities and PR performance should be obvious already, because which part of company's management works with brand image and relation marketing more than the PR department? Public relations department has to inform stakeholders about CSR activities of the company to get the feedback, because the feedback is important key for the company to understand stakeholders' expectations and to plan next steps in the CR strategy.

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## **LIST OF ABBREVIATIONS**

<b>BLF</b>	Business Leaders Forum
<b>CCI</b>	Corporate Community Investment
<b>CEO</b>	Chief executive officer
<b>CSP</b>	Corporate Social Performance
<b>CSR</b>	Corporate Social Responsibility
<b>EMAS</b>	Eco-Management and Audit Scheme
<b>GRI</b>	Global Reporting Initiative
<b>IBLF</b>	International Business Leaders Forum
<b>ILO</b>	International Labour Organisation
<b>LBG</b>	London Benchmarking Group
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PR</b>	Public Relations
<b>UNEP</b>	United Nations Environmental programme
<b>WBCSD</b>	World Business Council on Sustainable Development

# APPENDICES

We said...	We have...	Progress	We will...	Deadline
<b>Environment: Reuse and recycling</b>				
We would collect a further 1.5 million handsets by March 2009*	Collected 1.82 million handsets exceeding our target by over 300,000 units. This represents a 37% increase over 2007/08. ■ See page 31 for further details.	100%		
We would assess mobile phone collection, reuse, recycling and disposal in a major Indian city by March 2009**	Begun a pilot project to assess capability for recycling e-waste in Mumbai, with The Environment Resources Institute (TERI). Initial findings reveal the need for further awareness of recycling and e-waste issues among the increasing mobile user base in India. Market opportunities have arisen, however, from the increased demand for repair and recycling already witnessed.	50%	Contribute to building capacity to manage electronic waste in three emerging markets	March 2012
We would send for reuse and recycling 95% of network equipment waste during the year by March 2009*	Sent 97% of the waste network equipment we produced for reuse or recycling, exceeding our 95% target. ■ See page 32 for further details.	100%		

Our approach  
 Access to communications  
 Consumer issues  
 Our network  
 Mobile phone masts & the

Figure 8 an example of “we said, we have, we will” table by Vodafone, Vodafone report 2010

### Our network

Our mobile phone services rely on a network of 105,164<sup>1</sup> base station sites to send and receive voice calls and data services. We continually seek to improve coverage for customers in rural areas and increase network capacity in densely populated areas.

**We said...**  
<sup>1</sup> We would audit contractors' compliance with our Responsible Network Deployment Policy in all Vodafone operations by March 2010.  
 1 As at 31 March 2009

Most people welcome improved coverage and services. But we recognise that expanding our network can sometimes cause concern, usually about the <sup>2</sup> visual impact of base stations or potential health effects of radio frequency (RF) fields. Where appropriate, <sup>3</sup> we consult with local people to help us understand and address any concerns they may have.

When planning a new base station site, we must balance technical considerations with community concerns. The deployment and management of our network is increasingly outsourced, so making sure contractors uphold our high standards in responsible network deployment is a priority.

Vodafone cooperates with other network operators to share sites and limit the overall number of base station sites needed. We are also improving network efficiency by applying innovative technologies and techniques in emerging markets, where most (around 80%) new base stations are being built.

Vodafone Group Plc  
Corporate Responsibility Report for the year ended 31 March 2009

Our approach  
 Access to communications  
 Consumer issues  
 Our network  
 Mobile phone masts & the

Figure 9 Vodafone report visual





Disney vacations on land or sea are designed for the whole family to have fun together.

Children and families are at the heart of The Walt Disney Company. They are our most important audience and are at the forefront of our imagination when we create content and products for the Disney brand. Our support for the well-being of children and families is deeply rooted in Disney's history and manifests itself in many ways throughout our businesses.

**WHAT WE BELIEVE**

Walt Disney built his company on the idea that children and families can and should enjoy entertainment together. Since those early days, the notion of entertainment has evolved and families have changed too, but the desire for shared experiences remains. Whether at our Disney parks or on our Disney-branded television programs, movies and websites, we are

focused on offering high-quality entertainment that can be enjoyed, as Walt used to say, by "kids of all ages."

We believe that the key to Disney's success is finding ways to delight and surprise our consumers and Guests, and to do so in a contemporary and relevant way without losing sight of the core principles that guide us. These principles are summarized in Chart 5.

Chart 5: Guiding Principles for Children's Content	
Focus Area	Description
Encouraging Positive Development	We aim to support positive childhood development by inspiring creativity, by instilling self-confidence and appreciation of cultural, ethnic and other differences, by encouraging children to achieve their potential, by conveying the importance of doing right by others and by being an active citizen. We also strive to inspire active, healthy lifestyles by promoting healthy food choices and active living.
Making Content for Kids of All Ages	We serve the needs of children across childhood, with different offerings for different age groups. No matter what the specific interest or subject matter, sensitivity to children's maturity level and needs is paramount.
Partnering with Parents	We respect the relationship between children and their parents or caregivers, and the centrality of those adults in kids' lives. We rely on the wisdom of parents and caregivers to support, guide and refine our thinking on kids' entertainment and on how best to serve the needs of families.
Creating Safe Environments	We seek to provide safe environments for children and families to play, learn and share special times and memories together.

Figure 10 Disney's report visual

**CORPORATE RESPONSIBILITY AND SUSTAINABILITY (CRS)**

CRS is a pillar of our overall business strategy and an integral part of ensuring our success. This year, we have stepped up our commitment, developing a set of goals and targets to achieve by the year 2020 - what we are calling "Commitment 2020."

In 2007, we set our five strategic CRS focus areas and confirmed these with our CRS Board of Directors Committee and our key stakeholders. They agreed that these are the areas in which we can make the greatest environmental and social contributions.

These areas are energy conservation/climate change, water stewardship, sustainable packaging/recycling, product portfolio/well-being, and diverse and inclusive culture. They are linked to our three business priorities that are part of our Global Operating Framework.

We have made considerable progress toward achieving our targets and embedding CRS into our business. In 2008, we made an investment of US\$34.8 million on capital projects in our three environmental focus areas. However, water scarcity, climate change, and the rapid depletion of natural resources are becoming increasingly serious global issues and have the potential to affect

our ability to operate. To meet some of the challenges ahead, we know we must step up our efforts.

We believe it is now time to set more demanding goals and targets as well as a timeframe in which to achieve them. In early 2009, we held a CRS Environmental Summit, bringing together the top 250 senior leaders of our company, our CRS Board of Directors Committee, and external sustainability experts to help us redefine our goals and establish a clear road map to achieving them by the year 2020 - what we are calling "Commitment 2020." We are now establishing a cost-benefit analysis process to prioritize our CRS investments, looking at the quantitative environmental impacts, costs, and reputational or qualitative issues. This will help us allocate funding effectively within and among our five strategic focus areas to ensure we meet our targets.

• CRS is a pillar of our Global Operating Framework. This framework sets out our vision to become the best beverage sales and customer service company and identifies the three strategic priorities we must focus on to achieve our vision.

**VISION**  
BE THE BEST BEVERAGE SALES AND CUSTOMER SERVICE COMPANY

- Help set or strong #1 or #2 brand preference in which the company dominates (Pepsi/Orbit) and/or leading in the new market or product portfolio
- Drive the development of new and improved products
- Execute the plan to improve the cost of goods sold (COGS) and efficiency and effectiveness
- Execute the plan to improve the quality of the product and the customer experience

**DRIVE CONSISTENT LONG-TERM PROFITABLE GROWTH**

**WORLD CLASS CAPABILITIES**  
Revenue Growth Management • Supply Chain • Sales & Customer Service

**EXECUTIONAL EXCELLENCE EVERY DAY**

**VALUES**  
Accountable • Customer-focused • Team-driven

Figure 11 Coca-cola report visual



Figure 12 Softchoice online report front-page

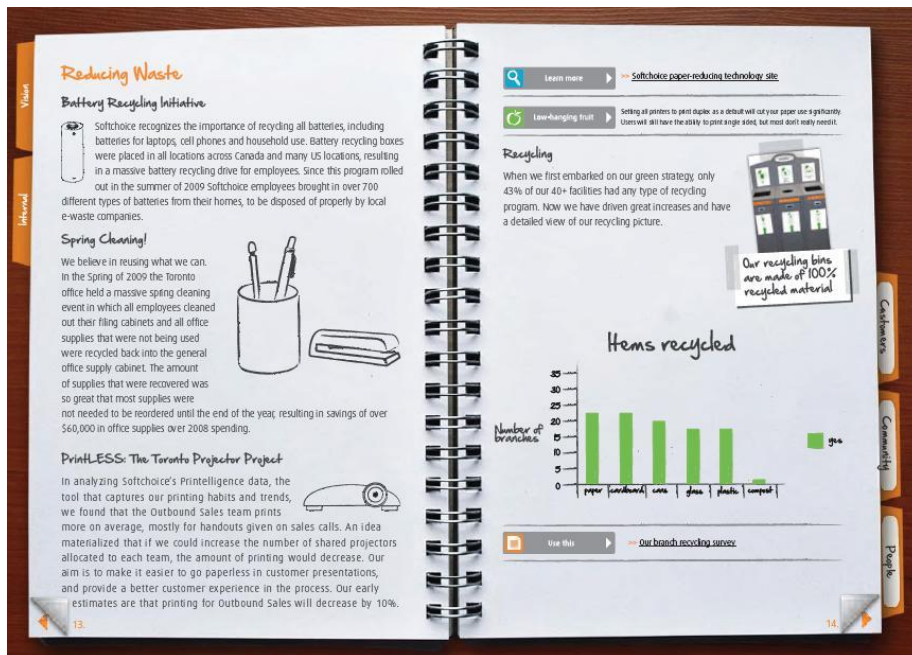


Figure 8 Softchoice online report visual

<b>Vodafone's winning reports over the past few years:</b>	
<b>Year Ending March 2009– CRRA 10</b>	Best Report, Best Report for Relevance and Materiality, Second Runner Up for Best Credibility and Assurance
<b>Year Ending March 2008 – CRRA ' 08</b>	Best Report, Best Report for Relevance and Materiality, Best Report for Credibility and Assurance
<b>Year Ending March 2007 – CRRA '07</b>	Best Report, 9th place in Best Relevance and Materiality, 7th place in Best Openness and Honesty, GRI Readers Choice Awards 2008, Honorable Mention.
<b>Year Ending March 2006 – ACCA</b>	UK Best Report
<b>Vodafone Espana CSR Report 2006-2007</b>	GRI Readers Choice Awards, 2008, Honorable Mention
<b>Vodafone Malta Corporate Responsibility Report March 2006 - CRRA '07</b>	4th place in Best First Time Report category

Figure 14 Vodafone reporting awards

## **The list of used graphics**

**Figure 1** Pyramidal Structure of Corporate Social Responsibility

**Figure 2** Relationship between an organization, its stakeholders and society

**Figure 3** Stakeholder Model

**Figure 4** Relations among cause related marketing, marketing, corporate community investment, philanthropy, and Corporate Social Responsibility

**Figure 5** Drivers for corporate responsibility reporting

**Figure 6** Purpose for conducting stakeholder engagement

**Figure 7** Global report output per year

**Figure 8** an example of “we said, we have, we will” table by Vodafone

**Figure 9** Vodafone report visual

**Figure 10** Disney’s report visual

**Figure 11** Coca-cola report visual

**Figure 12** Softchoice online report front-page

**Figure 13** Softchoice online report visual

**Figure 14** Vodafone reporting awards