

SOCIAL RESPONSIBILITY IN THE STRATEGY OF BUSINESS ENTITIES

Eva Fuchsová¹

¹ Jan Evangelista Purkyně University in Ústí nad Labem, Faculty of Social and Economic Studies, Department Economics and Management, Czech Republic, ORCID: 0000-0002-3501-6630, eva.fuchsova@ujep.cz.

Abstract: Social responsibility is a common part of corporate practice and an established topic of scientific research. Foreign studies have repeatedly concluded that the consistent integration of social responsibility into corporate strategy and strategic management of all dimensions of CSR strengthen corporate growth, bring competitive advantages, and contribute to the sustainable development of society. The aim of the paper is to find out whether even in the Czech Republic business entities with a strategic concept of CSR achieve better economic results compared to those whose approach to social responsibility is rather intuitive and unsystematic. Also, it seeks to answer the question of whether, with different corporate strategies, it is desirable to focus on different CSR activities that would support corporate growth. A survey of the dimensions of strategic CSR and basic economic characteristics was carried out on a set of more than 400 Czech companies engaged in CSR. Data were processed by methods of cluster analysis, factor analysis and multinomial logistic regression. The results show that there is a link between a more advanced (i.e., strategic) concept of CSR and achieving economic prosperity. It was also found that companies with different corporate strategies should carefully consider the benefits of individual CSR activities. All three strategies have shown positive effects resulting from activities aimed at employees and the local community. The differentiation strategy has shown the benefits of cultivating a market environment and the highest quality strategy for human rights protection. On the other hand, with the lowest price strategy, additional CSR activity does not mean an economic advantage. The conclusions contribute to the clarification of the links between strategic CSR and corporate growth in the Czech business environment and contribute specific knowledge that can be implemented by companies if they want to strengthen the positive effects of their socially responsible activities.

Keywords: Strategic corporate social responsibility, economic growth, differentiation strategies, strategies of the highest quality, lowest priced strategy.

JEL Classification: M14, L10.

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Introduction

The concept of CSR has been gradually created on the concept of corporate altruism, and its existence is supported by the conclusion of several professional studies on the positive link between social responsibility and financial performance. The broader approach to this issue also takes indirect links into account. The most common outcomes are that this relationship is more layered, and positive effects prevail. At the same time, other,

no less important benefits are highlighted, especially that of strengthening the company's reputation, reducing (transaction) costs and risks, strengthening the strategic competitive advantage and, last, but not least, creating conditions for the synergy of information and values that benefit everyone (Carroll, 2015).

Strategic Corporate Social Responsibility (SCSR) has been in mainstream CSR theory since the beginning of the new millennium, but the first signs of such an approach to

CSR can be found as early as the 1990s (Burke & Logsdon, 1996). Foreign studies have repeatedly concluded that the consistent integration of social responsibility into corporate strategy and into strategic management of all dimensions of CSR strengthens corporate growth, brings competitive advantages, and contributes to the sustainable development of society. The aim of the paper is to find out whether even in the Czech Republic business entities with a strategic concept of CSR achieve better economic results compared to those whose approach to social responsibility is rather intuitive and unsystematic. At the same time, it seeks to answer the question of whether, with different corporate strategies, it is desirable to focus on different CSR activities that would support corporate growth.

features of social responsibility. Burke and Logsdon (1996) state that not all CSR activities intersect with strategic management. On the contrary, a number of socially responsible activities remain 'non-strategic', yet they have a recognizable benefit for both the organization and the addressees of these programs.

Significant dimensions of CSR are subsequently assigned to the basic elements of strategic management which have been identified by the most cited studies and are generally accepted by the professional public as the definitions of strategy (see Fig. 1). A set of these aspects was published already in 1996 (Burke & Logsdon, 1996) and widely adopted over the next two decades (Bocquet et al., 2012; Martinez-Conesa et al., 2016).

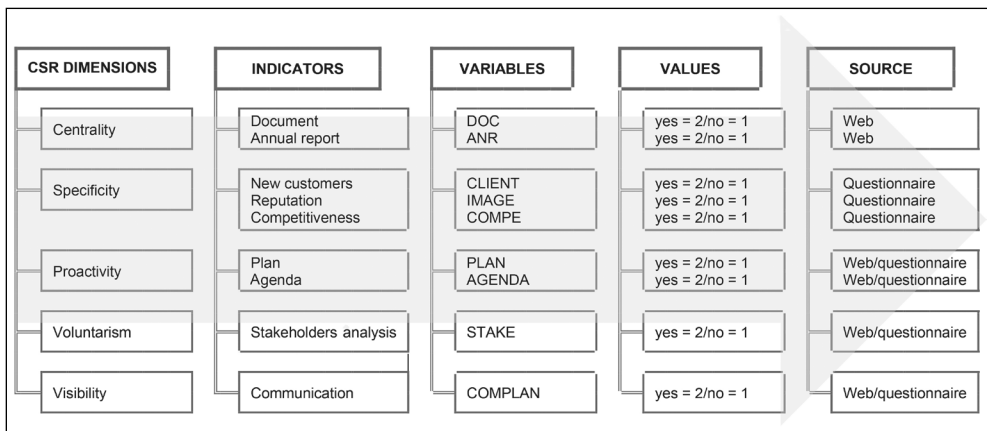
The CSR centrality dimension determines the extent to which socially responsible activities are linked to the company's core business and strategy (Ansoff, 1965). At the level of social responsibility, specificity is understood as a competitive advantage by which a company can get into a more advantageous position compared to the competition by being able to obtain significant resources. Proactivity refers to a way of acting that is thoughtful, includes a wide range of influences in decision-making and, at the same time, takes into account risk assessment, i.e., the opposite of ad hoc decision-making according to the current situation and as a part of strategic planning. It

1. Theoretical Background

1.1 Strategic CSR

As the concept of CSR was being built, (often robust) formal systems of social responsibility management began to be created, and attention was thus transferred to its strategic rationalization (Carroll, 2015). The combination of the concept of social responsibility and strategic management does not occur simply by proclaiming the benefits of a strategic approach to creating the positive benefits of CSR. It was also necessary to align the pillars of strategic management with the individual

Fig. 1: Strategic CSR



Source: own based on Burke and Logsdon (1996), and Bocquet et al. (2012)

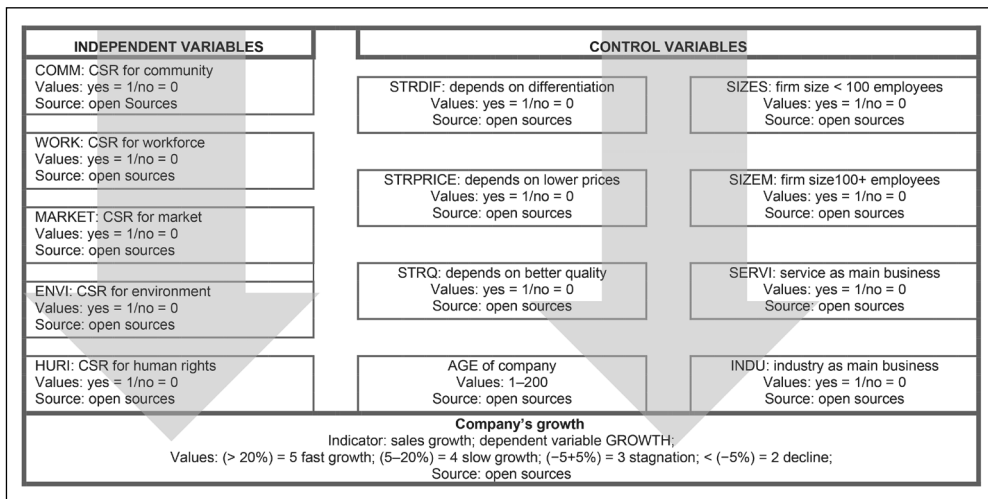
refers to the time dimension of the CSR strategy, as strategic social responsibility is not short-term. Voluntarism, or the extent to which an organization is willing to take action beyond the obligations set by the regulator (e.g., in the field of the environment), how it includes stakeholder interests in decision-making and how it is associated with business processes themselves (Zeng et al., 2012). The last feature of strategic CSR is visibility, again understood in a broader sense as a recognizable benefit for the company in terms of strengthening its reputation and improving economic results. Here, too, there is a clear parallel to other research, some of which has already been mentioned (Rashid et al., 2013; Soppe et al., 2011).

The model proposed to fulfill the goal of the paper is based on the findings of the studies above (Bocquet et al., 2012; Burke & Logsdon, 1996) and adapted to the conditions of corporate practice in the Czech Republic. Indicators were assigned to the individual strategic dimensions, which confirm/refute whether the surveyed company meets the conditions in the given area. The dimension of centrality is fulfilled if the company has formulated its CSR in a specific document (or this document is part of another, such as a corporate strategy proclamation) and if it evaluates socially responsible activities at regular intervals (e.g., in an annual report). The

existence of these formal (written) documents is essential for both sub-indicators. Competitive advantage means that the company manages to strengthen its resources through CSR, namely, to gain new customers, strengthen its reputation, or strengthen its competitiveness. The answer 'yes' may mean not only the existence of metrics, but also the management's belief in the existence of a specific advantage. Proactivity is achieved if the organization can indicate that it is creating a CSR plan and systematically managing the CSR agenda. The involvement of stakeholders or the fact that the company knows about its key interest groups and includes their expectations in decision-making is the content of the voluntarism dimension. The last dimension of visibility focuses on the communication strategy, which is clear in terms of the content and form of communication.

Assuming that the ultimate measure of the strategic benefits of CSR is the value it creates for the firm (Burke & Logsdon, 1996), then that value needs to be measured. The paper is based on the assumption that competitiveness is a basic and necessary prerequisite for corporate growth, so the following section examines how individual CSR components contribute to the prosperity of businesses in companies with different degrees of strategic understanding of the concept of CSR.

Fig. 1: Model for SCSR and growth



Source: own based on Stoian and Gilman (2017)

The development of the company is influenced by a number of factors, and the chosen model (see Fig. 2) primarily monitors how individual CSR activities can strengthen the company's growth. The assumption is that the company implements from one to all five types of socially responsible activities. Other possible influences in the model play the role of control variables. The size of a company can have a major impact on its growth because a smaller company may be in a stage of rapid development as it has not yet reached its potential. For this reason, the size of smaller organizations was taken into account. A similar reason is with the factor of the company's age when it can be expected that rather young companies would grow faster at the beginning. Given the size of the sample of companies examined, it was not appropriate to break down the structure of the industry in which they operate, so only a simple division into services and manufacturing companies was chosen. The last three categories are the types of basic strategies that occur most often. For their main product (service), companies decided which strategy to choose, so they could not list more than one.

1.2 Hypotheses

The aim of the paper is to find out whether business entities in the Czech Republic, which are considered and/or consider themselves socially responsible, implement the concept of CSR through a strategic approach. At the same time, the paper tries to verify whether a strategic grasp of CSR contributes to the company's growth and what types of socially responsible assets it is appropriate to focus on in various company strategies so as to strengthen the growth.

Porter and Kramer (2006) supplemented the strategic concept by distinguishing between proactive and reactive CSR and at the same time described the different effects of these approaches. According to the authors, a company with responsive CSR "...acts as a good corporate citizen, adapts to the evolving societal interests of stakeholders and mitigates the current or expected adverse effects of its business activities..." In other words, such a company strives to implement proven 'best practices', which certainly contribute to continuous improvement, but so often there is a disconnection from the overall corporate

strategy. Legitimacy is not compromised, but tensions or even conflicts with the 'internal logic of performance' may arise (Fiss & Zajac, 2017). It results from the assumption (above) that value creation is conditional on the alignment of the various strategic dimensions of CSR, and strategic CSR should be able to link socially responsible costs with potential returns, such as revenue growth or strengthening competitiveness (McWilliams & Siegel, 2001). Therefore, proactive CSR profiles, or companies with a higher degree of strategic CSR, have a better chance of corporate growth than those with responsive social responsibility, even when they are not doing well; they only partially reduce their CSR activities because they expect that it would pay off to do so in the longer term (Hategan et al., 2018). In this case, they do not view the resources spent on CSR activities as costs but consider them investments.

Consistent implementation of social responsibility can generate excellent results through sufficient resource allocation and changes in business structure. Such CSR helps companies achieve and maintain social legitimacy, thus contributing to a better business environment and a higher financial return on capital (Wang & Sarkis, 2017). Companies with a consistent conceptual approach to social responsibility achieve better overall financial performance and growth. They achieve a higher return on assets and higher pre-tax profits and sales (Ameer & Othman, 2012).

Corporate growth is a synonym for prosperity, so it is suitable for measuring the success of CSR implementation. It is generated in various ways, most often by economies of scale, achieving the minimum level of efficiency and managerial (ownership) goals. Growth can be expressed through the indicator of growth in revenue, profit, number of customers or employees (Soukupová, 2003), and, last but not least, the development of the sales trend (Ameer & Othman, 2012; OECD, 2017), which is the approach used in the paper.

It can therefore be assumed that:

H_1 : Companies with a higher degree of strategic CSR concept achieve higher growth than companies with responsive CSR.

While:

H_2 : Firms with a lower degree of strategic CSR concept achieve lower growth than firms with proactive CSR.

However, despite the alignment of all dimensions of strategic CSR (Bocque et al., 2012; Burke & Logsdon, 1996), the effects may be different depending on the overall corporate strategy. The cost leadership and differentiation strategies (Porter, 1980) are supplemented by the quality-driven strategy in the paper. This is due to the expansion of ISO quality standards and in response to a number of studies that consider the quality-driven strategy to be equivalent to generic strategies (Stoian & Gilman, 2017).

Companies with differentiation strategy (STRDIF) can also differentiate themselves from the competition through their social responsibility (Medina-Munoz & Medina-Munoz, 2001). The purpose of differentiation is to achieve the greatest possible difference between customers' perceived added value and the costs that are incurred to create it. The amount of costs depends on the type of CSR activities, so companies should choose the activities that contribute most to the value for consumers compared to the price (Li et al., 2019). If they do so, they can rely on the dispersed perception of customers, who often derive an overall positive attitude towards the company from the positive perception of partial CSR activity. This is easiest for companies producing products that are in themselves considered to be socially beneficial (Soppe et al., 2011). Environmental activities increase the company's reputation in the community, which is beneficial because it is often also a market in which corporate products are offered (Hammann et al., 2009); the company and its product are perceived as specific, and the demand grows (Branco & Rodrigues, 2006; Potter, 1998) because the loyalty of existing customers increases, and new customers are successfully reached. This increases intellectual capital and strengthens supplier-customer relationships, the flow of information between companies and corporate growth. A similar benefit of investing in the local community for the company's economic results was demonstrated in a study focused on the Australian market (Sila & Cek, 2017).

Investing in employees within the framework of CSR contributes to improving the quality of the workforce, which is more responsive to the company's strategy and contributes to the growth of the effects of this strategy (Branco & Rodrigues, 2006). Quality recruitment and

subsequent development is attractive to potential employees (Jenkins, 2004). A better workforce also brings innovations that again differentiate products and services from the competition and thus brings a competitive advantage (Semuel & Siagian, 2017) in fulfilling the differentiation strategy. Customers are often also employees of another company, so they will appreciate if the company treats its employees fairly and provides them with safe and supportive working conditions and environments (Li et al., 2019).

The offer of environmentally friendly products is appreciated especially by environmentally conscious customers (Perrini et al., 2007) or ecologically oriented companies. As a result of implementing environmental standards such as ISO 14001, a company can achieve premium prices and enter new markets (Branco & Rodrigues, 2006), thus assuming the competitive advantage of the differentiation strategy and thus increasing its value (Medina-Munoz & Medina-Munoz, 2001). Engaging in environmental CSR activities stimulates the company to innovate, which will bring further possible market differentiation and growth in the future. These companies also had a spillover effect in the form of changes in corporate culture in the form of increased organizational commitments to other stakeholders, employee qualifications and reputation, which again strengthen the company's competitiveness and growth with a differentiation strategy. A holistic approach to sustainability in production and sales can be a source of further innovation with the contribution of a suitable business model (França et al., 2017).

CSR activities that contribute to the protection of human rights include fair wages, the absence of any discrimination in the workplace and in business relations, or, for instance, the right to clean drinking water, which is a problem in many less developed countries where companies have their production facilities (BIS, 2018). Especially in countries with lower legal protection of employees and their health, it is appropriate to prevent possible abuse of these lower standards by introducing company standards that ensure decent conditions for workers. This makes the product attractive to customers who are aware of human rights and are even willing to pay extra for complying with these standards. At the same time, it has been shown that customers who are willing to

pay a higher price perceive the irresponsible behavior of companies negatively and are able to boycott the company effectively in the event of human rights violations (Cruz, 2017). Firms that are willing and able to ensure fair wage conditions for all their employees and a non-discriminatory work environment are in search of job seekers, especially young and highly qualified people who have the potential to contribute to future innovation, which again contributes to strengthening differentiation strategies (Branco & Rodrigues, 2006).

The following hypothesis is formulated from the above:

H₃: Companies that pursue a differentiation strategy are more likely to grow faster if they implement CSR activities related to the community, the workforce, environmental protection and human rights.

If a newly established company wants to draw attention to itself through its CSR activities, it should never prioritize CSR over the quality of its products in its promotion. If this condition is met, then, for example, the support of local associations is an effective tool (Robinson & Wood, 2018).

Quality recruitment and the overall development of human resources contribute to increasing product quality, thus contributing to strengthening the quality-driven strategy and thus contributing to the company's own growth (Branco & Rodrigues, 2006). A quality product or service cannot be created if quality resources, including human resources, are not available for its production. Therefore, investing in employees is a categorical imperative in the pursuit of high quality (Schrimmer et al., 2019).

For a quality-driven strategy to be successful, it is necessary to align the quality standards for the product with customer expectations, which are largely based on knowledge of and experience in the relevant market (Mishra & Suar, 2010; Rashid et al., 2013). Fair and prompt after-sales service is equally important. If the customer considers the topics that form the core of corporate social responsibility relevant, and at the same time a high-quality product is available at an adequate price, then a positive link between corporate CSR and customer behavior grows (Bhattacharya & Sen, 2004). Research also shows that the success of a product that has been marketed as a higher quality product

depends on network externalities in addition to the cost of changing consumer behavior. It is therefore in the company's interest to create good links with producers of complementary technologies, etc. (Molina-Castillo et al., 2011; Urbinati et al., 2018). Similarly, a value-added service, which is a complement to the product offered, can play an important role in customer decision-making, especially in a situation where they choose between many substitutes (Dou et al., 2016).

Higher product quality can take the form of higher environmental safety, which will increase customer interest and sales (Waddock & Graves, 1997). Maintaining good relationships with stakeholders, especially in areas such as employee development and motivation, a good work environment and relationships with customers, suppliers and the local community contribute to strengthening brand value (Wang & Sengupta, 2016).

Therefore, the following hypothesis can be formulated as follows:

H₄: Companies that follow a quality-driven strategy are more likely to grow faster if they implement CSR activities related to the community, the workforce, the market and environmental protection.

The local community is an important stakeholder for SMEs (Jennings, 2009), the relationship to the environment is a feature of its roots in social ties and local relationships, and the company can benefit from favorable (tax) legislation as well as the reduction of local regulations, which reduce its compliance costs (Waddock & Graves, 1997). Supporting the local community, philanthropy and employee volunteering increase social capital as well as customer and employee loyalty, thus contributing to sales growth. An effective relationship with the local community works like an advertisement in the nearest markets (Perrini & Minoja, 2008), which again contributes to sales growth and cost reduction, thus achieving price competitiveness and corporate growth. Investing in the local community increases the company's reputation which thus becomes more attractive to new employees and increases the loyalty of existing employees (Branco & Rodrigues, 2006), reduces recruitment and retraining costs, and increases productivity (Hammann et al., 2009). These activities also generate a sustainable cost advantage, which

is an additional source of corporate growth (Waddock & Graves, 1997), productivity and efficiency growth (Branco & Rodrigues, 2006). There is a consensus that, although the support of the local community means spending certain resources for the company, the resulting beneficial effect outweighs these costs. Last, but not least, new forms of business within a shared economy strongly emphasize the community, which is crucial for success and the creation of affordable products (Laukkanen & Tura, 2020).

Socially beneficial activities targeted at employees are key because they are an important asset of the company and are a source of competitive advantage (Potter, 1998). Quality recruitment and human resource development strategies are a prerequisite for ensuring capable employees who fulfill corporate strategies (Branco & Rodrigues, 2006; Porter & Kramer, 2006) and increase competitive advantage and corporate growth. Effective human resource management reduces costs and boosts productivity (Somavia, 2000). This reduction of costs means that more resources remain for further business growth. Programs for employees can take many forms, such as creating a corporate culture of trust, tools for reconciling personal and work life (so-called work-life balance) and flexible working conditions. These support activities contribute to increasing employee motivation, work ethic and responsibility (Branco & Rodrigues, 2006), reducing turnover and absenteeism (Vitaliano, 2010), while also reducing the cost of recruiting and training new employees (Branco & Rodrigues, 2006). As with activities for the local community, these are associated with costs, but even here it can be stated that revenues exceed costs and, in the longer term, lead to a reduction in total costs (Stoian & Gilman, 2017).

The area of CSR focused on environmental protection also contributes to productivity growth. Making environmental commitments beyond existing legislation reduces the costs that would otherwise have to be incurred in implementing ex post measures (Howard-Grenville & Hoffman, 2003). It can also be stated that these measures contribute to cost reduction, as they contribute to greater efficiency and economy in the use of existing (e.g., energy) resources and as they reduce waste (Branco & Rodrigues, 2006). If these

activities are in the form of specialized know-how, they also lead to cost cuts (Stoian & Gilman, 2017).

Conversely, both marketing activities and the protection of human rights increase corporate costs because it is usually necessary to involve additional human and financial resources (Medina-Munoz & Medina-Munoz, 2001), thus undermining the price (cost) advantage as a driver of growth.

Based on these findings, the last hypothesis can be formulated as follows:

H₅: Companies that pursue a cost leadership strategy are more likely to grow faster if they implement CSR activities related to the community, the workforce and environmental protection.

2. Research Methodology

2.1 Research Set and Variables

The basic group consists of companies in the Czech Republic that are demonstrably dedicated to social responsibility and/or at least consider themselves socially responsible. The following criteria were chosen for inclusion in the research, and at least one of them had to be met:

- the company has received an award for social responsibility in the past;
- the company is part of a platform that supports CSR;
- the company publicly declares its social responsibility.

In further data processing, the surveyed companies were divided into two size categories, i.e., small organizations with less than 100 employees and large ones with 100 or more employees. This division was chosen based on the literature which states that although smaller companies are frequent adopters of a strategic approach to management, due to fewer employees, they tend to have a simpler organizational structure (especially in terms of formulating vision, strategy and goals), management functions are centralized, and there are no systematic management procedures (Henssen et al., 2014).

Data on individual companies were obtained from open sources and a questionnaire survey, and if it was possible to obtain specific information from both sources, the public source was preferred. Data collection took place in two stages. The first one took place from December 2018 to July 2019; in the second phase the

snowball method was used, and companies that had already provided their data were asked to recommend other entities suitable for research purposes. In this way, other companies were included in the research set in the period from December 2019 to February 2020, until a total of 404 companies were reached, for which data were available for all input variables.

The individual dimensions of strategic social responsibility are described in the paper through variables (see Fig. 1). Additional variables (presented in Fig. 2) were created to examine the links between corporate strategy, company growth and CSR activities. The growth of the company in this sense replaces the growth of sales, while their growth (decrease) is calculated based on the average of the three-year period (2015–2017) and based on the standard OECD methodology (2017).

2.2 Method

The data of nine variables (DOC, ANR, PLAN, AGENDA, STAKE, COMPLAN, CLIENT, IMAGE, COMPE) that together determine whether CSR is strategic first needed to be checked with Pearson's correlation coefficients for suitability for extrapolation factor analysis. Furthermore, it was necessary to determine the measure of sampling adequacy based on the Kaiser-Meyer-Olkin (KMO) measure and the Bartlett spherical test and to verify the values of communalities. Then, the factor analysis itself was performed with the PCA method, and the main components were identified, which explained a significant share of the total variance of the explained quantities. The calculation of factor loads using the rotation of factors using the Oblimin method clarified the affiliation of variables with the resulting factors.

The outputs of the factor analysis served as input data for the non-hierarchical cluster analysis. In determining the number of resulting clusters, the statistical accuracy of the classification was taken into account (measured by the ratio within the cluster and the number of companies in individual clusters). The basic characteristics of the generated clusters were performed on the bases of the values of the variances of the input variables.

Parametric tests were used to verify hypotheses regarding the link between the strategic concept of CSR and corporate growth. A T-test was used to refute the same representation of growing companies in groups

with different levels of CSR and subsequently the Mann-Whitey test was used to determine whether a higher degree of strategic concept of social responsibility contributes to corporate prosperity.

In the second part, the influence of individual CSR activities (COMM, WORK, ENVI, MARKET, HURI) with different company strategies (STRDIF, STRQ, STRPRICE) for company growth (GROWTH) was investigated using multinomial logistics regression (MNL). The calculation also included the control variables of the company's existence on the market (AGE), size (SIZES, SIZEM) and its main economic activity (INDU, SERVI). For each of the three corporate strategies, the MNL was prepared separately, and the results were related to the reference value of companies with rapid sales growth. Prior to performing the MNL, it was verified by a multicollinearity test whether the individual variables were not too closely correlated and therefore unsuitable for the calculation. For each model, the value of R^2 (Nagelkerke's pseudo R^2) is given, which signals the telling value of the model. Exposed coefficients (ExB) express the odd ratio, and the significance values for individual predictors determine which results are statistically significant. Furthermore, the data on the share of answers that were evaluated as correct (suitable for the resulting model) are recorded. The higher the percentage of these satisfactory answers, the more accurate the predictions of the model are.

3. Research Results

3.1 Strategic CSR and Corporate Growth

Using factor analysis, the input data were reduced, and a new variable was created, which represents the correlation relationships between the input variables. The correlation relationships between the individual variables are in the recommended range of 0.3–0.8; only for the COMPLAN-CLIENT and COMPE-CLIENT pairs is the value of Pearson's correlation coefficient lower (0.166 and 0.196, respectively), which indicates that there is not only one latent factor between the variables, but maybe more.

Another condition for verifying the validity of the data is the size of the degree of adequacy of the selection (KMO). The data used with a value of 0.858 meet the criterion >0.5 , resp.

>0.7 (Rabušić et al., 2019), and the Bartlett sphericity test also proved to be statistically significant ($p < 0.001$), so the data used are suitable for subsequent factor analysis.

The last condition is the assessment of communalities or the share of variance of the variable, which is clarified by all extracted factors. The values are also in an ideal band of >0.5, except for COMPE (0.455), but this deviation is sufficient. At first, all variables were included in the study, but it was in this step that STAKE was excluded because its value was significantly lower (0.337). This may not be so surprising, as the stakeholder analysis method itself has been criticized for its complexity and ambiguity of outputs (Eskerod & Larsen, 2017), and recent research does not show that it is more popular in corporate practice (Mazutis, 2018).

The principal components method (PCA) was chosen for the factor analysis itself. The eigenvalue size >1 is shown by the first two components, which together represent more than 70% of the depleted scatter. Even regarding the acceptable representation of residues (<50%), it was appropriate to stick to the two-factor result.

To determine which variables belonged to which factor, it was necessary to perform the calculation of factor loads. After the first classification, it turned out that some variables fall into both factors, and it was therefore necessary to rotate the factors using the Oblimin method. Even then, the variables IMAGE and

AGENDA remained in both components and were therefore excluded from further analysis. A similar result was obtained by the study of Boquet et al. (2012), where the portfolio of activities also reached the highest values, and among the subjectively perceived benefits, the strengthening of the company's image was highest.

Subsequently, it turned out that the variables PLAN, ANR, COMPLAN, DOC and COMPE play a decisive role in a higher degree of strategic grasp of the CSR concept. The higher the overall score of these variables achieved by the company, the more its social responsibility can be considered strategic.

After finding similar (latent) variables through factor analysis, it was necessary to find similar CSR profiles in the surveyed companies. This was done by a non-hierarchical cluster analysis, which divided the individual companies into appropriate clusters. Due to the resulting number of factors and significance values, two clusters were also selected. There was a relatively even representation of the companies in both clusters.

There are higher values in the first cluster for all monitored variables, except for the variable CLIENT (see Tab. 1), so we can say that companies in this group are more demonstrably socially responsible and that their CSR shows a higher level of strategic approach. Tab. 1 shows that companies with a strategic approach to CSR more often have a document where they report on social responsibility, plan

Tab. 1: CSR clusters

Cluster		DOC	ANR	PLAN	COMPLAN	CLIENT	COMPE
1	Mean	1.82	1.54	1.63	1.35	1.00	1.57
	N	207	207	207	207	207	207
	St. dev.	*	*	**	**	***	**
2	Mean	1.01	1.00	1.00	1.00	1.43	1.01
	N	197	197	197	197	197	197
	St. dev.	***	***	***	***	***	**
Total	F test (sig.)	**	***	***	***	**	**
	Mean	1.43	1.28	1.32	1.18	1.22	1.30
	N	404	404	404	404	404	404

Source: own

this activity, have communication set up for it and regularly publish reports on it. They believe that CSR gives them a competitive advantage. At the same time, it is necessary to mention the relatively high values of standard deviation, which mean that these resulting clusters, with the exception of 2 variables in the 1st cluster, are less clear (centered). It can also be stated that the existence of a written declaration of commitment to CSR and demonstrable socially responsible activities are part of most companies with a higher level of strategic CSR.

The companies in the second cluster achieve a lower score for most of the monitored variables, but for those that express the effects of CSR, they do not achieve a higher difference compared to companies in group 1 (even higher for CLIENT), so it can be concluded that they consider attracting customers to be the main benefit of social responsibility. A similar finding was made in a study conducted in a completely different cultural environment of the banking sector in South Asia. Companies often overestimate the impact of their socially responsible activities on customers and often neglect other dimensions of CSR (Rashid et al., 2013). The lower scores for DOC, PLAN and ANR lead to the conclusion that these companies do not consider it beneficial to institutionalize CSR and believe that the current form helps them positively in their core business. This is confirmed among other things by Lanis and Richardson (2013), who concluded that companies with less developed CSR rely more on philanthropy because they believe that they will achieve the same success.

60% of companies achieve high or moderate growth compared to the second group, where there are only 34% of these companies. To verify that this conclusion can be applied to the base set, it is necessary to substantiate it with parametric tests. The T-test refuted the same representation of growing companies in groups with different levels of CSR (the size of the difference in the 96% confidence interval is in the range of 0.164 to 0.353). Based on the findings presented in the research part of the paper, working hypotheses were adjusted to a one-sided form, and the Mann-Whitney U-test was carried out. The null hypothesis *"the representation of growing companies in the cluster of companies with strategic CSR and in the cluster of companies with responsive CSR does not differ"* was supplemented by the

alternative hypothesis *"the representation of growing companies in the cluster of companies with strategic CSR is higher than in the cluster of companies with responsive CSR."* The value of significance is at the level of 0.000, and thus, even after its division by two, it is lower than 0.005. The null hypothesis can be rejected again, and the two-sided working hypothesis can be switched to one-sided. In the terminology of Porter and Kramer (2006), proactive firms have the representation of enterprises with rapidly and slightly growing sales higher by more than 25 percentage points compared to reactive firms.

Several other authors came to similar conclusions. Linking corporate social responsibility with corporate strategy is more effective and allows for better benefits, including economic ones (Porter & Kramer, 2006), reducing risks, strengthening corporate reputation and improving economic results (Mellahi et al., 2016; Rangan et al., 2015; Stoian & Gilman, 2017).

Some authors point out that the line between strategic CSR and the generation of good economic results is not as straightforward as it might seem at first glance (Soana, 2011). With the proliferation of social responsibility, there may be a greater escalation of competition, which may result in excessive care for CSR, which in turn will weaken the outcome of core business (Mugurusi, 2008). Also, initial investment in CSR can be significant and can act as a prohibitive barrier, so the desired return in the form of increased sales or profit may not be realistic for all companies. The question concerning which companies are prevented from fully developing their social responsibility by these investments and thus prevented from obtaining better results than remains. It is possible that these will be mostly smaller organizations with insufficient capital. In that case, the barrier to growth would not be a strategic approach to CSR, but a lack of resources. However, this statement is only theoretical and would need to be verified by further research.

3.2 Corporate Strategies and CSR Activities

The research group was categorized according to the company's flagship product strategy: those who prefer the product differentiation strategy (STRDIF, 122 companies represented),

those who prefer the quality-driven strategy (STRQ, 128 companies represented) and those who prefer the cost leadership strategy (STRPRICE, represented by 154 companies). A multinomial logistic regression was performed for each of these categories.

Companies with a Differentiation Strategy

The multicollinearity test excluded the variables SIZES (small companies) and INDU (industrial production) from further evaluation. The other variables met the limit for the permissible values of the scattering factor (VIF > 5) and the tolerance (<0.2).

For companies that support a product differentiation strategy, it was assumed that their economic results could be positively affected by socially responsible activities aimed at the local community, employees, environmental protection, and the protection of human rights. However, the results confirmed the established hypothesis only partially (see also Tab. 2).

An increase in the values of the COMM variable reduces the probability of decline compared to rapid growth by 1.79. The role played by the close surroundings of the company is important; a company's good reputation allows it to gain employees and build a local customer base. The deepening of local supply and demand relationships further underlines the regional uniqueness of the product, which can differentiate a company from competing substitutes. Many of the above-mentioned papers have reached similar conclusions (Branco & Rodrigues, 2006; Hammann et al., 2009; Potter, 1998; Sila & Cek, 2017). However, if a company with low sales wants to increase sales, then the effect of these activities is not demonstrated. So, it seems that what works as a recipe for a failing company will have a negligible impact on lower-growing organizations.

Investment in employees reduces the risk of stagnation by 1.44 compared to rapid growth.

Tab. 2: Differentiation strategy and growth

Variable	Decline versus fast growth			Stagnation versus fast growth			Slow growth versus fast growth		
	Exp(B)	Std. error	Sig.	Exp(B)	Std. error	Sig.	Exp(B)	Std. error	Sig.
COMM	-1.79	0.68	***	-1.01	0.62	**	-0.67	0.64	**
WORK	-1.11	0.76		-1.44	0.74	***	-0.69	0.73	***
MARKET	-1.18	0.92	***	-0.75	0.94	**	-0.45	1.28	**
ENVI	-17.58	0.98		-17.54	0.85		-18.32	0	
HURI	1.16	0.91		1.32	0.95		-2.26	1.23	**
AGE	1.04	0.01	***	1.02	0.01	**	1	0.02	**
SERVI	-1.36	0.60	**	-1.4	0.57		0.83	0.61	
SIZEM	1.68	0.61	**	2.15	0.60	**	2.22	0.65	**
STRCSR	-2.34	0.61	***	-1.66	0.56	***		0.61	***
Constant	15.8	1.36	***	16.42	1.25	***	17.64	1	***
Nagelkerke's R-squared	0.345								
Baseline log-likelihood	335.127								
Model log-likelihood	287.505								
Model chi-squared	47.622								
Overall percentage of responses classified accurately (%)	44.30								

Source: own

Employees are usually among the highest priority corporate stakeholders. Here, too, we see that companies are aware of the importance of a loyal and satisfied workforce. Investing in a broader concept of employee benefits can be key to both retaining quality employees and recruiting new, skilled workers who can be the engine of product innovation, and therefore a competitive advantage that will prevent the company from stagnating. These findings are also consistent with the findings of other studies (Branco & Rodrigues, 2006; Jenkins, 2004; Li et al., 2019; Samuel & Siagian, 2017).

Firms cultivating business relationships will grow rapidly (by 1.18) rather than show negative growth. This can be interpreted as meaning that if a company fails commercially and at the same time invests its efforts in improving market conditions, the company itself benefits from this change.

The protection of human rights has had a significant effect only in the category of modest growth. Thus, the increase in HURI activities contributes to rapid corporate growth and reduces the chance of modest growth by 2.26. A company's involvement in the field of human rights protection can take many forms. Particularly if its products are manufactured in countries with a lower level of worker protection and the company's customers are interested in these issues (Cruz, 2017), well-established mechanisms to eliminate the abuse of, e.g., a child labor and compliance with protective safety standards (BIS, 2018) can be an added value that sets the product apart from the competition. For instance, Fairtrade certification allows firms to recruit customers with a similar value orientation. However, these activities are not self-saving, and they instead help the company boost existing, but low, revenue growth.

The environmentally focused CSR agenda did not prove to be statistically significant in any of the examined categories, so it is not possible to claim that these activities within the framework of the differentiation strategy contribute to the growth of the company's sales. So, it is possible to believe that customers consider environmental sustainability to be the standard pursued by most businesses. Thus, this approach is not exceptional and is not worthy of special attention, the results of which would make a significant difference to products and services and which would contradict the conclusions of other works (Huang et al., 2015).

The model mentioned is the strongest one of the three; it clarifies the growth of sales from almost 35%. The accuracy of the predictions is reduced by the number of responses included, which is at the level of 44%. H_3 was thus confirmed only partially.

Companies with the Quality-driven Strategy

The multicollinearity test excluded the variables INDU (industrial production) and SERVI (service sector) from further evaluation. It turns out that in this group of companies with the highest quality strategy, the industry indicator is completely absent. Other variables met the limit for permissible values of the inflation factor variance ($VIF > 5$) and tolerance (< 0.2).

Even for companies that stick to the quality strategy, the resulting values are not very convincing (see Tab. 3). With the growth of community-targeted activities (COMM), the risk of stagnation decreases by 1.36 and lower growth by 1.19 compared to rapid corporate growth. It is quite possible that this benefit is linked to another monitored category of CSR activities, i.e., those aimed at employees. Friendly conditions for employees (WORK) reduce the probability of negative growth by 1.38 compared to high growth. If a company improves its reputation in the vicinity, the willingness to work for the company also increases. The company thus builds in its employees a sense of belonging to the organization and other support activities (e.g., by creating a pleasant working environment and a transparent motivation system) and increases employees' productivity and loyalty. Such employees are needed to create innovations that increase the quality of the products offered. This interpretation of the results is consistent with the findings of other authors (Branco & Rodrigues, 2006) and with the concept of CSR in the source theory (Schrimmer et al., 2019).

Firms that implement human rights protection (HURI) into their processes achieve higher sales growth compared to low growth (by 1.56), compared to stagnation by 1.34 and compared to decline by 1.14. A quality product does not have to mean only a product with high utility value. For demanding customers, it can be synonymous with quality and the absence of negative impacts that are associated with the production itself. The protection of human rights, e.g., in the form of decent working conditions in countries that still allow producers to disregard

workers' needs and activities that improve the quality of life beyond wages (e.g., allocation of resources to support vulnerable groups in the labor market) can be, for many customers, an attribute of quality and thus meeting customer expectations (Mishra & Suar, 2010).

As with companies with a product differentiation strategy, the impact of the environmental pillar of CSR on the company's growth has not been demonstrated. The reasons can even be the same. Unlike the protection of human rights, which is targeted at only a small number of companies, the imperative of environmental protection is so strong, and at the same time these measures so common (Huang et al., 2015), that they are not necessarily associated with any exceptional quality of production. Regarding measures aimed at cultivating the market, it can be stated that they do not pay off for players who want to stand alone to benefit from the spillover effect of these efforts. Even in the category of companies

with a quality strategy, it can be concluded that H_4 proved to be only partially true. The telling value of the presented model reaches only 17.4% although almost 45% of the answers were considered satisfactory.

Companies with the Cost Leadership Strategy

As with the previous strategy of the highest quality, for companies with the lowest price strategy (STRPRICE) the multicollinearity test excluded the variables INDU (industrial production) and SERVI (service sector) from further evaluation. Again, it turns out that this set of companies with the lowest price strategy lacks an industry indicator. Other variables met the limit for the permissible values of the inflation factor variance ($VIF > 5$) and tolerance (<0.2).

Firms seeking the competitive advantage of the lowest price of their products can reduce the risk of bankruptcy by targeting the local community and, in part, their employees. The

Tab. 3: Quality-driven strategy and growth

Variable	Decline versus fast growth			Stagnation versus fast growth			Slow growth versus fast growth		
	Exp(B)	Std. error	Sig.	Exp(B)	Std. error	Sig.	Exp(B)	Std. error	Sig.
COMM	-0.85	0.6	**	-1.36	0.61	**	-1.19	0.58	***
WORK	-1.38	0.76	***	-1.02	0.77	**	-0.98	0.72	**
MARKET	-0.79	1		-0.64	1.01		-0.62	0.98	
ENVI	-1	0.85	**	-0.86	0.86	***	-0.88	0.81	**
HURI	-1.14	0.99	**	-1.34	1	**	-1.56	0.97	**
AGE	1.01	0.01	***	1.01	0.01	***	0.98	0.01	**
SERVI	0.62	0.62	**	0.49	0.62	**	0.64	0.59	
SIZEM	-0.43	0.6	**	-0.57	0.62		-0.51	0.57	
STRCSR	-2.45	0.55	**	-1.35	0.6	**	-1.9	0.53	***
Constatnt	1.16	1.3	**	1.18	1.3	**	1.75	1.27	
Nagelkerke's R-squared	0.174								
Baseline log-likelihood	345.983								
Model log-likelihood	323.212								
Model chi-squared	22.77								
Overall percentage of responses classified accurately (%)	44.5								

Source: own

COMM variable shows a low decrease in the probability of a company's bankruptcy (by 1.21) compared to high growth, and an even smaller value for a reduction in the risk of stagnation compared to sales growth (1.09). Good relations with the company's surroundings can help to bridge bad periods, especially if there are at least partial sales. At the same time, if the company is perceived by the community as a good employer, solidarity will be even greater (Jennings, 2009). For companies whose products are not intended for the end customer, this support mechanism will be less direct, but even here, good 'neighborhood' relations pay off. The employment of people from the company's surroundings plays a mediating role while it is true that a good reputation increases the attractiveness of a company-employee relationship, and good working conditions strengthen the loyalty of employees. In this way, the company saves part of the costs associated with the production factor of labor

due to the high cost of frequent turnover and the associated recruitment of additional employees (Hammann et al., 2009).

Regarding the protection of the environment and market-oriented CSR activities, it seems that, on the contrary, these expenses do not pay off for companies with a pricing strategy, but rather threaten their revenues. The costs of environmental protection beyond the current legislation are an inefficient burden for these companies; again, there is a tendency to increase the probability of a decrease in sales by 1.44, stagnating sales by 1.43 and a slight increase by 1.53, compared to high corporate growth. Compared to the previous strategies, the reason may be a little different in the field of the competition with the help of the price. Any additional environmental protection measures represent a cost for the company which can be significant and go against this business philosophy when trying to keep the price of the product to a minimum (Stoian & Gilman, 2017).

Tab. 4: Cost leadership strategy and growth

Variable	Decline versus fast growth			Stagnation versus fast growth			Slow growth versus fast growth		
	Exp(B)	Std. error	Sig.	Exp(B)	Std. error	Sig.	Exp(B)	Std. error	Sig.
COMM	-1.21	0.59	**	-1.09	0.54	**	-1.12	0.54	
WORK	-1.05	0.73	***	-0.7	0.65	***	-0.88	0.65	**
MARKET	1.31	0.99		1.26	0.93		1.23	0.9	
ENVI	1.44	0.81	**	1.43	0.75	**	1.53	0.76	**
HURI	1.33	0.99	***	1.11	0.93	**	1.36	0.9	**
AGE	-1.99	0.01	**	-1	0.01		-0.99	0.01	**
SERVI	-0.81	0.56	***	-0.86	0.51	**	-0.88	0.51	
SIZEM	-0.73	0.56	**	-0.69	0.51		-0.68	0.51	
STRCSR	-2.21	0.56	**	-2.19	0.52	**	-1.79	0.54	**
Constatnt	1.87	1.26	***	2.51	1.15	***	1.6	1.18	**
Nagelkerke's R-squared	0.171								
Baseline log-likelihood	415.236								
Model log-likelihood	388.439								
Model chi-squared	26.797								
Overall percentage of responses classified accurately (%)	39								

Source: own

Activities aimed at protecting human rights also seem to be disadvantageous. For HURI, this is an increase in the chances of negative sales growth by 1.33, stagnation by 1.11 and slight growth by 1.36 compared to strong corporate growth. Customers do not demand or expect this from producers of cheap products; the costs associated with such activity do not, in their eyes, justify a possible increase in the price of products.

Results drawn by the MARKET variable lack statistical significance. The value of pseudo R^2 is again low, the model explains the causes of corporate growth only from 17%, and the representation of answers is 39%. All these results are presented in Tab. 4.

Other Results

In addition to the impact of various activities within the framework of social responsibility on corporate growth, the role of individual control variables can also be read from the results of multinomial logistics regression. The period of the existence of the company has no effect on the growth of sales in companies with a quality strategy, and in companies focused on product differences, a minimal connection has appeared. An older company is 1.04 times more likely to fail than grow, so older age is a slight disadvantage. The opposite result, i.e. that, on the contrary, the youth of the company is rather a disadvantage, was achieved by the value of the companies with the lowest product prices. Here, the risk of bankruptcy is reduced by almost 2 compared to higher growth in the older company.

The size of a company with different strategies also has different results. Control tests of multinomial logistic regression in the differentiation strategy did not include the SIZES variable (smaller company) and, in the remaining larger companies, the outputs indicate that size is rather a disadvantage in terms of sales growth. The larger size of the company increases the probability of bankruptcy (by 1.68), stagnation (by 2.15) and smaller growth (by 2.22) compared to higher growth. For other strategies, none of the variables indicating the size of the company was excluded, but the results appear to be insufficiently conclusive.

The industry in which the companies operate was examined in the rough structure of services and industry. Due to the high correlation, both variables SERVIS and INDU were excluded in

the examination of strategies of quality and the lowest price, and only services were left for the differentiation strategy. Here it turned out that if a company with this strategy operates in the services sector, then the probability of bankruptcy decreases by 1.36 compared to rapid growth.

The last control variable STRCSR expresses whether the company maintains a strategic corporate CSR concept and aims to clarify how this approach contributes to the growth of various corporate strategies. All strategies showed a positive effect of the strategic grasp of social responsibility on sales growth; the differentiation strategy in particular reduced the probability of bankruptcy compared to rapid growth by 2.34, the highest quality strategy by 2.45 and the lowest price strategy by 2.21.

When evaluating the results, it is also necessary to mention that the value of Nagelkerke's pseudo R^2 , which expresses the strength of the selected predictors for corporate growth, differs for individual models. The most convincing is the model of companies with a differentiation strategy ($R^2 = 0.345$). In the remaining two, it can be stated that there are other variables with a more significant impact on corporate growth.

Conclusions

The results presented in the previous chapters need to be seen with the limitations of this research. These are mainly the limits associated with the definition of the research set (cannot be applied to all companies in the Czech Republic), the course of data collection (longer period), the selection of predictors and variables.

The topic of social responsibility cannot be said to be completely new and unexplored. It has been in the scope of the Czech professional public and corporate managers for more than two decades. However, there are still insufficient studies in this area that would have greater ambitions than a description of the status quo or finding out how interested companies are in CSR. There is a lack of deeper analyses that would be able to verify current scientific knowledge in the Czech environment and possibly, based on other findings, enrich the international academic discussion.

The aim of the presented work was to find out what the extent of the strategic approach to corporate social responsibility is among companies in the Czech Republic, whether

companies that strategically approach corporate social responsibility achieve better economic results, and at the same time, whether with different corporate strategies it is appropriate to choose a different mix of CSR activities in order to strengthen corporate growth.

A sample of more than four hundred Czech companies with a history of social responsibility showed that there is a link between a more advanced, i.e., strategic, approach to CSR and achieving economic prosperity. The same sample showed that companies whose concept of CSR is rather intuitive and less systematic are thus losing possible use of the potential of social responsibility to gain a competitive advantage. Furthermore, it turned out that companies with different corporate strategies should carefully consider the benefits of individual CSR activities. All three strategies have shown positive effects on activities aimed at employees and the local community. The differentiation strategy has shown the benefits of efforts to cultivate a market environment, and the strategy of the highest quality showed the benefit of human rights protection. Conversely, with the lowest price strategy, the success of which is linked to cost minimization, additional activity does not mean an economic advantage. Perhaps surprisingly, the positive impact of voluntary environmental protection has not been demonstrated. It cannot be concluded that the companies should give up higher environmental commitments. Such an approach could lead to a reduction in the company's competitiveness because all stakeholders have high expectations, and they automatically expect this activity from companies.

The presented paper has the ambition to shed some light on the complex relationships between social responsibility, corporate strategy and corporate growth. One can agree with Carroll that the driving force behind the concept of social responsibility is the widespread acceptance of the idea that companies are not exclusively for profit (Carroll, 2015). The results cannot be seen as the final and complete answer to the questions outlined. For a closer and more detailed understanding of the broader topic in the context of Czech business, a systematic and longer-term approach to the collection of relevant data and subsequent analyses would be needed in the future. Attention could be focused on the potential of social innovation, social entrepreneurship and

changes in corporate social responsibility due to the erosion of the welfare state.

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