

## Market Analysis on the Presence of Social Responsibility in Companies in Bosnia and Herzegovina

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### ABSTRACT

Corporate social responsibility implies that all transactions in the Company executed with respect to the economic legal and ethical principles. In Bosnia and Herzegovina, a relatively small number of companies expanding their economic objectives of socio - economic and included in solving social problems. Due to technical - technological progress changes occur rapidly and result in a large number of social problems that can return a negative impact on business operations. There is a wide choice of alternatives by which companies can do business socially responsible, and each of these alternatives offers a number of benefits for all involved (company, non-profit organizations and consumers). The subject of this analysis involves, on the one point of view corporate social responsibility, and on the another the success of the company. Corporate social responsibility will be examined through economic, social, environmental and ethical dimension.

The aim of this thesis is to theoretically position management and social responsibility as part of the management functions in the work of the business entity. Also, aim is to point out the many advantages resulting from the application of socially responsible business practices and point to the achievement of successful cooperation between of interest groups influential in the development of Boards. This paper will explain the dimensions of corporate social responsibility, to point out the many benefits arising from the application of such business practices and potential problems that may occur. Methodology is based on the analysis and synthesis of primary and secondary data. Secondary, data were used in this study are available in the scientific and professional literature. In the development of work methods were used to analyze, synthesize, descriptions and comparisons. The research purpose and significance is to highlight the growing impact that society has on the company and / or organization and importance of corporate social responsibility as an important factor of achieving competitive advantages. The purpose of the study also explained that CSR is the value and strategy, not just a means of making a profit company.

**Key words:** *management, social responsibility, consumers, strategy, corporation, development*

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## INTRODUCTION

Corporate Social Responsibility (CSR hereafter) is defined as a concept in which companies knowingly and voluntarily increased activity arising from the primary functions of the company - of increasing profits and affect their working, social and natural environment (Mašić, 2010). Corporate social responsibility is a new awareness of the location and meaning that companies have in the contemporary global society and the responsibilities arising from it. Also, the practice of social responsibility includes the activities of companies such as: what products to buy and sell, whether they comply with legal regulations, relationship with employees, whether investing in the development of the local community and whether it contributes to the preservation of the environment. The idea of development, which affects the needs of future generations the sustainability of development. Economically sustainable development is not a sufficient condition for the development of a society, a key factor for achieving sustainable development, and therefore its impact on the local community implies responsibility (Milisavljević, 2007). Harmonization of relations between the spheres of economy, as the pillar of development and the interests of society as a whole must not be individually monitored nor ignored.

Corporate responsibility in Bosnia and Herzegovina, also in the region poses a relatively new term applied to large companies and growing mid-sized and smaller companies. CSR basically means that companies and other legal entities exercise activities mentioned above the primary function and achieving a positive impact on their working, social and natural environment. The concept of social responsibility and practices relating to the dimensions of the activities of a company or organization and all the relationships that it establishes with that. to contribute to the overall economic and social development but how to invest in the community and respect human and labor rights, to recruiting, training and influences the development of our employees and their target category, to affect the protection of the environment.

According to Drucker et al., (2004) Corporate social responsibility means a commitment the company management to take actions that will improve the welfare of the entire society and the business system. It represents a global business imperative and the idea that it is impossible to ignore. One can say that it is a successful company that simultaneously takes account of its economic, social and environmental impact, and socially responsible business is the business model and management style in which profit is realized in a socially responsible manner (Drucker et al., 2004).

Development of the concept emerges as a new way of doing business in global companies that are exposed to risks due to non implementation of environmental policy and employees. In future many of global companies that apply the concept of corporate social responsibility, because in it they can provide an effective means for gaining competitive advantage (Muller, 2004).

The concept of corporate social responsibility is not just a passing fad, but an imperative in the business world all the companies that will sooner or later have to accept if they are to keep their place in the business scene. This business concept brings multiple benefits, not only for companies, but also in world integrity.

## RESEARCH METHODOLOGY

### Research hypotheses

Given the proposed details in theoretical principles and the literature, the research hypotheses are formulated as follows:

The general hypothesis H0: It starts with the assertion that the concept of social responsibility of business has a positive impact on the company creating significant prerequisite

for the welfare of the community by making it more competitive in the market. For the purposes of the research performed and auxiliary hypotheses that help make it easier to draw conclusions that will be reached in the study.

Auxiliary hypothesis H1: There is insufficient appropriations from the budget of the company to finance socially responsible activities.

Auxiliary hypothesis H2: The ability and the integration of CSR in the Serb Republic, Bosnia and Herzegovina is not pleasant position. There are significant activities in larger companies, while medium and small companies remain the primary function of the engaged business.

## Research methods

The paper is based on the collection and analysis of secondary data sources. Secondary data used in this study are available in the scientific and professional literature of the problem of environmental protection in business, corporate social responsibility, also about business ethics. In the development work were used methods of analysis and synthesis, descriptions and comparisons. A method of analysis and synthesis is used in the theoretical part of the work for parsing (analysis) complex concepts and conclusions in a simpler and merging (synthesis) of simpler elements in more complex parts. The description is used to describe facts, objects and processes in nature and society without the scientific interpretation and explained, which is used in the work in theoretical and application part. In the applicative part of the work, the method of comparison, based on data from annual reports on sustainable development observed businesses available on the website, researches, comparing different events, objects on examples of companies in the same activities in order to compare their basic characteristics.

## Research findings

There are many theoretical frameworks that attempt to explain why the company should strive to do business socially responsible. The following tables provides an overview of authors reaseaching of framework of corporate social responsibility since its inception until the nineties.

CSR activities include a strong fight against corruption and implementation of anti-corruption measures in all segments of society. In fact, in Bosnia and Herzegovina is particularly acute problem of corruption and useless fight against it. This, for example. as estimated by Transparency International Bosnia and Herzegovina on the basis of the analysis of the monitoring only in 2007 more than half a billion KM of budget funds was lost through corruption and illegal transactions in the process of privatization.

The current status of the presence of social responsibility in companies in Bosnia and Herzegovina can be viewed through surveyed the marketplace. The survey included 30 questions that are sent to different mail addresses to companies selected randomly and who were willing to fill out the questionnaire and thus participate in the project.

The first part of the questionnaire made by author survey, related to general information about the company, ownership structure, activities, number of employees and total revenue. The second part concerned the situation of CSR in the company, the existance of CSR strategy and who is responsible for its implementation. The next set of questions related to the degree of integration of ISO standards and international treaties dedicated to corporate social responsibility. An important part of the questionnaire focused on the situation of employees and their rights within a company immediately thereafter, and the relationship to the community. Philanthropic activities are explored through the next set of questions and in the end they sought answers to questions that deal with the relations between government and media relation activities in the field of corporate social responsibility.

**Table 1.** The research results are presented in the following table:

Activity	Frequency	Percent
Finance	5	14.30
Industry	3	8.58
Energetics	2	5.71
Bussines	11	31.46
Tourism	1	2.86
Telecommunications	1	2.86
Architecture	1	2.86
Services	1	2.86
Other (IT and etc.)	10	28.6
Total	35	100%

Source: Author's survey

**Table 2.** Number of employees:

Number of employees	Frequency	Percent
Under 10	6	17,19
Under 50	16	45,71
Under 100	9	25,65
Over 200	4	11,45
Total	35	100%

Source: Author's survey

**Table 3.** Availability strategies in public:

Availability	Frequency	Percent
Yes	34	97,14
No	1	2,86
Total	35	100%

Source: Author's survey

**Table 4.** Management activities of corporate social responsibility:

Presence	Frequency	Percent
Yes	19	54,34
No	16	45,66
Total	35	100%

Source: Author's survey

**Table 5.** Allocations of funds for CSR activities:

Percent of budget	Frequency	Percent
Under 2%	21	60,06
From 2 to 5%	7	20,02
From 5 to 7%	5	14,30
Over 7%	2	5,62
Total	35	100%

Source: Author's survey

**Table 6.** Employment of workers in accordance with international conventions and humans rights:

<b>Presence</b>	<b>Frequency</b>	<b>Percent</b>
Yes	35	100
No	-	-
Total	35	100%

Source: Author's survey

**Table 7.** Security, safety of workers at the workplace (insurance and health care):

<b>Presence</b>	<b>Frequency</b>	<b>Percent</b>
Yes	35	100
No	-	-
Total	35	100%

Source: Author's survey

**Table 8.** Experimental part are workers familiar with their work and how are they satisfied with their workplace and their superiors:

<b>Presence</b>	<b>Frequency</b>	<b>Percent</b>
Yes	21	59,85
No	14	40,15
Total	35	100%

Source: Author's survey

**Table 9.** Competence of workers to participate in social responsibility of community:

<b>Presence</b>	<b>Frequency</b>	<b>Percent</b>
Yes	35	100
No	-	-
Total	35	100%

Source: Author's survey

**Table 10.** Are company is environmentally conscious and are they use biodegradable materials in the work/ing area:

<b>Presence</b>	<b>Frequency</b>	<b>Percent</b>
Yes	32	91,20
No	3	8,80
Total	35	100%

Source: Author's survey

**Table 11.** Does the company take part in humanitarian actions

<b>Persence</b>	<b>Frequency</b>	<b>Percent</b>
Yes	35	100
No	-	-
Total	35	100%

Source: Author's survey

## CONCLUSION

Explained in a simple way, social responsibility is based on the integration of economic, social and environmental dimensions in the daily operations of the company, thus contributing to the advancement of society and the growth of the companies themselves (Berčić, 2012).

Set the main hypothesis H0: It starts with the assertion that the concept of social responsibility of business has a positive impact on the company creating significant prerequisite for the welfare of the community by making it more competitive in the market. Being socially responsible means not only to fulfill legal obligations, but to go beyond the established compliance with laws and regulations, but also to invest more in human capital, environment and relations with stakeholders. In this way, companies are investing in their future. Take business by these ways, they will find that their voluntary engagement and commitment can help community development.

The main hypothesis is demonstrated through the analysis of research that was used in the work. Given that more than 96,90% of the companies surveyed responded that most are familiar with the impact of the concept of CSR for the market and the community. Auxiliary hypothesis H1 which said Inadequate budget from the budget of the company to finance socially responsible activities was also confirmed as the results of the research showed that companies allocate less than 2% of the budget for the needs of socially responsible activities. Bosnia and Herzegovina is 103. of 137 countries in Europe presenting a situation in which the country compared to other countries in the region and its modest opportunities can not do much to contribute to increasing corporate social responsibility through financing, subsidies and sponsorships and increase social responsibility in the community Auxiliary hypothesis H2 which read ability and integration of CSR in Bosnia and Herzegovina is not satisfactory position. There are significant activities in larger companies, while medium and small companies remain the engaged primary function operations, also confirmed the part of the previous hypothesis because it is causally associated with this research is proving to be big companies apply corporate social responsibility because of the complexity his business and as such have at least departments and Special administration of philanthropy and help the local community. Positive examples in Serb Republic are: M: tel, Banja Luka Brewery business that its impact on humanitarian activities and environmental protection, approaching the trend of global business companies in place of their existing.

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