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Responsible Efficiency – The Strengths of Three ‘Legs’

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Abstract

In recent time responsibility in the codex of companies definitely have two stressed meanings. Corporate Social responsibility and environmental consciousness are confirming the advantageous judgment of businesses which have to ensure the internal and external social responsibility and as an eternal purpose of profit-orientated companies these aims have to support and to help increasing the economic efficiency of their production system.

The external environment (political, social, environmental, economic and technological) is also influencing the activity of enterprises and determines an area where companies have to suit all requirements.

In this study the authors mean to examine the connection points of the above-mentioned expectations towards firms, to bring to light the essential principles and to mention the most often used marketing tools to communicate the responsible behaviour outwards.

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1. Introduction

In the competition to gain competitive advantage the responsible behaviour of companies has an increasingly significant role on the market nowadays. It means that companies have to take more and more part and commitment in the sustainable development from the view of natural, economic and social environment. Németh (2015) has defined the connection between the economy, society and environment complicated and pointed out that these systems cannot work without each other. In the triple bottom line Dyllick and Hockerts (2002) and also Tóth (2007)

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companies have to deal with the above mentioned three areas on a sustainable way. The environmental sustainability means the eco-efficiency, the economic and social (the support of the society and local organisations) sustainability and the long run competitiveness of companies.

In Hungary it can be also viewed that in the operation of companies the social and environmental restrictions are getting stricter and they become competitive through the social- and environmental friendly behaviour and activities. So it is important to handle successfully with the contradictions between economic, social and environmental purposes and so base the corporate interest (Fülöp, 2013).

The connection between the columns of the triple bottom line model and the importance of the fields of corporate social responsibility can be seen on Figure 1.

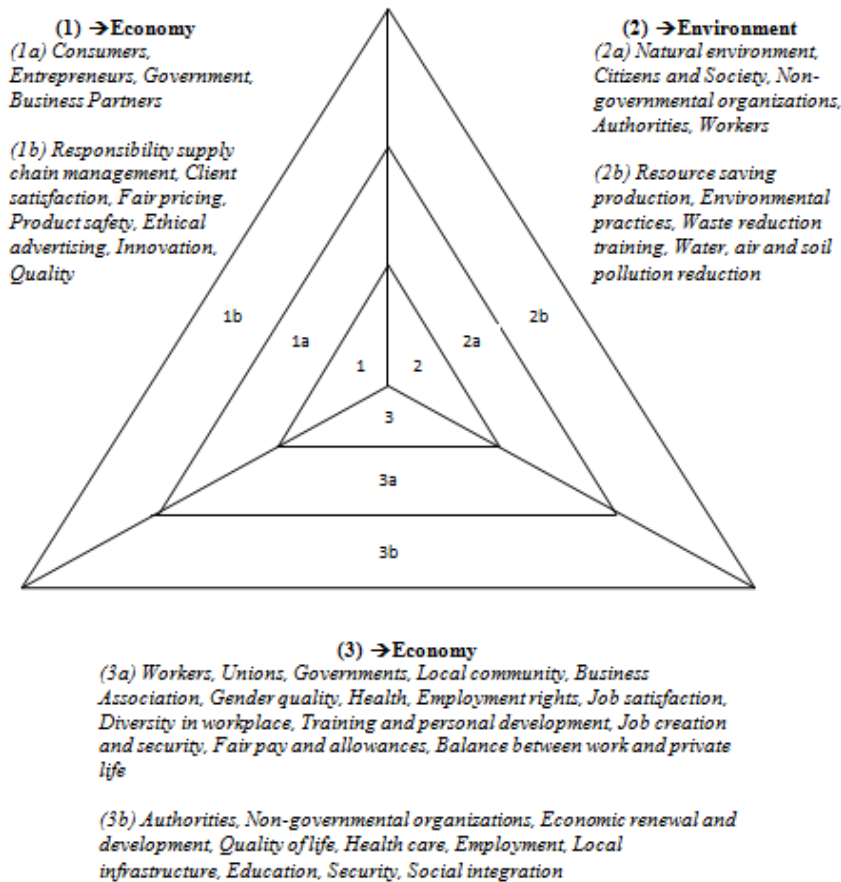


Fig1. The real corporate responsibility, Source: by Hajdú (2011), own made (2016)

2. The 'three legs' – Three bottom line

2.1. Economic efficiency

In order to the company which is committed by the structure of corporate responsibility it would be concentrated on the third leg of responsibility which is the economic efficiency. Of course the best strategy does not exist, but in addition to principles the company is able to move the growth of direction of economic efficiency. In approach based

on the presented five principles the company should be adhered at least one of them into its strategy and should consider to use it in its economic system.

At first the management of the company should decide to use the traditional meaning of corporate responsibility or change to real corporate responsibility model. Figure 3 shows the differences between the two models.

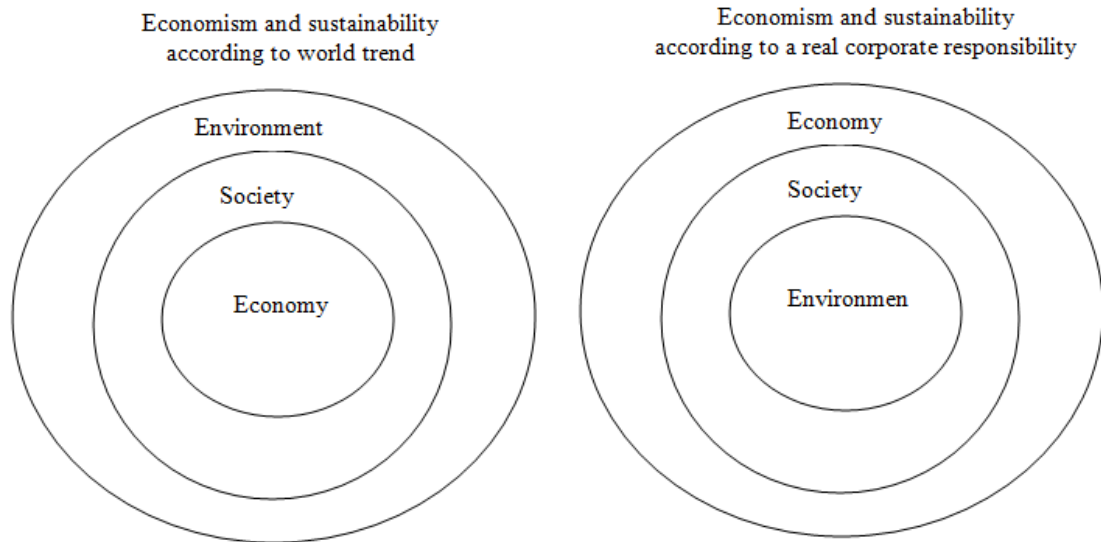


Fig.2. Differences between the two responsibility model, Source: own made, 2016

This chart shows two different dimensions of typical companies. In the first dimension the traditional corporate 'responsibility' model has shown in which the company has worked with the traditional form. The corporate efficiency is higher in the corporate culture than the environment and social aspect according to this first model. The second dimension is concentrating on a 'real' corporate responsibility model, where the company's management has recognized the potential connection between environmental possibilities and economic efficiency. These types of companies are dealing with the economics and sustainability according to a real corporate responsibility. In their view concentrating on the economic efficiency also means taking environment into account.

Another view says that the economic efficiency is a type of method of long run minimalization of overall costs. The efficiency components drive to cost minimalization. According to this definition different types of economic efficiency can be defined. The first one is the static efficiency which is about minimizing waste diversion costs given the technologies available today. The other type is dynamic efficiency which is about innovation whereby the cost of waste diversion declines over time through technological progress. Of the two efficiencies the improvement of dynamic efficiency– innovation and technical change – cannot be overestimated. The third type of efficiency (allocated efficiency) concerns itself with the production of goods in an optimal amount and the allocation of those goods to the right consumers.

According to these three types of definition of economic efficiency the main conclusion is that all of the companies are responsible for the environment.

Environmental consciousness

Being environmentally conscious is a key question and competitive advantage on all the fields of the economy. Type of used raw materials, methods, techniques, machines and so the caused effects on the environment is summarized by Figure 3.

Main damages caused on the natural environment are: depletion of resources and ozone, several types of pollution (water and air pollution, soil degradation), other damages and finally fastening global warming.

So being conscious is not a possibility but also a very strict requirement for companies. Nowadays it seems to be short to behave environmentally friendly but it has to be shown to the consumers even if they are private or public.

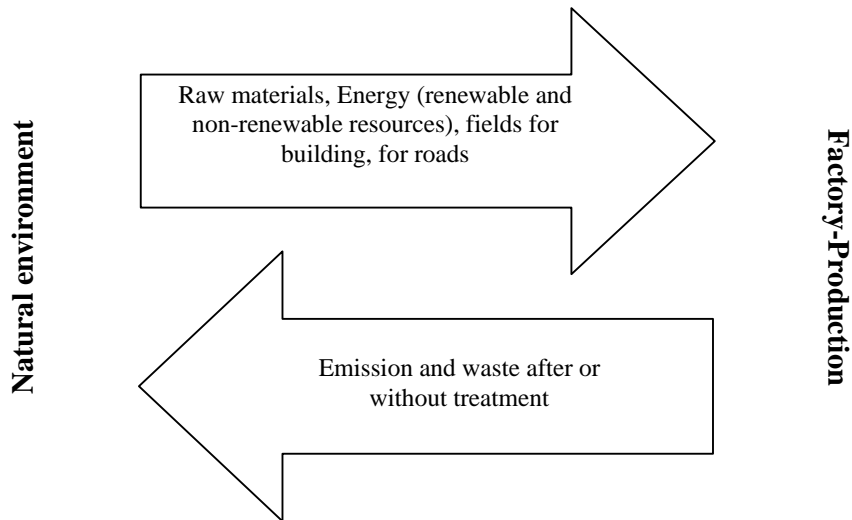


Fig. 3. The simple figure of connection between the natural environment and the factory, source: own made, 2016

Being environmentally conscious means to understand the sensitivity of environment and behave on a protective way toward it. It means an environmentally efficient production when the consumption of energy and resources is minimised, renewable resources are preferred, the stress is on prevention in production processes, the minimalization of emission and produced wastes is a guideline when planning processes and 3Rs are taken seriously (recycling, reuse, recovery). At the end the company harm the environment as less as possible controlling used resources, equipment's, working out processes, measuring produced pollution and following the basics of sustainability.

International standards provide the background to this.

Main business tools of environmental friendly manufacturing are the followings (IISD): by-product synergy and industrial ecology, cleaner production, design for environment, eco-efficiency, energy efficiency, environmentally conscious manufacturing, recycling, reusing, green procurement, performance contracting, pollution prevention and zero-emission processes.

2.2. CSR – Corporate Social Responsibility

According to the concept CSR (Corporate Social Responsibility) companies build into their business activity the requirements of society and natural environment and also add these points to the interaction with their stakeholders and business partners. It means in a wider explanation that companies are responsible for all their activities which affect people, communities and natural environment. These enterprises are behaving on a responsible and ethical way and contribute to economic development to better the life style of employees and their relatives, of the local communities and of the society. (World Business Council for Sustainable Development) Taking social responsibility is voluntary, it is more than the law requires from companies and it means that the company uses its resources on behalf of public weal. Rules of CSR have to be completed in the organisation and also in the relation between the profit-motivated organisation and the stakeholders.

In 2013 in a global survey the Grayling Pulse asked the opinion of the communication managers and professionals of more than 1300 companies about corporate social responsibility. Also Hungarian companies took part in the survey, so in this study the results of this survey would be introduced from a Hungarian point of view. :

- More than 33% of the asked Hungarian companies have well-structured CSR strategy, but more than 30% has nothing connected to corporate social responsibility strategy.
- In the communication strategy of 38.2% of the asked Hungarian companies there are different CSR programmes.
- More than 25% of the Hungarian companies spend 11-25 % of the communication budget to communicate CSR programmes.
- According to the opinion of 28.9% of the questioned companies the Hungarian media is neutral to the programmes connected to CSR in Hungary, while only 24.4% think that they are interested in these programmes.
- Hungarian companies prefer the health problems and programmes from CSR proposals (34.9%).
- The most often used communication channels in Hungary are the newspaper, internal communication tools (news mail, intranet), blogs and public media.

On the base of the results of the survey it can be stated, that the CSR has an increasing role in the corporate marketing and communication strategy, too.

In Hungary to value the responsible proposals, products, services and projects of companies and organisations the Hungarian Business Responsibility Award, the CSR Hungary Award was established which could be won by companies in different categories in 2015. Companies and organisations are valued on the base of the model of corporate social capacity measurement. The CSR Hungary Award provides two years voluntary mark usage to companies and organisations. Winning this award companies can stand themselves more successfully towards internal and external stakeholders.

In 2015 companies were awarded in three categories in Hungary:

- Sustainable big companies: Budapest Bank PLC., Lexmark ITH Ltd.
- Junior category: Henkel Hungary Ltd. (Follows of Sustainability Program)
- Common Responsibility – common cases category: Budapest Bank PLC. (Developing Financial Culture), DM Ltd. (Smiling Teeth Program), Hungarian Telekom PLC. (Telekom Clever Digital Program with the partnership of Digital Knowledge Academy), All You can Move SportPass, National Media and Newscast Authority (Educational Activity for Young People to use Internet Safely and Consciously), Velux Hungary Ltd. (Safety Excellence Program), Vodafone Hungary Limited Company (Knowledge in Rehabilitation of Children suffering from Aphasia and Immobility). (www.csrhungary.eu)

From companies winning CSR Hungary Award in 2015 we highlighted three, from different sectors of the economy. These are the followings: Budapest Bank PLC. from the bank sector; DM Ltd. (drogerie markt) from retail shops and Hungarian Telekom PLC. (Mobile phone service, TV and Internet provider) from the sector of services. We introduce the most significant programs of their social responsible business practises in Hungary from their CSR reports and from websites.

2.3. Environmental responsibility in CSR – examples from CSR reports of the examined companies

Examining corporate practices the followings options can be seen by the chosen companies.

- Environmental conscious operation was named at Budapest Bank (CSR) and explained as completing their activities while causing the less harm to the environment so decrease ecological footprint. Tools were the modernisation of lightning; using video conference system instead of travelling to the partners; recycling paper, plastic and collecting batteries separately; and printing to both sides of paper so decreasing paper usage while also establishing a digitalisation centre which is completely paper free.
- Distributing environmentally friendly products is important for Drogerie Markt. Environmentally friendly washing powders e.g. washing nuts or washing soda are also on the shelves of the shops. Alverde which is DM's own trade mark and the Alnatura products which are exclusively distributed by DM have the international Standard NaTrue.

- Green trade stresses the responsible role of DM in forming its environment and being aware of environmental protection. To raise positive example by using environmentally sound solutions is significant.
- Recycling is a running program in the store houses of DM. To produce less waste it thickens paper and plastic bags and sells them to be reused.
- Minimising air and noise pollution and economic use of water (by collecting rain water) are also important goals in the DM's store houses. Electrical trucks cause no harm to the atmosphere and produce no noise.
- Decreasing CO₂ emissions by 25 % from 2014 to 2015 is one of the main strategically purposes of Telecom. The result was 20.15% decrease thank to the lower usage of electrical energy and to buy green energy in 2014.

For employees

- Green Office at Budapest Bank to decrease the ecological footprint of the central building was established. It means the bettering of waste management and decreasing the usage of water and electricity.
- Cyclist friendly workplace of DM supports the travelling by bike to work and continuously winning this prize.

For consumers

- 'Responsibility is on my shoulders' is a programme of DM to lessen the waste in the households of its consumers. Several types of non-disposable bags made of cotton provide an environmentally sound way for consumers to deliver the purchased product home.

2.4. CSR and marketing communication

On the grounds of Lukács (2015) the tools of CSR communication can be unidirectional, bidirectional and network communication tools. Bidirectional communication has two main types, which are obliged and symmetrical. When using bidirectional obliged communication tools the main purpose of the company is not to implement an internal change on the basis of the feedbacks of external stakeholders but to stress their vocation and being open to take up a given social problem.

Tóth (2007) stresses three different possible trends alluding to Holliday about the possibilities of companies to communicate their CSR activity:

- „Talk the talk” – the company talks about its CSR activity but does not use it in practise.
- „Walk the talk” – the company complete CSR programs and proposals and communicate them.
- „Talk the walk” – first the company puts their CSR programs into practise and then communicate it to better its value.

Kotler and Lee (2007) differs six types of corporate initiatives from the view of social responsibility. These are specified in the following subsections:

- Promotions connecting to purpose

Supporting to make real a given social purpose and popularize its importance. In these cases companies emphasize persuasion in their marketing communication strategy.

Budapest Bank started to deal at first with developing the financial culture of population and companies as a social problem. It is supported by its magazine 'MOST!' ('NOW!'). The Stepping program aims to widen the financial knowledge of women and develop their entrepreneur consciousness to help them prevailing more easily in business life. It is completed through a competence developing program.

DM Ltd. focuses on two social problems. One of them is the correct teeth attendance (from the first teeth ('Smiling Teeth Program')) and the other draws the attention to the dangers of sunbathing ('Children of the Sun Program').

Hungarian Telekom PLC. has a program called 'Hello Tomorrow!' to inform people how to live on the most sustainable way. It is realised through Hungarian leader printed, electronic and online media (for example TV channel RTL Klub, radio channel Class FM, webpage Origo, newspaper Metropol).

- Marketing connected to issue

In this type the company offers a particular part of its income to support a chosen social issue. These marketing campaigns have a limited period of time, limited range of products or social problems which concern a wide range of people, for example cancer diseases, education of children, breaking of smoking or prevent throwing litter away on publicly owned lands.

Primary consumers of DM Ltd. can support kindergartens and schools which are taking part in ‘Smiling Teeth’ and in ‘Children of the Sun’ Programs with giving active beauty points.

- Corporate social marketing

In corporate social marketing campaigns companies try to work out programs which suit their main field of activity and so accommodate into their marketing strategy.

Budapest Bank supports the development of women’ carrier in the program ‘Women for Women’ by coaching, by trainings, professional programs and professional information.

DM Ltd. teaches children through drawing competitions, online and downloadable games the correct sunbathing habits in the program ‘Children of the Sun’ Program. With the same tools this company shows to children the right teeth protection in the program ‘Smiling Teeth’. Also for this second purpose they use television adverts.

The aim of the Program ‘Clever Digital’ of Hungarian Telekom is to encourage young people not only to use the Internet but use the possibilities of digital world on a clever and conscious way and to change the behaviour of Internet users.

- Corporate grants

It means the direct contribution in money and in kind of social issues.

Budapest Bank supports the national and the across boarder middle level and higher education for financial and economic education with financial grants in the program ‘For Education and Hungarian Financial Culture’. Institutions spend the received money for developing educational programs, for organising summer universities and financial events and also for purchasing professional literature last year.

Budapest Bank subsidies the program ‘Budapest Bank Foundation for Budapest’ and the program ‘Budapest Bank for Békéscsaba’ also.

DM Ltd. helps poorer families with small children by contribution-in-kind in the program called ‘For Babies Together’. They support as many families with nappies enough for half year as many shops in Hungary are run.

Hungarian Telekom PLC. offers reduced fee one-year-packages of line telephone services for non-governmental organisations. Public benefit organisations can compete for free entering of month-fee-free when applying for internet services when applying for non-governmental fee packages. Hungarian Telekom PLC. established Delphin Award in 2008 for all Hungarian companies which are significantly committed to sustainable development.

- Public voluntary activity

The employees of the company can take part voluntary in projects connected to community, healthcare, environmental protection and safety. In Hungary the employees of Budapest Bank, which is spread in all the country, provide voluntary renovation works in local institution for children, youth, education or healthcare. The bank supports these works financially too, to purchase the necessary tools for renovation.

The employees of the bank are also donors of blood, raise donation by making cookies, collecting clothes and plastic bottle tops and draw the attention of students of secondary schools to the importance of studying languages.

The employees of DM Ltd. work voluntary one day a year in social institutions, mother homes, local kindergartens and animal homes in Hungary, in the program ‘One Day for Others’.

Public voluntary activity of employees of Hungarian Telekom PLC is the Program ‘Telekom Clever digital’ (for students of primary and secondary schools, parents, pedagogues, communities), which program perfectly suits the profile of the company. In this program the employees hold presentations all over the country to spread knowledge about right and ethical mobile- and Internet usage. Employees spend 141 hours with voluntary work. They can also take part in the program ‘Hello Tomorrow!’ with voluntary dedication and voluntary work after hours. Public voluntary program is ‘Giving is Good!’ when employees sell home-made cookies to each other and so accumulate financial grants.

- Socially responsible business behaviour

Socially responsible a company if for example

- it uses environmentally friendly wrappers and raw materials,

- it provides opportunities and programs to its employees which contribute to their welfare,
- it builds factories and plants which are environmentally friendly,
- and it outlets unhealthy products from its portfolio.

Budapest Bank expanded colourful programmes to sure the welfare of its employees and their families. In the middle of their healthcare program is the healthy diet (professionals plan the food in Budapest and Békéscsaba), the sport (Family and Sport Day once a year), the breaking of smoking, the prevention and examinations (medical examinations in work time, vaccination against flu) and handling with stress (tai-chi, yoga, autogenic trainings, relaxation room) and so on.

DM Ltd. won the titles of ‘The Best Workplace’ and ‘Family Friendly Workplace’ in 2015. In the centre of its socially responsible business activity there stands the balance between workplace and family.

Hungarian Telekom PLC. plans the following programmes connected to the welfare of its employees. They support their employees financially and with reduced working hours to take part in state education. In the weekend houses of the company employees can spend their holiday preferentially. Telekom also offers a hand in extraordinary situations (funeral aid, loans for home). They offer a special electronic recruitment site for handicapped employees. For employees with family they offer several programmes and opportunities: mothers with babies, baby welcome parties, to decrease the costs of babysitters for daytime and holidays if the mother is working and also informing programmes for fathers. They monthly have the program of ‘Work from Home Days!’ when last Fridays of every month employees can work from home.

In the capital city employees can hire bikes free between the four sites of the company. In 2014 the company won the title ‘Family Friendly Company’ as a firm which works on a family friendly way so it keeps the balance between work and private life and so strengthen the family friendly view of the society and favours big families.

3. Conclusions

Hungarian examples introduced in this study show the long run profit maximisation effect of responsible corporate behaviour; because the price sensitive consumers will always take into account the sustainable activities of company in the fields of economy, environment and society. These considerations can be perceptible in the more conscious purchases. It can be stated that on the above- mentioned base companies have to build the activities connected to economic, environmental and social responsibility into their corporate strategy because CSR can work the most efficiently and derive to profit maximalization only on this way. The interest of the introduced Hungarian companies is to pay regard to business partners, consumers, suppliers, employees, shareholders and the environment in their business activities.

In the same time it has to be mentioned that the companies’ communication of their economic, environmental and social responsibility in Hungary is more moderate and they prefer mainly the internal communication channels. External communication channels are mainly used by defined events.

To summarize it can be stated that the consumers’ view is getting more and more conscious, their quality requirements toward products and services are growing which causes a stronger responsibility from the corporate side and drives to competitive advantage.

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