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CORPORATE SOCIAL RESPONSIBILITY: CROATIAN CONTROVERSIES

ABSTRACT

Contemporary concept of corporate social responsibility (CSR) tends to create an image of a company as responsive to the society and represent its active commitment to minimizing or eliminating any harmful effects and maximizing its long term beneficial impact on society.

The aim of this paper is to analyze CSR concept in Croatia from different stakeholders' perspectives: company management, employees and customers. The CSR in Croatia is a relatively new concept and there has not been much research, especially involving different stakeholders.

In order to research companies we have applied content analysis of company's web sites with respect to CSR. Customers and employees were researched by questionnaire where some already internationally applied methodology was used. In addition, a case study of a bank based on interviews with the same stakeholders was created.

Research results show that there is quite different perception of CSR, its importance, power and role in Croatian society between these stakeholders. The most important differences identified are: what competencies can different stakeholders develop through CSR, to what extent can company CSR policy be adjusted through market influence, the nature of supply and demand for CSR in Croatia, the way CSR benefits different stakeholders, and the different perception of order of importance of different CSR aspects.

Key words: *corporate social responsibility, companies, employees, customers, Croatia*

1. INTRODUCTION

Alongside with the development of social concept of marketing and doing business in general, corporate social responsibility (CSR) is gaining an increasing attention both from academic and practical aspects. A widely quoted definition by the World Business Council on Sustainable Development is that it represents a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of its workforce and their families as well as of the local community and the society at large (WBCSD, 1999). Such definition defines the wide scope of company stakeholders with respect to its social responsibility:

- a) company itself, in terms of ensuring profitability to its shareholders,
- b) employees, in terms of building organizational justice, support and trust for higher level of commitment and work satisfaction of existing employees and creating higher level of company attractiveness for required new quality workforce in return
- c) consumers, in terms of building on corporate reputation, positive company and products' evaluation and respectively, purchase intent
- d) society in general, in terms of giving the correct answers to growing concerns for consumer and environment protection, quality of life enhancement in the long run, and growing social orientation and consciousness in general.

The aim of this paper is to analyze CSR concept in Croatia from different stakeholders' perspectives: company management, employees and customers.

2. THEORY OVERVIEW ON CSR

2.1. Management perspectives on CSR

According to McWilliams and Siegel (2001), a company would invest in CSR when it recognizes existing demand. In that case, it would consider CSR as an investment to maximize profits. When companies recognize demand for CSR they can decide to invest and create it as a distinct competitive advantage. However, to satisfy the recognized demand for CSR, companies must devote certain amount of resources. These resources might include labor, materials, services or capital investments, depending on the chosen number and level of CSR attributes they want to supply. Most often these resources will include special equipment, machinery, choice of socially responsible suppliers, progressive human resource management practices and staff to implement CSR policies (McWilliams and Siegel, 1991). This also means additional input costs. Because of the high cost involvement in such procedures, it is of highest importance for managers to determine the optimal level and scope of CSR that their company is to provide.

Benefits of CSR for the company may include several aspects: first, proclaimed and practiced CSR results with positive public opinion, higher brand protection and higher level of loyalty, not only of customers, but also other stakeholders. Customers today are expecting much more than basic product characteristics: quality, price, availability, safety and utility; they increasingly choose to buy products from companies that do not exploit child labor, use GMO or harm environment. On the other hand, companies with developed CSR have loyal employees, higher productivity and lower costs connected to work force fluctuations and hiring and training new work force – they are therefore more efficient. Also, environment protection is becoming one of the most important risk factors for investors, and CSR is often used as a measure of company's overall management and leadership quality. Last, but not least, companies that proactively obey the laws and go higher than standards in positive way, often get different privileges and status when doing business with government and they are publicly pronounced as good corporate citizens.

In many cases, companies have recognized how to use CSR as a part of the company's marketing strategy:

- CSR as a differentiation strategy: CSR may help to achieve differentiation, because it allows managers to simultaneously satisfy consumer personal interest and to achieve differentiation, for example recycled products, or similar. It has been proved that there is a positive correlation between the level of product differentiation and the provision of CSR attributes (McWilliams and Siegel, 2001).
- CSR involved in company advertising: to be successful with CSR differentiation, customers have to be aware of company's CSR efforts. Advertising will play a significant role in case when CSR attributes are not visible. Advertising company's CSR can be used to build or sustain a reputation for quality, reliability and/or honesty
- CSR might influence the product/service price: since CSR provides additional attributes to products/services that are often perceived as value added by consumers
- CSR and profitability: although high levels of both marketing and R&D are often associated with higher profits, it is difficult to define the actual relationship – it is a function of the specific industry and environment conditions faced by any specific company at any given point of time (Cochran, 2007). Nonetheless, it is possible to find mechanisms by which CSR might enhance profitability. According to Wu (2006), the cost of having a high level of CSR is minimal in comparison to actual benefits from socially responsible activities.
- CSR is closely related to innovativeness: it enables company to recognize needs for new products/services through contacts with new stakeholder groups. Innovativeness and ability to adapt to social and technological changes are the major factors of competitiveness today.

2.2. Employees' perspectives on CSR

Taking into account stakeholder and organizational theories we may consider employees as a specific group different from company management and consumers, who perceive, evaluate and react to actions undertaken by their companies with respect to CSR.

Barnett (2007) argues that the ability of CSR to create company value lies in its ability to generate positive relations with all company stakeholders, including employees. However, the majority of existing research is concerned on consumers as stakeholders that evaluate company's CSR activities.

Different company policies and practices can produce positive or negative perceptions and reactions of all stakeholders, including employees. Environmental policy, activities regarding different political issues, social policies, etc., influence perceptions of company value system, working conditions and its overall attractiveness to existing or prospective employees.

Backhouse et al. (2002) have researched jobseekers as the stakeholder group and found that they consider CSR dimensions of environment, community relations, diversity, product issues and employee relations to be the most important.

2.3. Consumer perspectives on CSR

Since the buying behavior includes not only personal, but also societal motives, consumers today increasingly expect companies to demonstrate convergence with some social values as contribution to the community (Marin and Ruiz, 2007). If consumers recognize these efforts and can identify with them (attitudes, values, beliefs, and activities) they are likely to feel attracted to those companies and their products, which usually results in different profitable results from a company standpoint (Brown and Dacin, 1997; Ellen et al., 2006):

- positive product evaluation,
- brand choice,
- brand recommendation,
- corporate reputation, and
- purchase intent.

Consumers do not only recognize and value such behavior, but as research in developed economies shows (Sen, Gurhan-Canly and Morwitz, 2001) increasing number of consumers is ready to sanction socially irresponsible

companies. According to Snider et al. (2003) consumer expectations toward CSR have increased over the last decade due to the following:

- increased number of companies with social responsibility programs,
- increased number of companies communicating their CSR efforts with the public,
- increasing number of consumer groups with active approach and call for boycotts of socially irresponsible companies and their products.

3. CSR IN CROATIA

Although CSR and its terminology are relative new in Croatia, there is a long history of some aspects of it built-in in the society. Some of its features can be traced back to the socialist system times prior to 1990ies.

Two different aspects have to be considered when analyzing CSR in Croatia: the context of transition process with the market liberalization and EU accession process, and the context of ex-Yugoslavian inheritance of self-management system.

Transition from socialist to market economy in Croatia has started in 1990 in very unfavorable circumstances of political instability, breakup of Yugoslavia and war. Only in 1998 has Croatia gained the full independence of its whole territory. The war circumstances today are considered to be the main reason for prolonged transition period. The „first wave” of privatization in such circumstances today is recognized as „legalized crime mediated by fictive or political transactions”(Baletić, 2003). In such political and economic context the CSR concept was introduced only at the beginning of 2000, forced by the EU accession process beginning.

On the other hand, the self-management system has been known by wide involvement of employees in all management processes and procedures. Despite all the negative aspects of that system, teamwork, stakeholder consultation and care for the environment were accepted values in pre-transition times (Stubbs et al., 2007). Also, social security and employees well-being was very high on the value system scale.

The global research on CSR is regularly being conducted by number of international institutions, including World Bank and others. The latest report on Croatia in these researches is in The State of Responsible Competitiveness (Zadek and MacGilivray, 2007). In this research there are four clusters identified with respect to CSR: innovators (20 countries), asserters (24 countries), compliers (32 countries), and starters (31countries). Croatia belongs to the compliers cluster which is characterized by mid income and

focus on progress in meeting international quality, labor and environmental standards and building capacity to capture market share in the global supply chains of more quality conscious brands and consumers. Domestic civil society is not a significant driver for this cluster. Some other countries in the cluster are: Argentina, Brazil, Bulgaria, India, Indonesia, Macedonia, Mexico, Poland, Romania, Turkey, Uruguay and others.

However, specific research on different stakeholders with respect to CSR in Croatia is very rare. There has been some research on company perspectives on CSR in Croatia. According to the “Overview of Corporate Social Responsibility in Croatia” research (AED, IBLF, MAP savjetovanja d.o.o., 2006), managers identify number of benefits that CSR implementation can gain:

- better overall efficiency
- easier quality work force recruitment
- human resource motivation and loyalty, and
- competitive strength.

However, the most widely used aspects of CSR in Croatian companies are those connected to core business practices, like investment in human resources education, improvement of product and process quality norms, improvement of environment management, investment into environment friendly technologies and consumer concerns. There is also evident activity of involvement with local communities, mostly through donations to local NGOs.

The above mentioned research has identified major factors influencing CSR in Croatia. They are the following:

- Ownership structure: it seems that private ownership is more market oriented and more proactive in implementing innovative and more efficient management systems. Partial foreign ownership (joint ventures) in Croatian companies has in most cases positively influenced the CSR development;
- Leadership capacity: research has shown that leadership capacity has strong influence on CSR development in Croatian companies. It is mostly visible in trust that is being built between employees and company management during the period of war and transition crisis when many companies were at the edge of survival. Trust is important since it enables company leadership easier implementation of new norms and changes;
- company size: CSR in Croatia is typically better implemented in larger companies that practice more aspects on CSR, while medium and small companies, if anything, support local community activities (sponsorships) which help their promotion;
- Business sector: typically in Croatia service sector (especially banking, which is over 90% foreign owned!) use more frequently all

aspects of CSR (human resource development, investment in local community and environment protection) than companies in industry, which are mostly concerned about negotiations with unions, waste management and efficient technology.

The research on CSR concept from employees' perspective in Croatia is very limited. The only recent research by Dabić (2009) has analyzed the employee's attitudes towards CSR with respect to Carroll's pyramid. Their research results have shown that Croatian employees are mostly sensitive to law related issues of CSR.

4. RESEARCH

The major goal of this research is to define CSR concept from different stakeholders' perspectives in Croatia. In order to do so, we have complied partial research results that were conducted and published previously (Leko Šimić and Čarapić, 2009; Leko Šimić and Štimac, 2010; Leko Šimić and Štimac, 2011) and in addition developed a case study based on one bank interviews with members of different stakeholder groups.

4.1. Methodology and research design

For the research of company management our aim was to analyze the contents of corporate social responsibility in companies operating in Croatia as it is proclaimed on their web sites. The best 500 companies in Croatia (Nacional, 2008) were checked if they have CRS emphasized on their web page, and then 10% of those who do have it (random sample of 25 Croatian, and 25 foreign companies) were chosen for content analysis. The content of their proclaimed CSR policies and activities was analyzed with respect to Carroll's pyramid of social responsibility (Carroll, 1991) which distinguishes four levels of CSR in the company:

a) economic responsibility.

Economic responsibility towards owners is primary and the most important responsibility for a corporation. The first corporate ethical imperative is "be profitable". Fulfilling that imperative is in a way a precondition for achieving all others forms of CSR.

b) legal responsibility.

Carroll holds that every corporation must act as a responsible legal entity that respects the spirit and every letter of every law and other regulations codified as rules of behavior for companies and/or citizens.

c) ethical responsibility.

At this level, it is not enough for the company to be profitable and to respect the laws; it is asked to be ethical, i.e. to behave in line with the ethical norms of the CSR.

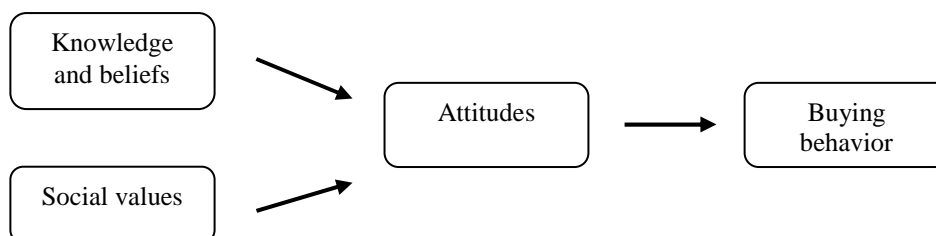
d) philanthropic responsibility.

At the top of the pyramid of social responsibility, Carroll set company's obligation to be a good corporate citizen, i.e. to contribute to the benefit of people and the community in which it operates with donations and good work.

For research of employees and consumers the self constructed questionnaires were used in order to define knowledge, attitudes and behavior of Croatian consumers and employees with respect to CSR. The consumers sample consisted of 195 consumers (out of 500 questionnaires sent out). The model for research was based upon research of Dickson (2000) and it is shown in Picture 1.

Picture 1

Model of consumer behavior with respect to CSR



The employees sample covered 152 respondents (out of 500 questionnaires sent out) and the questionnaire was adapted from the consumers' questionnaire, with some specific additional questions.

The interviews for the case study were conducted with one member of the bank management, three bank employees and three bank customers. Some of the interview questions were created on the common basis for all three stakeholder groups and some of them were group-specific.

The results of content analysis show that the most applied aspect of CSR in Croatian companies, according to Carroll's pyramid of CSR, is the philanthropic aspect. Altogether 96% of all analyzed companies declare philanthropic attitudes toward the local community, mostly by giving donations, sponsorships or activities in the environment protection. More than 50% of analyzed companies give scholarships for students. There are no significant differences between foreign and local companies or companies in production and service sector in this aspect CSR.

Ethical aspect of CSR is, according to web sites analysis, applied in 50% of analyzed companies. It mostly covers taking good care of employees, implementation of Ethical Codex (human rights employee rights, and working environment protection). There is significant difference between production and service sector companies in implementation of this aspect of CSR: companies in service sector emphasize significantly stronger this aspects of CSR than companies in production sector (67% vs. 43%). Also, foreign companies are more willing to implement this aspect of CSR than Croatian ones (52% vs. 48%).

Only 10% of analyzed companies have emphasized legal responsibility as a part of their CSR concept. Legal responsibility includes mostly ecological legal norms, quality standards and risk prevention. Legal responsibility is significantly more emphasized in Croatian than in foreign companies (16% vs. 4%). Also, all companies that emphasize legal responsibility are in production sector.

Croatian consumers, on the other hand, perceive CSR primarily as morality and ethics in doing business (average score 3.36 on 5-point Likert scale) and obeying the law (average score 3.2). The third level of perception of CSR is that the market success is a prerequisite for fair treatment of consumers and employees (average score 2.7). Social and humanitarian activities in the community are considered as the least important features of CSR in Croatia with an average score of only 2.42. This is completely contradictory with the results of above mentioned companies' research on CSR: they value humanitarian and social activities as the most valuable and important part of CSR features for consumers. In a wider social context these results also indicate that moral, ethics and law obedience is not seen as a standard in business practice in Croatia, but as a special, socially responsible way of doing business! It corresponds to the fact that business crime and corruption are serious problems in Croatian business community.

There is significant difference according to consumers' sex in perception of CSR in Croatia: women are more inclined to define it in legal/moral/ethical perspective, while men define it more in humanitarian and business success terms.

These findings correspond to the results of tested consumer attitudes. Research results show that their attitudes concerning CSR are mainly concentrated on legal standards and norms: 92.3% of respondents consider the legal regulation of CSR is the most important or important (average score 4.64). At the same time 23.2% of respondents do not trust companies that promote their CSR activities. They expect the legal framework to define CSR standards, and not the companies.

Although the majority of respondents share the general attitude that “it is good to buy products with CSR attributes” (86.6%) they are not ready to behave this way unconditionally. Under the same market circumstances (product quality, price, availability) the majority of respondents (76.9%) would choose the product with CSR attributes. At the same time, 19.1% of them would not care or think about the choice.

When product quality is in question 27.7% of respondents would buy a product of somewhat lower quality if it has CSR attributes rather than the one that has not, but 41% of them would not take a CSR product of either perceived or real lower quality.

In case of price differences, 59% of respondents are willing to pay more for comparable product with CSR attributes, while 19% are not. However, we have to keep in mind that our research sample is not representative according to purchasing power – is a quite over the average, so this result can be expected to be significantly lower in reality.

Considering product availability, research results show that 44.6% of respondents are willing to make additional efforts to find products with CSR attributes, while 25.8% are not.

In recognizing the products with CSR attributes, either visible or invisible, Croatian consumers would mostly trust (64.1% of respondents) independent information about products and companies as an important factor for their buying choice. Such information does not exist in Croatia, while the consumers would like to see both product labels with CSR declaration and “black list” of companies that are not socially responsible published (60.5%). Among the two, they trust more the “black lists” as the independent source (19%) than product labels (14.4%) given by companies. This is in line with the statement that 23.2% of respondents don’t trust companies’ CSR labels and promotion.

Croatian employees, as the third analyzed stakeholder group, perceive CSR as primarily moral and ethical business practices (3.33), and as obedience of law and regulations (3.22). Significantly lower importance is placed onto profitable market performance (2.72) and company's philanthropic activities in the community (2.43). These results show that there are no significant differences on perception of CSR between employees and consumers as stakeholder groups.

Both micro and macro social values and organizational justice as factors that create attitudes have been analyzed and compared with research on consumers. All of them show somewhat higher average values in employee’s respondents group than in consumer group. The most significant difference is in perception of organizational justice and trust ($r=4,64$; $p=.055$). Employees

also show a higher level of knowledge about CSR, about companies implementing CSR concept, and CSR in companies they buy products from.

Employees show also a higher level of agreement with the necessity for more strict laws and regulations in employees and consumer rights' protection and more positive attitude towards buying products of companies which implement CSR policies and prohibition of sweatshop products. Interestingly, the only lower level of agreement in comparison to consumers' views are those on the consumers' capacities to influence company CSR policies. The most significant difference is in the appreciation of companies' proclaimed CSR policies – employees have more trust to its honesty and sincerity than consumers ($r = 3.03$; $p = .19$).

The analysis of employees' socio-demographic characteristics has shown a significant difference with respect to CSR in different age groups: CSR as an important factor of company business policy is most important to age group of 50-65 (4.48), then to 26-50 (4.28), 18-25 (4.19), and over 65 groups (3.73).

4.2. Case study

A case study was conducted with a Croatian bank which is a part of the international group. One person from the bank management, three employees and three bank customers were interviewed.

The first part of the interview with bank management was about the creation of bank CSR policy: we found out that the general CSR policy is created at the bank international headquarters, and that there is not much space for its adjustment in different local markets. The amount of money dedicated to the CSR in different markets is not decided upon the market characteristics or needs, but solely on single market share in total markets of the group. Within the existing rules and norms of CSR policy the bank on the local market can independently decide which activities to pursue. The manager stated that in case of the bank the primary and most important feature of CSR is obedience of laws and regulations and moral and ethical business practices. This is where the bank in Croatia invests the most of allocated resources. The third level is business profitability and the last one is philanthropic aspect of CSR.

The second part of the interview covered the knowledge and information on CSR policies of the different stakeholder groups and their possible influence on CSR policy changes. According to managers' opinion, bank employees are not completely aware of all aspects of CSR, but only of those that are directly connected to them and /or ask for their participation. Even worse situation is, according to the manager, the situation with bank customers: they are only notified about the philanthropic activities and sponsorships through media. The manager thinks that laws and regulation obedience by the

bank is by far the most important aspect of CSR to all the stakeholder groups; but the second important aspect is different: to bank management it is moral and ethical business practices, for employees it is business profitability since they participate in it by getting different incentives, and for customers it is the philanthropic aspect. However, she insists that laws and regulation obedience is the most reputable aspect of CSR to all stakeholder groups because of the high reputation risk - money easily “runs away” if the image of the bank is distorted. As for the possible impact on CSR policy changes, according to the bank manager, the highest impact group on CSR policy adjustments is the bank management (the highest impact value – 5 on 1-5 scale) than customers (3) and the least employees (2). It is perceived that the media attention is drawn more to customers than to employees as stakeholder groups.

The interview with bank employees has also shown some interesting results. First of all, the general impression of interviewer is that employees feel as they have no impact not only on CSR, but any other aspects of bank business policy. They all see the bank as a large system where the most important thing is to obey the laws and regulations. All three of them thought that moral and ethical business practices are identical to law obedience and consequently, of same importance. They perceive philanthropic activities in the local community as the second most important aspect of banks’ CSR because it creates positive image and improves competitiveness. Employees consider business profitability as the least important aspect of banks’ CSR since they do not connect it directly to CSR. However, they know that business success influences the availability of resources for philanthropic projects.

The next part of the interview with employees was similar to the one made with bank manager, and we found almost similar views and opinions: employees consider the bank management to have the major role in developing and implementing CSR policies. They think the bank management is mostly concentrating on laws obedience and moral and ethical business practices, while philanthropy and business success are of significantly less importance. They see the role of employees in CSR only as executives of decisions made by the bank management. In this respect they perceive ethical and moral business practices as the most important. They feel they have no influence on bank CSR policies, but also that it is not their business, but of the management. The second most important item of CSR for them is business success, then law obedience and the least important for them is involvement in humanitarian and philanthropic projects. Employees consider bank customers to be the least influential on bank CSR policy. They all agree that moral and ethical business practices are the most important aspect of CSR to their costumers. They perceive the bank business success to be the least important aspect of CSR to their customers. With respect to customers, employees feel that there is too much centralization of the system managing customer relationship and that they do not get any feedback

considering their satisfaction, opinions or any other issues. Altogether, interviewed employees think that CSR can provide differentiation to competition, but that it is solely the business of management to take care of that.

The interview with three bank customers also consisted of three parts. The aim of the first part was to find out respondents' opinions and attitudes towards CSR with respect to their bank. They consider moral and ethical business practices to be the most important aspect of banks' CSR. In their opinion, it includes business success as well as laws and regulations respect and obedience and environment protection. They consider the philanthropic aspect of CSR as the least important and insufficient for declaration of socially responsible company. They see its major importance in keeping at least a part of banks' profits stay in the country (since the bank is foreign owned) and is given to individuals and organizations that need it.

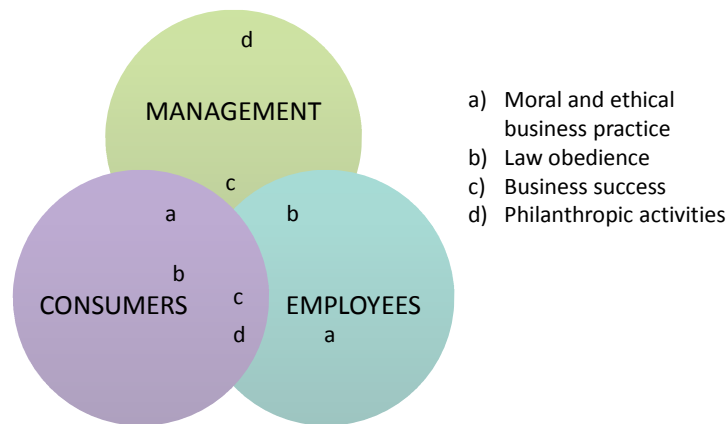
The second part of the interview tested banks' customers' acquaintance with their bank CSR policies and activities and its application to different stakeholders. Customers have named banks' web site and newsletter as the most important source of information about its CSR policies. However, all three of them share the opinion that the given information is limited, especially concerning the application of declared CSR policies in practice. They think that the banks' weakest part of the CSR is in relation to its employees: they see working hours, employees' protection of crime and unsatisfied customers, obligatory uniform, and insufficient permanent education as signs of no good CSR policy towards employees. They consider the bank management to be the most important in CSR policies creation; employees are the second since they have the opportunity to suggest improvements or new ideas. Bank customers are perceived as not influential at all with respect to banks' CSR policies, not so much due to the bank but much more due to their generally low interest and consciousness about the issue. None of them chooses his bank according to its CSR policies, but business conditions it offers.

The third part of the interview related to the possibility of creating competitiveness with CSR. Customers share the opinion that CSR policies do not influence bank competitiveness. Bank competitiveness, according to them, is created through better conditions for customers, security, quality assurance and transparency. They all think that bank CSR policies are created "somewhere else" and are not adjusted to Croatian circumstances.

Summarized results of the case study are presented in graph 1.

Graph 1

Different perceptions of different stakeholders about the importance of different aspects of banks' CSR



Graph 1 shows that there is no single aspect of banks' CSR sharing the same level of importance by the three researched stakeholder groups. Bank customers and employees share the view on the importance of banks business success and philanthropic activities, but it is not in line with the view of bank management. Employees and bank management share the view of importance of law obedience, and bank management and customers share the view on the importance of moral and ethical business practices.

5. CONCLUDING REMARKS

Obtained research results show some very interesting differences between different stakeholders in their perception of CSR.

The first part of the research, conducted by content analysis (companies) and survey (employees and consumers) gives a general overview of the state of the art of CSR in Croatia. Company management considers the philanthropic aspect as the most important one in the CSR policies: donations, sponsorships, student scholarships and environment protection are the areas in which most of the company CSR efforts are implemented. Such activities companies perceive as an efficient marketing tool for attracting and keeping consumers. On the other hand, consumers, according to the survey results, perceive company CSR as primarily as moral and ethical business practices and law obedience. They consider philanthropic activities as the least important and influential part of company CSR. They (23% of them) even do not trust companies that use their CSR as promotional tool, so it seems that there is a large contradiction between the opinions that may create unwanted performance results for the companies. Croatian consumers perceive CSR as

a good thing, but are not willing to sacrifice product quality, price or availability to CSR. Croatian consumers would like to have, currently non-existent independent sources of information about company and products CSR attributes to which they can trust.

Companies emphasize the ethical aspect of CSR as the second most important. It mostly covers relations with employees – human rights, employee rights and working environment protection are at the top of items of this aspect. Employees emphasize moral and ethical business practices as the most important CSR issue, but they see it in relation to consumers and not to themselves. They often connect it with law obedience and think that it is an absolute “must” of CSR today. In order to improve CSR policies they would like to see more strict legal regulation of it. However, they trust the company’s proclaimed CSR policies significantly more than consumers. Moral and ethical business practices alongside with law obedience are the most important aspects of CSR for Croatian consumers too. However, they analyze it in relation not only to consumers, but also to employees.

For both groups (employees and consumers) philanthropic aspects of CSR are the least important – they do not see it as a marketing tool for gaining better image and market position for the company.

Altogether, these results lead to some conclusions and suggestions for future creation of CSR policies in companies.

- Companies that are partly or fully foreign owned should ask their headquarters for more independence in adjusting CSR policies to local environment and market specifics, right now, they are mostly copied from the home market;
- In creation of CSR policies the companies should be more market oriented and conduct regular research of their stakeholder groups – it will enable better allocation of available resources for this purpose;
- Different stakeholder groups should feel more involved in creation and execution of CSR policies – it will help minimize consumers’ distrust and employees’ feeling of indifference and irrelevance
- There should be an independent system of CSR reporting available to the public – it will raise level of consumers’ trust and push companies to better CSR practices.

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