UNDERGRADUATE BUSINESS STUDENTS’ ATTITUDES TOWARDS CSR AND COMPETITIVENESS OF SERBIAN ECONOMY

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Original Scientific Paper

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This paper presents the findings of the research dealing with the importance of corporate social responsibility (CSR) and its connections with competitiveness. The authors deal with competitiveness of enterprises, as well as activities that promote socially responsible business in Serbia. Special attention is given to the review and analysis of research results of Serbian undergraduate business students’ attitudes on CSR and competitiveness. In a five-year period the research included over 3,300 examinees. The population was built on students from universities and business schools located in total 22 cities and municipalities in Serbia. The research was conducted using questionnaire. Among other, the research has shown that a number of examinees were not informed of the CSR. Students experience the Serbian economy as uncompetitive and have identified several factors that are lacking in the development of competitiveness.

Key words: corporate social responsibility, competitiveness, education, students, Serbia.

INTRODUCTION

CSR as a concept enables a company to be competitive at the market. The imperative for any business enterprise is to achieve business excellence, and its three pillars are: meeting the demands of users, improving business productivity and CSR. The first two steps result in a profit, but without the social responsibility of business there is no excellence of the companies. The essence of the struggle for competitiveness lies in the acceptance of change. Companies from countries in transition are facing huge problems, where the dominant issues are related to knowledge advancement and the organization. Serbian companies are insufficiently competitive and global economic crisis has only highlighted this fact.

Corporate Social Responsibility (CSR) was introduced in the 1970’s, but different forms of this concept date back to the end of 19th century. At the beginning the focus of the company in the field of CSR involved only certain philanthropic activities, i.e., donating charity funds. Recently, CSR initiatives have used different nomenclatures, classifications and definitions which can be grouped in several dimensions (Ćoćkalo et al. 2014): (1) Vision, including the organizational conceptual development, governance, ethical codes, values and reputation; (2) Company’s relations with the community – collaborations and partnerships with stakeholders, philanthropy and action; (3) Workplace, labor practices and human rights; (4) Corporate transparency, reporting and communication and (5) Marketplace – research and development, pricing, fair competition, marketing and investment.

It is important for the organizations to deal with social responsibility, regardless of social or economic circumstances. Instruments such as the Declaration on Environment and Development in Rio, Declaration on Sustainable Development in Johannesburg Summit, the Millennium Declaration and the ILO fundamental principles and rights
related to labor, emphasize this need, (Global Compact, 2014; ILO Declaration, 2014; OECD Guidelines, 2014; SMART: Responsible Business, 2014). The European Commission, in 2010, defined CSR as “a concept, which integrates into the enterprise the concern for society and the environment in their business activities and their interaction with their stakeholders on a voluntary basis”, (Milosavljević, 2012).

Almost the main management question in this matter is: whether implementing CSR affects firm competitiveness (Chand and Fraser, 2006; Haigh and Jones, 2006; Porter and Kramer, 2006). Many authors (Porter and Van Der Linde, 1995; Bansal and Roth, 2000; Hess et al., 2002; Haigh and Jones, 2006) have suggested that competitiveness is one of the primary drivers for adopting a CSR concept, though the nature of relationship between CSR and competitiveness continues to be unclear (Harrison and Freeman, 1999; Porter and Kramer, 2006). In this way, according to Vilanova, Lozano and Arenas (2008), the CSR – competitiveness connection is made of three management processes: “(a) strategy, (b) stakeholder management and (3) accountability”. Further, according to these authors, adoption of a CSR strategy effects on “identity and branding, which has a direct impact on competitiveness as it forces sustainable development in corporate vision through corporate strategy, improves the understanding of the complexity of the competitive environment and strengthens relationships with key stakeholders through stakeholder management, and improves the transparency of the organization through accountability management processes.”

Success of CSR in the future depends on the attitudes of the next generations. They will create the relations between business and the society, no matter whether he is a common citizen, a consumer or a manager. It seems that the young generations are considered to be more open to social and environmental issues, promising thus a more optimistic future for CSR. Position of institutions of higher education in the society is unique – they are important places of knowledge production, perpetuation and dissemination. In addition to these conventional associations of universities and knowledge, higher education institutions have unique potential to encourage synthesis and integration of different types of knowledge and to enhance the application of knowledge to social change. The number of study programs in business schools that have integrated optional courses in CSR or specialized programs is increasing, (Matten and Moon, 2004).

The CSR courses that the present managers and future managers have attended did not bring them to lead a responsible social behavior in their firms—a generalization of good practices in the field research is missing. The global crisis, according to Kletz (2009), brings the paradox: “managers – knowing the importance of a socially responsible behavior, knowing how to behave in a socially responsible way, and gladly highlighting its importance – have in fact turned their back to it.” McWilliams and Siegel (2001) indicate to determinable ‘ideal’ level of CSR, which managers can predict using cost-benefit analysis. Responsibility is no longer exclusive in the domain of moral value, and it is legitimate to give it up when the price is too high, in terms of company’s competitiveness – when responsibility becomes too expensive, (Kletz, 2009).

The significant number of studies deals with the question whether business schools are no more than brainwashing institutions educating their graduates only in relatively narrow shareholder value ideology. Others have concluded that there is an “intellectual bias against business ethics” in business schools and that teaching and research in business ethics and similarly oriented areas, (Hosmer, 1999). While the majority of studies have focused on North American schools and a good number on related subjects such as marketing and ethics (Shannon and Berl, 1997), sustainability- profitability (Wheeler et al., 2002), only limited attention has been directed at the topic from a European perspective (Matten and Moon, 2004). The Western Balkan countries have not been an area of significant research in the field of CSR, especially topics related to education – CSR – competitiveness. This paper reports on the findings of a survey dealing with attitudes of students related to CSR and competitiveness of the Serbian economy and promotion of these terms.

**CSR AND COMPETITIVENESS OF SERBIAN ECONOMY**

In order to better promote the concept of CSR, the Fund for an Open Society, SMart Kolektiv and Chamber of Commerce and Industry of Serbia launched, nearly ten years ago, a project called "SMART: Responsible Business Initiative – RBI", with purpose to promote and institutionalize the concept of social responsibility in Serbia. From that time to the present, a lot has been done in this
Serbian managers, Phillip Morris Operations went to the Footwear Pavilion reached and influenced the distribution on the national level nominated for concern mostly about casual items, and thus attracting the target commerce and Industry of Serbia in SME nominated for their another organization. The reason for this other nominated for long institutional, and translated into the CSR of Serbia in 2007. In the competition for the prize as Chamber of Commerce and Industry of Serbia in the large enterprises category, and a company won the first prize were: Tigar from Pirot (large enterprises category) and a company Biyoda from Bujanovac (SME category) were declared as the most responsible companies in Serbia in 2007. In the category of large companies, the reward in the next three years was given to Metalac Gomji Milanovac, Eurobank EFG and Hemofarm a.d. Vršac, while in the SME category the award went to the Footwear Pavilion, Sunce Marinkovic and S.C.S. Plus Knjaževac.

The Balkan Community Initiatives Fund (BCIF), in cooperation with USAID and several other national and international organizations launched in 2007 Virtus award with the aim of further popularization of CSR in the Serbian market. Virtus Award is conferred to the present eight times in a row, where winners were foreign companies, public and state-owned enterprises, small and medium enterprises, media companies, corporate funds and foundations. If analyze the structure of the business award winners for period of 2007-2014., the conclusion is that most awards went to the financial sector and banks (15 in total). Serbian financial institutions which conduct concept of CSR in its operations are: the National Bank of Serbia, Erste Bank, Societe Generale, Banca Intesa, EFG Eurobank. After banking, the most first prizes were given to media, especially e-media: B92 and RTS. The organizations, winners of Virtus award for 2014 (Virtus Award Winners) are: Hemofarm a.d., Vršac (nominated for company contribution on the national level), Concern Bambi d.o.o., Požarevac (nominated for their contribution to local community in which they perform business), Spa Komerc Bekament d.o.o., Arandelovac (SME nominated for their support to sports associations, cultural institutions, charity organizations and municipalities endangered by floods), Phillip Morris Operations a.d. (nominated for long-lasting partnership of business and non-profit sector), Kotlenik d.o.o., Coca Cola HBC Serbia and Delta Holding.

Chamber of Commerce and Industry of Serbia in 2007 for the first time began to award prizes for CSR, and since 2008, the prize has been awarded every two years. Unlike other awards in this field, its role is to try to treat equally various business segments. The questionnaire, which is the basis for the methodology covers five areas of CSR including: employees, environment, market, property and communities. Companies that want to compete for the prize as Chamber of Commerce and Industry of Serbia CSR can be nominated in two categories: large enterprises and SMEs. The winners of the first prize were: Tigar from Pirot (large enterprises category) and a company Biyoda from Bujanovac (SME category) were declared as the most responsible companies in Serbia in 2007. In the category of large companies, the increasing prominence of multinational media group draws attention to what is going on behind the scenes. Local organizations have started lately, as a way of promoting their activities, to use social networks, primarily Facebook and Twitter. The reason for such commitment of companies towards social networks can be found in the fact that there has been an increase in the use of social networks, especially among the younger population, and that this kind of promotion for their products and services cost significantly less. Companies have also started using social networks for representing their own social activities, and thus attracting the target market – young population.
According to the list of World Economic Forum for 2014-15, Serbia took 94th place out of 144 analyzed countries. Since Serbia took 101st place in 2013-14 there is some progress in competitiveness. It is interesting that Serbia found itself between Lao PDR (93rd place) and Cambodia (95th place). Table 1 shows the ranking of ex-Yugoslav countries in the last five years, according to WEF. Considering the countries from near surroundings, Hungary takes 60th place, Bulgaria 54th, Romania 59th, Albania 97th place. All countries from the West Balkans, except Serbia and Macedonia, fell in comparison to their previous position, according to their competitiveness. Monte Negro kept its previous position, Macedonia considerably improved its competitive position for 17 places and Bosnia and Herzegovina was not included in the Report for 2014-15. Serbian economy is still the most uncompetitive in the region of West Balkans as well as in South East Europe. Table 2 shows the ranking of West Balkan countries according to indices of competitiveness. As we can notice, Serbia has a slightly better position considering business efficiency than innovativeness.

Table 3 shows the ranking of Western Balkan countries in analysis of sustainable development, viewed from the angle of social sustainability and environmental protection sustainability. The main pillars of social index of sustainable development are: income, youth unemployment, access to sanitary facilities, access to drinking water, access to medical service, social protection, share of grey economy in general economy, social mobility, general rate of unemployment. The main pillars of the index in the sphere of environmental protection are: the power of legal regulations, soil protection, the number of ratified international protocols and agreements, availability of water for agriculture, exposure to carbon dioxide emission, relation to fishing, concentration of particles in the air, quality of the environment.

**Table 1: Ranking of West Balkan countries according to competitiveness in the period 2008-2014**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Slovenia</td>
<td>45</td>
<td>57</td>
<td>56</td>
<td>62</td>
<td>70</td>
</tr>
<tr>
<td>Montenegro</td>
<td>48</td>
<td>60</td>
<td>72</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Croatia</td>
<td>77</td>
<td>76</td>
<td>81</td>
<td>75</td>
<td>77</td>
</tr>
<tr>
<td>Macedonia</td>
<td>79</td>
<td>79</td>
<td>80</td>
<td>80</td>
<td>63</td>
</tr>
<tr>
<td>Serbia</td>
<td>96</td>
<td>95</td>
<td>95</td>
<td>101</td>
<td>94</td>
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<tr>
<td>B and H</td>
<td>102</td>
<td>100</td>
<td>88</td>
<td>87</td>
<td>-</td>
</tr>
</tbody>
</table>


**Table 2: Ranking of West Balkan countries according to competitiveness indices in 2014 (2013)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Position in 2014 (2013) total</th>
<th>Position according to basic requirements</th>
<th>Ranking according to business efficiency</th>
<th>Ranking According to innovativeness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia</td>
<td>70 (62)</td>
<td>49 (37)</td>
<td>64 (62)</td>
<td>50 (49)</td>
</tr>
<tr>
<td>Montenegro</td>
<td>67 (67)</td>
<td>61 (68)</td>
<td>73 (72)</td>
<td>77 (70)</td>
</tr>
<tr>
<td>Croatia</td>
<td>77 (75)</td>
<td>63 (61)</td>
<td>68 (68)</td>
<td>87 (80)</td>
</tr>
<tr>
<td>Macedonia</td>
<td>63 (74)</td>
<td>64 (70)</td>
<td>69 (76)</td>
<td>76 (94)</td>
</tr>
<tr>
<td>Serbia</td>
<td>94 (101)</td>
<td>101 (106)</td>
<td>80 (92)</td>
<td>121 (125)</td>
</tr>
<tr>
<td>BandH</td>
<td>- (87)</td>
<td>- (87)</td>
<td>- (89)</td>
<td>- (89)</td>
</tr>
</tbody>
</table>


**Table 3: Western Balkan countries according to analysis of sustainable development factors in 2014**

<table>
<thead>
<tr>
<th>Country</th>
<th>Ranking according to social sustainability</th>
<th>Ranking according to Environmental sustainability</th>
<th>Change in comparison to the previous period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia</td>
<td>4.52</td>
<td>4.78</td>
<td>GCI score changes by &gt; +5% to +15%</td>
</tr>
<tr>
<td>Montenegro</td>
<td>4.08</td>
<td>4.38</td>
<td>GCI score remains stable between +5% and -5%</td>
</tr>
<tr>
<td>Croatia</td>
<td>4.06</td>
<td>4.21</td>
<td>GCI score remains stable between +5% and -5%</td>
</tr>
<tr>
<td>Macedonia</td>
<td>4.13</td>
<td>3.66</td>
<td>GCI score changes by &lt; -5% to ~15%</td>
</tr>
<tr>
<td>Serbia</td>
<td>3.68</td>
<td>3.86</td>
<td>GCI score remains stable between +5% and -5%</td>
</tr>
<tr>
<td>BandH</td>
<td>3.66 (2013 GCI)</td>
<td>3.44 (2013 GCI)</td>
<td>GCI score changes by &lt; -5% to ~15%</td>
</tr>
</tbody>
</table>

METHODOLOGY

A part of the research which dealt with the analysis of attitudes of students related to their involvement in entrepreneurial process as well as with their comprehension about success of business practice in Serbian companies was related to CSR towards competitiveness of national economy. The survey was carried out by questionnaire. The population was built of students from four universities and business schools. It included totally 3,354 students directed towards business and management. The average age of examinees was about 22 years. About 40% men and 60% women participated in the sample. The research from 2013 was the most extensive and it involved 806 students. The research from 2014, although smaller in size (559 students), realized the biggest territory dispersion by its sample and the data from total 22 Serbian towns or municipalities were collected.

Since the CSR is not particularly part of the curricula in Serbia, here we were interested to find out, first of all, whether the students theoretically and practically (through positive examples of business practices) were familiar with the concept of CSR and how they came to these findings. Next, we wanted to see how respondents perceived competitiveness - whether they perceive “the link” between CSR and competitiveness of enterprises. Based on the model which Vilanova et al. (2008) give we have selected certain elements that could affect development of competitiveness of enterprises in Serbia; CSR was one of them. This was supposed to be another "check point" of the original idea.

Specific hypothesis referring to this study were set up as it follows here:

H1: There is a significant difference among the number of examinees who have got acquainted with the term CSR comparing to the year in which the research was carried out.

H2: There is a significant connection among the source of information about CSR and the year in which the research was carried out.

H3: There is a connection between the year in which the research was carried out and the number of young people who can number socially responsible companies on domestic market.

H4: There is a connection between the year in which the research was carried out and the number of young people who can find the connection between competitive ability and social responsibility.

Percentage review and frequencies were used for description and category data presentation. For testing the differences among the categories we used hi – square tests as well as the difference tests among proportions with Bonferroni correction used for multiple comparisons. For all examined differences among interval variables we presented arithmetic mean of each group in order to observe the value of the difference. As a significance level we took into consideration $p<0.05$ both for category and interval variables and it was also stressed if the hypothesis was significant at a stricter significance level ($p<0.01$ or $p<0.001$).

RESULTS ANALYSIS

Chi-square data test obtained from the asked question "Have you ever heard about CSR?" - shows that there are differences in the number of young people who have been acquainted with the notion of CSR depending on the year in which the research was carried out ($\chi^2 = 135.403$, $df = 4$, $p<0.001$). The results presented in the figure1 show that every year the percentage of examinees who were acquainted with CSR was growing, in other words, from only 25% in 2010 the percentage grew to more than 50% of the examinees during the previous year. The hypothesis H1 is proved in this way.

Chi-square test shows that there is a significant connection ($\chi^2 =88.985$, $df = 20$, $p< 0.001$) between the source from which the examinees obtain information about CSR and the year in which the research was carried out, by which the hypothesis H2 is proved. It is noticeable that a considerable number of young people were acquainted with CSR was growing, in other words, from only 25% in 2010 the percentage grew to more than 50% of the examinees during the previous year. The hypothesis H1 is proved in this way.

Chi-square test shows that there is a significant connection between the source from which the examinees obtain information about CSR and the year in which the research was carried out, by which the hypothesis H2 is proved. It is noticeable that a considerable number of young people were informed about CSR via the Internet in 2012 – table 4.

The biggest number of examinees think that the most used activity from CSR domain in domestic companies is social objectives promotion (52%) – the results are presented in Figure 2. Promotion of social objectives is, according to examinees, the most used activity in every year in which the research was carried out.
Although there is a high percentage of examinees who are not able to name the company operating on domestic market which is socially responsible organization (Figure 3.), chi-square test shows that there are differences among the years ($\chi^2 = 80.743$, df = 4, $p < 0.001$) - the hypothesis H3 is proved in this way. Proportion tests show that, last year, there was a considerable number of young people who could name the socially responsible company operating on domestic market. Although, in every year, there is a low percentage of examinees who think that there is a connection between competitive ability and social responsibility, chi-square test shows that there are differences between the years ($\chi^2 = 69.758$, df = 4, $p < 0.001$). We can see from proportion tests that in the last research year a considerably higher percentage of young people think that there is a connection between competitive ability and social responsibility, despite of the fact that it is still only 37%. The elements which are recognized by the biggest number of young people as the responsible ones for development of competitive ability of domestic companies are implementation of modern methods and techniques of management and standardization of business quality (about 50% of the examinees cite each of these elements) - Figure 4. Difference tests among proportions and chi-square test ($\chi^2 = 562.373$, df = 40, $p < 0.001$) point at the fact that in the last two years more and more young people find that the necessary elements for the development of competitive ability are the creation of CSR, implementation of modern
management methods and techniques and standardization of business quality. Somewhat smaller number of them mention investments in national brand development as well as the creation of strategic alliances. The hypothesis H4 is proved in this way.

Assessment of competitiveness related to domestic companies made by young people is relatively stable and negative during the previous years – namely, the additional decrease can be found only in 2011, but the majority of young examinees negatively assessed competitiveness of domestic companies - about 90%. The assessment of innovativeness has also been at similar level during the years and it has been negative in total. A slight deviation can be seen only in 2012 when there was a small increase of the average mark, but it is still predominantly negative. Innovativeness was also assessed negatively by the majority of the examinees.

CONCLUSION

Corporate Social Responsibility as a concept enables the company to be competitive in the market. Imperative for any business enterprise is to achieve business excellence and its three pillars are: meeting the demands of users, improving business productivity and corporate social responsibility. The first two steps result in a profit, but without social responsibility of business there is no excellence of the companies.

The main problem of domestic companies is non-competitiveness which is the result of poor productivity and lack of implementation of new technologies and knowledge as well as inadequate implementation of Management quality concept. Poor productivity as a rule results in poor competitive capacity. Competitiveness cannot be increased, in the long run, by subventions in industry but by improving productivity.
Higher education in Serbia tends to follow global trends, but the theme of this work, although obviously important, still stays mainly outside the academic programs at high schools and colleges, since only a few faculty included CSR as an optional subject in their study programs. Students are poorly informed on this subject, and mainly from sources that are not relevant for educational work, where the most recognizable is the Internet, which also indicates the absence of this topic in the textbooks and technical literature as well as in the study programs. There is a significant statistical difference in the surveys conducted during the several years regarding the issue of the knowledge that students have about CSR with a visible trend in the recognition and adoption of the CSR term. Poor representation of this matter in theory, as well as insufficient activity of the Serbian economy in the field of CSR, inevitably results in the complete lack of information of the surveyed respondents about CSR. There is however noticeable trend of positive change on this issue, and the domestic economy recognizes the benefits of CSR, and thus shows the need to create personnel that will be capable to integrate CSR into corporate business.

However, the student population is not uninformed, and they are experiencing Serbian economy as completely uncompetitive in the international environment. Taking all this into account and considering that the relationship of CSR and competitiveness is still unclear, although there are clear facts that indicate the direction for the researches in this field, it is not surprising, that there is relatively small, but statistically significant increase in the ability of students to recognize the relationship of CSR and competitiveness, as well as other elements that may affect the competitiveness.

Students in Serbia do not have enough knowledge to be actively involved in the development of CSR and competitiveness, but there are obvious and positive trends regarding this issue. Therefore the solution is to promote the comprehensive concept of operations among young generations that has to cover several levels as follows:

- The necessity of creating a program for introducing young people to the importance and benefits of implementation of CSR and its role in improving competitiveness.
- The cooperation of several institutions that deal with young people and the economy, such as the Ministry of Education and Teacher Training, Ministry of Economy and Regional Development, the National Employment Service, the National Agency for Regional Development, the Chamber of Commerce and Industry of Serbia, universities and colleges, associations, etc. with purpose of promoting CSR.
- Significant inclusion of CSR in business study programs.
- Stronger local media promotion of socially responsible companies, as well as awards for CSR, such as: Virtus awards and awards of Chamber of Commerce and Industry of Serbia.

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