

The current situation of Corporate Social Responsibility, Public Private Partnership, & their interaction

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The goal of this paper is not only to describe the current situation of Corporate Social Responsibility (CSR) and Public Private Partnership (PPP) in the Czech Republic but its main added value is in pointing out interaction between these two principles or, more precisely, approaches to them which are very often discussed these days.

Corporate Social Responsibility

Today's global businesses face a daunting challenge – achieve and sustain competitive advantage while empowering customers and communities to grow and prosper. By integrating CSR into core business processes and stakeholder management, organizations can achieve the ultimate goal of creating both social value and corporate value.

We can define CSR briefly as:

A way of doing business which goes above and beyond the ethical law, commercial and social expectations².

For a better understanding there are some characteristic signs of CSR as mentioned by *Business Leaders Forum organization²*:

- Three levels of activities – economics, social and environmental
- Voluntariness - all activities are voluntary and go above and beyond the legal duty
- Dialog with stakeholders – involvement of all interested members which influence a company
- Long-term activities
- Credibility – the activities must be transparent and not exaggerated

The “practice” of Corporate Social Responsibility is used by companies for different reasons including benefits to human resources, risk management, brand differentiation and others.

Why would Philip Morris sponsor a flower show in Prague? Why would managers from T-Mobile paint an old school building on the weekend for free?

Corporate Social Responsibility has begun to be more important for companies than it used to be in the past. Many companies, especially multinational ones, are familiar with this principle but the current situation of CSR in the Czech Republic is still on a low level. A more specific picture of CSR in the Czech Republic is evident from the picture below (fig.1).

Fig. 1: CSR profile of the Czech Republic

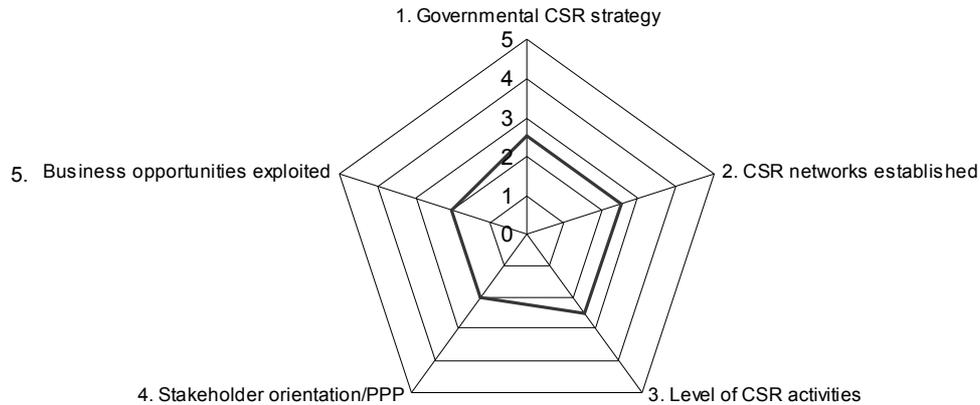


Table 1: Scale of CSR profile

Area of interest	5 points	0 point	Expert's Evaluation ¹
Governmental CSR strategy	Focused	None	2,5
Network established	Well established, clear impact	None	2,5
Level of CSR activities	High	Low	2,5
Stakeholder orientation (3 levels of activities are recognized as a success factor)	In most companies	Not at all	2
Business opportunity exploited	In most companies	Not at all	2

Public Private Partnership

The second principle which is currently very often discussed in the Czech Republic is Public Private Partnership (PPP). The main characteristic of this partnership is involvement of private companies in the government or municipal projects which are mostly the following:

- Transport infrastructure – highways, tunnels, bridges etc.
- Healthcare – hospitals, sanatoriums etc.
- Education – schools, universities, students dormitory etc.
- Utility – for example water supply
- Revitalization of country – brown fields etc.

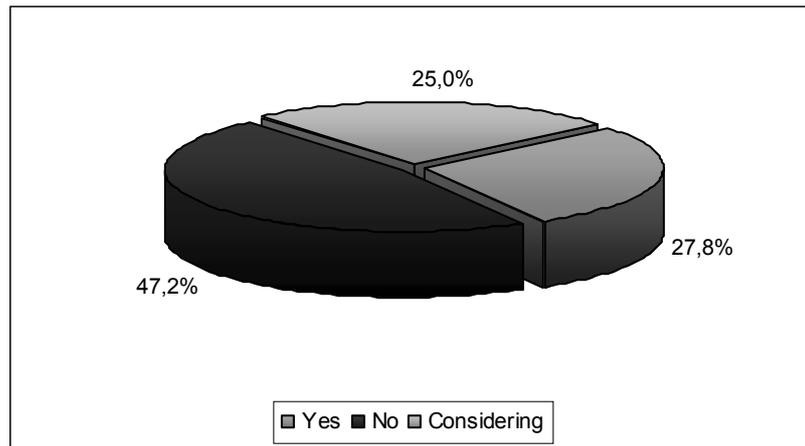
For the description of the current situation of PPP in the Czech Republic the results of my own research will be used. The research, *Possibilities and Motivation for Making Use of Modern Approaches in Quality Management the Public Sector*, was carried out in cooperation with University of Economics in Prague (Marek Pavlik – representative), Czech Technical University in Prague (Petr Sara – representative). The target group of the research was representatives of town halls and regional authorities, a sample of about 90 subjects. Return of questionnaires was approximately 45%, which gives us reliable results.

The questionnaire was composed of 16 questions. The goal of my part of the research (questions 8-16) was at first to find out how municipalities understand PPP and how they are open to cooperation with the private sector. Furthermore, it was to define both key obstacles of PPP and key drivers of PPP. Not least, I was interested in the opinion of the authorities on interaction between PPP and CSR. Below are selected questions from my research.

The position of PPP is evident from the following interpretation (Fig.2):

Question: “Do you use (are you interested in) PPP in your organization?”

Fig. 2



Interpretation of the results:

More than a half of those which are at least interested in PPP projects could be a good sign that partnership between public and private sector is starting to be an upcoming subject of interest.

¹ Expert’s evaluation – the numbers in the evaluation were gained from consultation with experts in CSR.

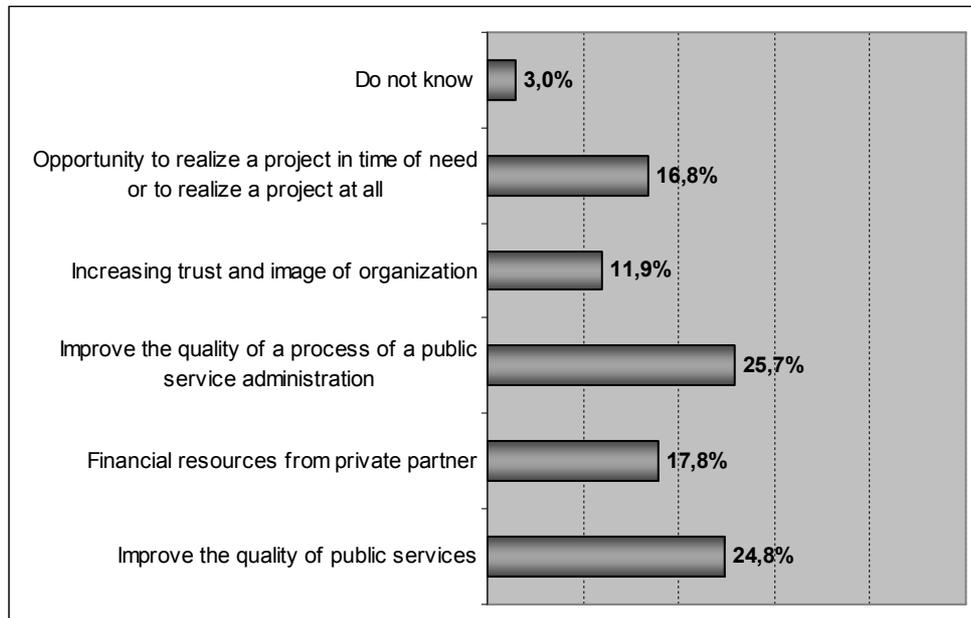
Martin Belcik – former deputy to the Minister of Defense of the Czech Republic, member of Business Leaders Forum organization, Marek Pavlik – lectures at the University of Economics in Prague

² definition of Business for Social Responsibility organization

³ Business Leaders Forum organization – leader between Czech organizations interested in CSR

Question: “*What kind of main advantages can you see in PPP?*”

Fig. 3



Interpretation of the results:

The chart shows that the key driver of PPP for public sector is improving the quality of provided services.

Interaction between CSR and PPP – future view

The objective of this part of the paper is to point out how CSR and PPP can effectively support each other and create significant synergy effects and added value.

Both PPP and CSR are supported not just from the Czech government but also from the European Union. Wider utilization of both principles is contingent on major propagation and real demonstration of their advantages and opportunities which PPP and CSR offer.

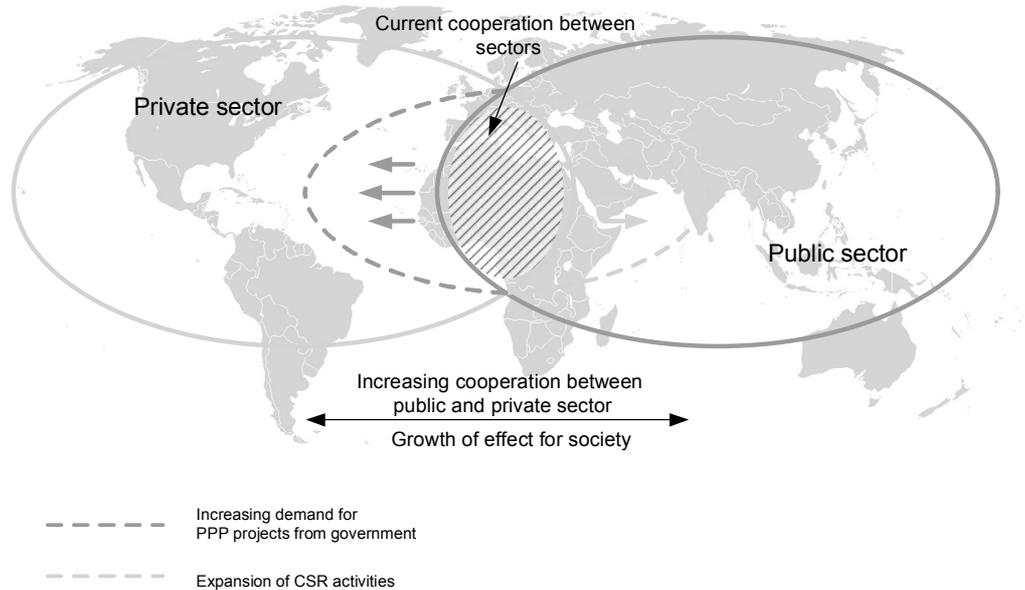
Today’s society involves not only modern and high-quality services and products, but it has started to be interested in the way they are produced. Without question a significant point of these changing times is the increasing need of the customer to be informed. As the key trends of the Present we can identify:

- **Increasing demands for services provided by both public and private sector.**

This mentality of modern society brings two effects which are the following:

- **Increasing demand for PPP projects from government.**
- **Expansion of CSR activities.**

Fig. 4: Interaction between PPP and CSR



Increasing demands for services provided by both public and private sector

Society (understand people, civil associations, non government organizations etc.) is creating strengthening pressure on public services as well as on private services. (*This pressure is expressed by the world map in the picture Interaction between PPP and CSR*). As characteristic examples could be mentioned:

- Demands for higher quality of services and products
- Demands for permanent sustainable development
- Demands for “immediate” satisfaction of needs

Increasing demand for PPP projects from government

Not only increasing pressure on the quality, but particularly the need of an immediate response to public requirements “force” the government to take advantage of both public sector finance and expert knowledge.

There are not a few aspects which obstruct the enforcement of PPP and make use of the advantages of PPP.

Municipalities see the government as the main obstacle to a wider boom of PPP, especially the lack of publicity, methodology and clear legislative conditions.

The other answers which were mentioned by responders in my research are:

- Mistrust of the public service
- **Mutual antipathy between public and private sector**

Expansion of CSR activities

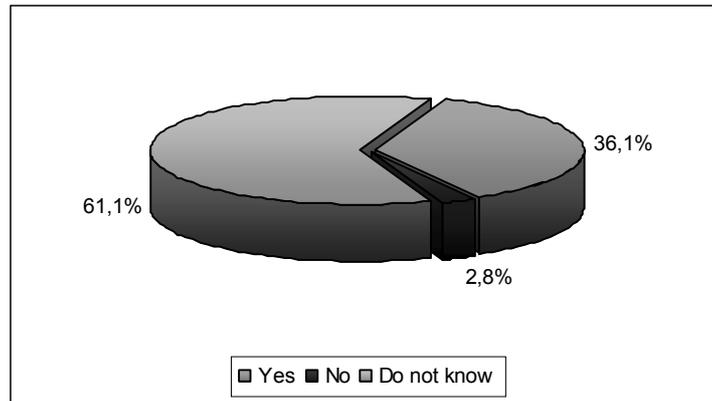
The private sector reacts to the needs of the modern customer through CSR activities and supports more and more types of projects which, in the past, were uniquely dominated by the public sector.

CSR activities on their three levels – economical, social and environmental – are an unmistakable stimulus for me, which should reduce mutual antipathy between public

and private sector and contribute to cooperation between those two sectors. This opinion is also supported by the results of the research (Fig. 5).

Question: “Do you think that stronger involvement of private companies in CSR activities particularly in public activities could bring major willingness to cooperate?”

Fig. 5



Conclusion

The main goal of this paper is to bring ideas of how to increase cooperation between the public and private sector. This cooperation is necessary to satisfy today's consumer needs. Two foundation stones of this cooperation are CSR and PPP. These two principles are synergistic in their interaction and they can help widen each other's impact and use. Increasing trust in PPP is also supported by the realization of PPP projects on lower levels.

Bibliography

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