

CHANGE OF PARADIGM IN PERSONNEL STRATEGY – CORPORATE SOCIAL RESPONSIBILITY AND INTERNAL COMMUNICATION

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ABSTRACT:

The study points at the current times, when all people have been struggling with the problems of the social-economic crisis; it addresses a highly topical theme, which is the issue of applying the concept of sustainable development. The aim is to obtain information about the level of internal communication and human resources management within the addressed medium-sized companies, and whether Corporate Social Responsibility with a welfare focus is also a part of the corporate culture and corporate strategy. It is necessary to point out the fact that the development of the staff is not only linked to the notion of economic growth, but needs to be directed towards the achievement of important social objectives, such as, for example, improving quality of life (both private and professional), enhancing opportunities for better education, health, etc. An important role is also played by new trends in this area, which include new types of consumers focused on changing their quality of work and personal lives, known under the expressions LOHAS (Lifestyle of Health and Sustainability) or CSV – Creating Shared Value. At present, the fundamental problem is effective internal communication, which serves to handle vast amounts of everyday information, commands and tasks shared by all company employees. In-house communication should ensure regular informedness and the satisfaction of workers in the company, and creates a sense of trust and interest in them. However, the way it is set up in an organisation is extremely important; otherwise it can bring the opposite effect. This requires an understanding of the importance of internal communication and its potential for growing business performance, but also for the practical application of internal communication in the processes of management, including Corporate Social Responsibility.

KEY WORDS:

Corporate Social Responsibility, internal communication, paradigm, personnel strategy, social pillar



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Introduction

The accession of the Slovak Republic to the European Union, the opening of the domestic market and fundamental reforming steps in our legislation have created new requirements for entrepreneurial entities. These are manifested in significantly increasing competition, which puts pressure on improving the quality of production, reducing costs, and introducing a new business philosophy. The struggle for survival in the globalisation process of world industry and services, which was a characteristic of the past decade, has turned into a fight for prosperity and gaining ground in the European market.

The cheap labour force that has been our competitive advantage so far is gradually increasing in price. This competitive advantage is shifting and will continue to move eastward. Companies that have already caught this trend have been fundamentally changing their view of their employees. They learn from foreign companies and take over their systems of work with people. The thesis on human capital as the most important component of business is becoming part of the development strategies of successful companies. Top management declares that human capital is the most important and critical resource in every company.

Systems of dealing with people adapt to the requirements of the time and new modern forms of work with employees are put into practice. Classic personnel management has turned into human resources management that uses modern methods and procedures of marketing. All of this is related to the change in strategy – product-oriented companies are transformed into marketing or customer-oriented, often multinational corporations. Of course, the level and degree of development in companies in Slovakia is different. There are firms that have learned the culture of an effective entrepreneurship from their foreign investors. There are also those that have not received such an impulse and are just beginning to change. However, we may also come across those, for which the accession of the Slovak Republic to the EU was no shock. They were capable of adapting to new requirements in advance and have successfully established themselves on the global market.

Personnel management defines the values of philosophy through a system of stable principles, rules and measures that guide the behaviour of employees in meeting the aims and objectives of the company. The general target of personnel management is to ensure that the organisation is able to successfully meet its set objectives through carefully selected responsible employees. It is right that the human being is the decisive driving force of the business mechanism and it depends on their work and work behaviour whether the company will be successful and competitive. Focus on the issue of the permanently sustainable development of human resources needs to be put on the social pillar. Emphasis should be placed on criteria such as providing protection for human health and ensuring the optimal development of human resources (in all areas beneficial to life), as well as their education.

Position and Importance of Sustainable Development

The goal of Corporate Social Responsibility is to create conditions for sustainable development (SD) in the economic, financial, social, and environmental fields and also to take responsibility for them. The priority is to establish and develop permanently sustainable relationships with all stakeholders – shareholders, investors, employees, customers, suppliers, institutions, future generations and the company. The strategic objectives of SD that need to be achieved in relation to the environment, both in the perspective of direction and in the long term, are improving the population's health and health care, quality enhancement of lifestyle; developing an integrated agricultural model; restructuring, modernising and recovery of the manufacturing sector; enhancing transport and technical infrastructure, development of tourism; restructuring and modernising the banking sector; reducing energy and raw material intensity and increasing the efficiency of the Slovak economy; decreasing the share of the use of non-renewable natural resources in the rational implementation of

renewable sources; reducing the environmental burden; mitigating the effects of global climate change, ozone depletion and natural disasters; improving the quality of the environment in the regions.¹

There are following three basic pillars that support sustainable development:

- 1) social;
- 2) environmental;
- 3) economic.

This division can only be considered as formal, since the interconnection of individual areas, whether social, environmental or economic, is so significant that it is extremely difficult to determine the boundaries between them.

The reference basis for securing SD in terms of social specifications and respects is mainly determined by the development and state of life quality and expectancy, population development and educational level of the citizens; human health and health care; social problems, social-pathological phenomena, social assistance, police and the judiciary. It is influenced by selected groups in society (children and the youth, women, seniors, etc.) and national minorities and ethnic groups.

The source situation for ensuring SD in the Slovak Republic within the environmental specifications and respects is determined by the development and state of components of the environment (Article 2 of the Act No. 17/1992 Coll.) as a part of lithosphere (geological and geomorphological conditions); atmosphere (climatological and meteorological conditions); hydrosphere (hydrological conditions); pedosphere (pedological conditions); biosphere (biological conditions). Environmental risk factors are physical (radioactivity, noise, vibration, electromagnetic fields); chemical (harmful waste and chemical substances); biological (pathogenic organisms, environmental mutagenesis, genetic modification), which may result in an undesirable change in the environment or the development of diseases of environmental origin; caused by accidents and natural disasters (e.g. floods, earthquakes, landslides and avalanches, fire incidents, traffic accident rate). Other important factors are associated with nature and landscape, its protection and creation at various levels (over-regional, regional, local).²

The starting situation to provide for SD in Slovakia in terms of economic specifications and respects is primarily determined by the development and state of gross domestic product (GDP); inflation; external debt; foreign trade and balance of payments; foreign investments; the structure of the economy, exports and imports. The main sectors of the economy include agriculture, forestry, water management, industry, mining and quarrying, energetics, civil engineering, transport, tourism, information technologies (quaternary sector). Economic instruments we may use are fiscal (budgetary) policy, monetary (currency) policy, financial markets and state funds.³

Corporate Social Responsibility

The essence of Corporate Social Responsibility (CSR) is not new, but its shape has changed over the years similarly as has the opinion of whether this idea can and should be put into practice. Scientists, entrepreneurs and other involved personalities from different disciplines take part in this discussion. The issue of CSR concerns economics, corporate management, entrepreneurial ethics, sociology, political science, environmental sciences and many other disciplines; it has increasingly penetrated the awareness of the general public.

1 KLINDA, J.: *Koncepcia environmentálnej výchovy a vzdelávania. Koncepcia uplatňovania Agendy 21 a vyhodnocovania ukazovateľov trvalo udržateľného rozvoja v Slovenskej republike*. Bratislava: MŽP SR, 1997, p. 9.

2 *Environmental Protection Act (No. 17/1992 of 1991)*. [online]. [2018-09-10]. Available at: <<http://www.fao.org/faolex/results/details/en/c/LEX-FAOC045130>>.

3 *Národná stratégia trvalo udržateľného rozvoja*. [online]. [2018-09-10]. Available at: <https://hpor.vlada.gov.sk/data/files/5636_narodna-strategia-trvalo-udrzatelneho-rozvoja.pdf>.

One of the most apt definitions of CSR is that of the European Commission, as follows: “CSR is the voluntary integration of social and environmental interests into day-to-day business activities and interactions with corporate stakeholders.”⁴ Other frequently used definitions include the following: “CSR is a continuous commitment by businesses to behave ethically, contribute to permanently sustainable economic growth, while being instrumental in improving the quality of the lives of the employees, their families, as well as the local community and society as a whole.”⁵ Werther and Chandler state that “corporate social responsibility helps companies to make individual decisions and actions, and to adapt strategic planning so that the company can achieve the longest possible lifetime.”⁶

Conventional definitions contain common ideas which can be considered the basic principles of CSR. They include willingness, initiative beyond what is required by legislation, improving the quality of life, PSD, communication with stakeholders, and integrating social and environmental values into everyday business practice.

It is open communication with stakeholders that is one of the most important features within social responsibility. When applying CSR, companies should not focus only on dialogue with shareholders; they should also put emphasis on their employees, customers, suppliers and company surroundings. Last but not least, they should also consider working with the government and non-profit sector to ensure the improvement of the company’s performance.⁷ Another perspective is presented by Blowfield and Murray, who talk about the CSR principles as follows:

- **They are universal** – i.e. they are valid for almost all types of business.
- **They emphasise willingness** – as the basis of socially responsible business is the voluntary commitment of companies to do business in a way that goes beyond the legislative provisions arising from compliance with business contracts.
- **They focus on active cooperation with stakeholder groups** – all interest groups, institutions and organisations that can influence the company’s business can be stakeholders.
- **They commit to contribute to the improvement of the quality of life** – it is the overall well-being of individuals living in the society. It represents individuals’ life conditions, the possibility to control their sources and subjectively evaluate the quality of their lives.
- **They underline development** – for a long time, economic growth was considered the most important indicator of economic progress in society. It is measured by simple measures of economy productivity, which, however, can distort the real situation. CSR pays attention to the environmental consequences of organisations’ activities, to conditions in which they produce their products and the ways they are redistributed and to the impact their production has on various groups or regions.
- **They name three main areas in which corporate social responsibility is manifested** – it is necessary to shift the perception of CSR from being solely profit-oriented to a perspective that can perceive company’s business in the wider context of social and environmental relations. It follows that business organisations cannot focus only on profit creation, i.e. economic growth, but also on environmental and social consequences of their business activities.⁸

According to the “triple responsibility” concept, the activities covered by CSR can be divided into three areas (pillars) – economic pillar, environmental pillar and social pillar. The economic area involves, for instance, code of company’s business behaviour, code of ethics and transparency, principles of corporate

4 COMMISSION OF THE EUROPEAN COMMUNITIES: *Green Paper. Promoting a European Framework for Corporate Social Responsibility*. Brussels : European Commission, 2001. [online]. [2018-09-10]. Available at: <http://europa.eu/rapid/press-release_DOC-01-9_en.pdf>.

5 GAEA: *Corporate Social Responsibility*. [online]. [2018-09-10]. Available at: <<http://www.gaea.bg/about-GAEA/corporate-social-responsibility.html>>.

6 WERTHER, B., CHANDLER, D.: *Strategic Corporate Social Responsibility: Stakeholders in a Global Environment*. Los Angeles : Sage, 2011, p. 5-6.

7 HOHNEN, P.: *Corporate Social Responsibility: An Implementation Guide for Business*. Winnipeg, Manitoba : International Institute for Sustainable Development, 2007, p. 21.

8 BLOWFIELD, M., MURRAY, A.: *Corporate Responsibility – A Critical Introduction*. Oxford: Oxford University Press, 2008, p. 123.

governance, fight against corruption and bribery, relations with shareholders, behaviour towards customers, suppliers and investors, protection of intellectual property, innovativeness and sustainability of growth, etc. The environmental sphere consists of company’s environmental policy, minimisation of environmental impact, reduction of processes’ material and energy demands, waste management, environmental management systems for process management, protection of sources, working environment, etc. The social area is equally important as well, including health and safety of employees, communication, corporate philanthropy, human resources management and development, protection of special employee groups, work-life balance, equal opportunities and non-discrimination, human rights, support for redundant employees, etc.⁹

Perception of Corporate Social Responsibility in Slovakia

In Slovakia, the concept of CSR is generally known to bigger companies with foreign participation. To the general public and Slovak companies, it remains unknown, which, however, does not mean that these act irresponsibly. The principles of social engagement are actually deeply rooted in Slovakia, but some companies supporting well-doing and community projects do not refer to these policies as CSR activities. In regard with the above-mentioned fact, Jaromír Řezáč provides an interesting thought in his text called *The New Business Model and Change Management Paradigm: “A number of businesses embrace social responsibility and sustainability based on LOHAS (Lifestyle of Health and Sustainability) consumer values as a competitive advantage.”*¹⁰ This very powerful consumer group prefers quality, social responsibility and an environmentally friendly approach. LOHAS as a lifestyle affects a wide spectrum of consumer behaviour, from buying food through clothes, supplies for children, housewares to investing into more eco-friendly cars, buildings, spending free time, and other related products and services – yet, these consumer habits are not much affected by the recession.

The domestic perception of CSR is often limited to philanthropy and charity, which, based on a deeper knowledge of the concept of philanthropy, results from the fact that this is less complex and varied and thus easier to comprehend and implement. Still, few companies in Slovakia who claim to follow CSR principles really pursue activities that fall within CSR in its broadest sense. It is very important to realise how significant the contribution of a long-term prosperous enterprise can be in addressing socially relevant issues. Indeed, CSR needs to make sense for a company also from the financial point of view. Without fulfilling this basic prerequisite, CSR will not gain sufficient support in a company to become a part of its strategy, nor to implement specific measures leading to meeting set goals.¹¹

New perspectives on the issue of CSR in Slovakia were introduced by Fifeková, Karabínoš and Lábaj, who, in their text present on the website of MPSVR SR (the Ministry of Labour, Social Affairs and Family of the Slovak Republic), in a document called “Správa o vytváraní podmienok pre SZP na Slovensku” (in English *Report on Creating Conditions for CSR in Slovakia*). The authors state: “Despite unquestionable institutional frameworks that create preconditions for corporate social responsibility (Constitution of the Slovak Republic, government policy statement and other legal standards), the current period cannot be regarded as a period in which the basic social and environmental parameters of corporate social responsibility would be equivalent to the economic parameters of permanently sustainable development (PSD). CSR and PSD are often perceived only as a possibility for certain behaviour, not as a behaviour rule. CSR and PSD are seen more as an extension when ensuring economic objectives, not as their part. As a result, the implementation of CSR and PSD objectives

9 CARROLL, A. B.: A Three-dimensional Conceptual Model of Corporate Performance. In *Academy of Management Review*, 1979, Vol. 4, No. 4, p. 500-501.

10 ŘEZÁČ, J.: *Nový model podnikání a změna paradigmatu managementu*. Prague : Česká manažerská asociace, 2012, p. 15.

11 Compare to: BEDNÁŘIK, J.: Corporate Social Responsibility and Its Use in Practice. In MUSOVÁ, Z. (ed.): *Vplyv inovatívnych marketingových koncepcií na správanie vybraných trhových subjektov na Slovensku II. Proceedings of scientific works from the project VEGA*. Banská Bystrica : Belianum, 2018, p. 20-28.

is reviewed from the position of public finance development, potential economic impacts resulting from the development of individual PSD areas are evaluated, which can lead, and usually leads, to postponing the strategic CSR and PSD priorities to so-called 'better times'.¹²

As suggested by the above-mentioned documents, the basic starting points in the process of forming a socially responsible society must be: to raise all citizens' awareness of CSR and PSD, to cover the CSR agenda by an independent institution with its own competences, personal responsibility, finances (the creation of the Cabinet Council and the Government Council for Human Rights, National Minorities and Gender Equality can be, on the contrary, seen as narrowing the space for the relevant agenda, strengthening the departmental approach to individual problems, curtailing the space for addressing the priorities and objectives of national economy), to remove the departmental approach to applying the principles of CSR and PSD, to incorporate individual CSR and PSD issues into the educational process, bearing in mind the necessity to introduce CSR and PSD agendas in an adequate form into pre-school education, to introduce subjects addressing the issues of CSR and PSD into the curricula of individual levels of education, to incorporate CSR and PSD agendas into all subjects – CSR and PSD agendas should gradually become an integral part of all subjects, to motivate business entities to participation in the UN Global Impact initiative and in other CSR supporting networks, to raise public awareness of CSR and PSD through the media, to regularly assess the progress in the area of CSR at national level, as well as at the level of individual companies, to encourage companies to use environmental management systems (ISO 14001, EMAS, and others), to promote the use of renewable sources in electricity production, to increase expenditure on environmental protection, to initiate the creation of a forum of socially responsible investors.¹³

A new notion in this context is the concept called Creating Shared Value (CSV). Porter and Kramer comment on it: "Creating shared values is a specific approach to the area of corporate social responsibility. This approach is not aimed at achieving externally set criteria or philanthropy. The idea of winners and losers is not appropriate for this model of corporate social responsibility: entrepreneurship can help the development of society and society can help improve business."¹⁴

At present, in the situation when the unemployment rate in Slovakia is relatively high and when there is a lot of competition, the labour market suffers from a lack of professionals in various areas. At the same time, however, employees have become more independent, resilient and adaptable, they do expect loyalty from the employer and they are not loyal, either. They react to the first more lucrative offer and change jobs. Therefore, it is necessary for the companies to identify their strategies with the EU Council conclusions of 19th November 2010 on education for sustainable development that read:

- in many Member States, the aspects of CSR have already become a part of education in the areas of environment, global issues, health, peace, citizenship, respect for human rights, in consumer and financial areas, as well as in the area of development, which is the gateway to integrating PSD into the context of life-long learning,
- increasing public awareness and understanding of PSD and CSR issues is extremely important,
- CSR should be based on value-oriented education with an interdisciplinary focus that promotes systematic thinking and teaching and develops knowledge, skills and attitudes.¹⁵

12 FIFEKOVÁ, E., KARABÍNOŠ, S., LÁBAJ, M.: *Úspešnosť Slovenska vo vytváraní podmienok pre spoločensky zodpovedné podnikanie. Štúdiá k projektu Ministerstva hospodárstva SR*. Bratislava : Ministerstvo hospodárstva SR, Ekonomická univerzita, UNDP, 2011. [online]. [2018-09-10]. Available at: <<https://www.employment.gov.sk/files/slovensky/ministerstvo/spolocenska-zodpovednost/sprava-o-vytvarani-pomienok-pre-szp-na-slovensku.pdf>>.

13 MINISTERSTVO PRÁCE SOCIÁLNYCH VECÍ A RODINY SR: *Práca a zamestnanosť*. [online]. [2018-09-10]. Available at: <<https://www.employment.gov.sk/sk/praca-zamestnanost/>>.

14 PORTER, M., KRAMER, M.: *Creating Shared Value: How to Reinvent Capitalism – And Unleash a Wave of Innovation and Growth*. In *Harvard Business Review*, 2011, Vol. 89, No. 1-2, p. 65.

15 RADA EURÓPSKEJ ÚNIE: *Záver Rady z 19. novembra 2010 o výchove k trvalo udržateľnému rozvoju (2010/C 327/05)*. Released on 4th December 2010. [online]. [2018-09-10]. Available at: <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:327:0011:0014:SK:PDF>>.

Focus should be put on creative thinking, innovation and long-term perspectives, and, especially, on our responsibility towards future generations. CSR is not an isolated subject; it is rather a set of main principles and values, such as justice, equality, tolerance, appropriateness and responsibility which are to be transferred rather cross-sectionally. CSR can also play an important role in developing competences needed to improve employment. As skills related to PSD are best obtained by personal experience, the educational process should focus on inclusive education, learning by doing and motivation to the maximum extent possible. It is important that decision-makers are also included in the educational process.

Internal Communication

Internal communication, or in-house communication, is a form of communication that takes place inside the company and is one of the basic preconditions for its proper functioning. Ineffective communication is a frequent cause of problems in management and in interpersonal relationships in the workplace. Holá defines "internal communication" as a process that is variable in time and in motion and takes place under certain set conditions. An enterprise that wishes to influence its internal communication to a certain extent needs to analyse the process of communication and ensure the activities that create this process and, in particular, identify the factors that affect the process of communication. This way it would be possible for a given company to identify the weaknesses that need to be improved.¹⁶ According to Calabrese, there is a difference between regular business communication and internal communication. He understands "business communication" as communication between various business agents that are the basis of value creation processes, and coordination of business functions. On the other hand, he sees "internal communication" as the process of creating company values that are passed on to human resources in a way which ensures that these values are distributed and anchored within the whole company.¹⁷

Regarding recent economic, psychological or social points of view, more and more emphasis is placed on communication as such. Every company and business is made up of people who constantly communicate with each other. It is this mutual communication that takes place between them that primarily affects their performance, as well as profits of the enterprise itself. In this respect, we can say that the quality of internal communication is an essential and important factor for the success of any company. Internal business communication can only be successful if both parties strive for it, meaning the company management, as well as other workers. Communication participants are considered people with their ideas, interests and goals. Regarding the technical point of view, an information system can work under ideal conditions; however, there may be some misunderstandings and differences in the workplace. What connects people in a company is a common corporate culture of the working environment, successes and failures of the company, position of employees in making strategic decisions, level of negotiations, the way the management works, etc.¹⁸

Especially in small and medium-sized enterprises, the focus is on communication with the external environment, whereby important internal communication is missing. Management often do not realise the fact that success of the company or how the company is perceived externally by customers is a direct reflection of the internal life of company and the prevailing relationships. These relationships are conditioned directly by this communication. It happens many times that "business management communicate only the information it deems appropriate without being interested in what employees actually want and need to know".¹⁹

16 HOLÁ, J.: *Jak zlepšit interní komunikaci. Vyhněte se zbytečným škodám, odchodu zaměstnanců a ztrátě zákazníku*. Brno : Computer Press, 2011, p. 206.

17 CELABRESE, A.: *The Evaluation of Quality of Organizational Communications: A Quantitative Model*. In *Knowledge and Process Management*, 2004, Vol. 11, No. 1, p. 47.

18 DRLÍČKOVÁ, E.: *Meranie kvality vnútro podnikovej komunikácie v malých a stredných podnikoch*. In LESÁKOVÁ, L. (ed.): *Výkonnosť malých a stredných podnikov v Slovenskej a Českej republike. Conference Proceedings*. Banská Bystrica : Matel Bel University, 2003, p. 45-49.

19 HOLÁ, J.: *Jak zlepšit interní komunikaci. Vyhněte se zbytečným škodám, odchodu zaměstnanců a ztrátě zákazníku*. Brno : Computer Press, 2011, p. 68.

Aim and Methodology of Research and Methods Used

The object of our research included areas of internal communication, human resources management and socially responsible business. The overall scope of the examined problem is based on the fact that if internal communication becomes serious, so line managers will receive support in managing people and human resources in the company will be better informed about the company's activities, about the causes and consequences of these activities and how they can affect it. On the other hand, satisfaction and suitable motivation of workers will become a positive aspect of internal communication. That will bring some loyal employees to perform and produce higher working outputs, representing a competitive advantage for the business.

The aim of the research was to obtain information about the level of internal communication, within the frame of medium-sized enterprises addressed. It was also to obtain information dealing with managing human resources and find out whether socially responsible entrepreneurship with a social focus is also part of the corporate culture and business strategy. Based on our knowledge of the problem, we have defined the following research questions:

RQ1: In most medium-sized enterprises in Slovakia, is the evaluation of internal communication used in human resources management?

RQ2: Regarding the necessity for the application of a methodical procedure (model) dealing with internal communication, in human resources management, in the context of the CSR's social pillar, are there qualified staff members in the conditions of medium-sized enterprises in Slovakia?

RQ3: Applying the concept of Corporate Social Responsibility, is it a competitive advantage for the company?

The marketing research was preceded by a pilot project, which was used to verify the relevance of questions worded in the questionnaire. The basic group consisted of medium-sized enterprises in Slovakia, with less than 250 employees in the agricultural sector, trade, business services, industry, hotels and restaurants, construction and transport, and from enterprises with a focus on other services. We used data from the Statistical Office of the Slovak Republic and Slovak Chamber of Commerce, according to which there are 2048 medium-sized enterprises in Slovakia. We addressed 40 market leaders from different industries by deliberate selection, where the profitability of sales was the main criterion. Regarding questioning, the respondents were employees of the Human Resources management departments from selected medium-sized enterprises operating in the Slovak Republic. The criterion for us was not whether these were exclusively Slovak companies or only companies operating in the territory of Slovak Republic. We collected primary data using standardised written questioning, while the questionnaire was distributed electronically using *Google Docs*. The questionnaire was semi-structured and both open and closed questions were included. After questionnaire distribution was completed, we proceeded to its evaluation. When it comes to realising this research, several methods of logical thinking were used such as critical system analysis, deduction, induction, synthesis, as well as some statistical and graphical methods.

Results and Discussion

The realised research on internal communication, which we conducted as part of the solution dealing with scientific research activity, has brought us the knowledge that no system can work effectively unless it is appropriately communicated. As an example, we have been introducing the issue of communication barriers within internal communication or respectively transmission of information at different management levels in medium-sized enterprises in Slovakia. The results in these enterprises were the most interesting.

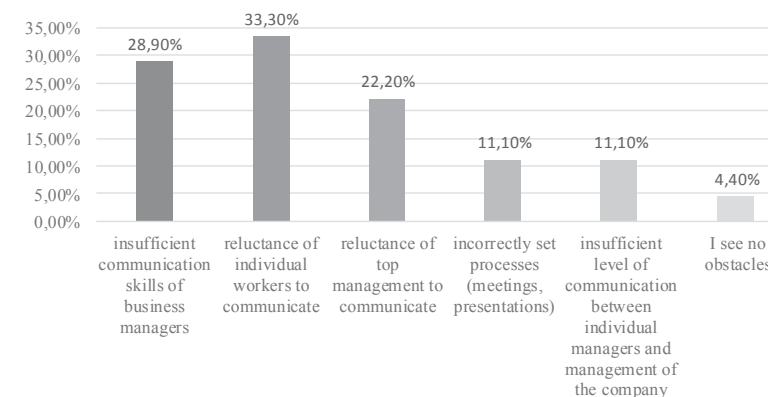


Figure 1: Identified communication barriers

Source: Own processing

The chart shows that the problem is mainly the unwillingness of employees to communicate (33.3%); a big drawback lies in the communication skills of company line managers (28.9%) or unwillingness of top management to communicate (22.2%). In this context, it is the company management that should emphasise that important information moved down to business managers is in the required amount, quality and content. This information will subsequently be interpreted by the managers to their employees.

Regarding internal communication, we wanted to find out whether the asked managers are always informed from the company management about important facts and whether they are informed in time. We were interested in finding out how internal communication works in the company, not only from superiors towards ordinary employees, but also between company management and managers at various management levels.

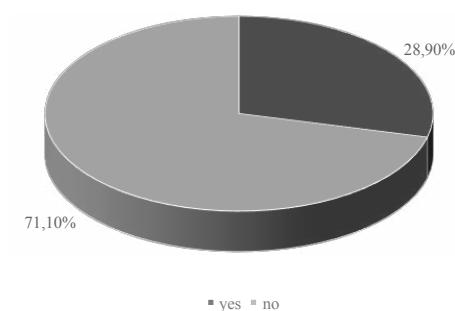


Figure 2: Informedness of line managers

Source: Own processing

The research results emphasise the fact that up to 71.1% of the respondents are not informed in a timely manner about important facts concerning the enterprise. The inquiry brought other interesting answers and serious findings, which are processed in Table 1.

Table 1: CSR and its application in practice

Socially responsible business	As part of management [%]	Application in practice [%]	Crisis impact [%]	Environmental pillar [%]	Social pillar [%]	Economic pillar [%]
	77.8	42.2	60	6.7	8.9	26.7

Source: Own processing

Internal communication has a relatively deep theoretical foundation in interpersonal communication and can bring some measurable and positive changes at minimal cost to every business. Properly configured internal communication can affect the vast majority of business processes, as well as employee relationships with the company. Regarding both, interpersonal communication, as well as the communication of the company, it is impossible not to communicate. This certainly concerns the introduction of socially responsible business principles into everyday practice, which was the subject of further investigation.

Corporate Social Responsibility is not just an additional management tool; it is also an integral part of the character and culture of every company management. Responsible entrepreneurship in the social sphere can be manifested by the company mainly by monitoring and minimising the negative impacts of the company's activities on the social system in which it operates. It represents mainly the care concerning the safety and health of employees, adherence to labour standards, development of human potential, employment of vulnerable and minority groups of the population, sponsorship and volunteering, corporate philanthropy, employment policy, protection and respect for human rights, work-life balance, etc. Regarding CAP issues, we found out that up to 77.8% of businesses declare Corporate Social Responsibility as an important part of governing. All the more surprising was the finding that only 42.2% of businesses actually apply it in practice, while 6.7% are mainly focused on the environment, 8.9% on social pillar and up to 26.7% allege the economic pillar. We were also interested in the impact of crisis on the social responsibility principles application; we have found out that up to 60% of businesses had to reduce their activities in this area. One positive finding was the fact that companies that applied the concept have seen some positive changes in the form of improving economic results, increasing market share and respectively getting some new customers.

Based on a thorough analysis of the issues under consideration, it is, in our opinion, necessary to encourage businesses to pay more attention to the development and education of human capital in the areas of internal communication, business ethics and social responsibility, as we consider these aspects to be crucial to the proper functioning and advancement of society.

Although the research had a much broader scope and the issue under research spread across various areas, for the purposes of the study we are focusing only on a very specific area – on internal communication and the social pillar of ethical entrepreneurship. Therefore, it is crucial to put the communication programme intended for medium-sized enterprises (as shown in Figure 3) into practice. The programme is a part of the personnel plan, and it must be ensured that the employees of the company adopt the company culture and values in order to be prepared to understand and subsequently, to accept any changes, and thus declare their loyalty and belonging to the company. After adopting the training programme, human resources management personnel will be responsible for its practical application to other corporate employees. Empty boxes on the model allow adding other functional strategies or other programmes, respectively.

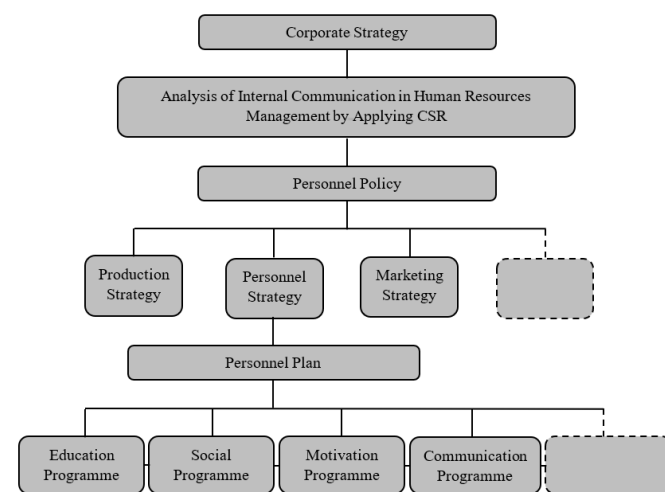


Figure 3: Model of internal communication in human resources management in the context of the CSR's social pillar
Source: Own processing

The following information should be included and processed in the communication programme:

1. Strategic role of internal communication in the context of the social pillar of socially responsible business and its impact on business outcomes.
2. Integration of internal communication into strategic business management with the possibility of involving other departments, in particular IT, that will help use other communication channels, e.g. intranet with social media elements, instant messaging or microblogging.
3. Orientation of internal communication on solving internal problems of a business.
4. Ensuring access to relevant information for all employees concerned.
5. Obtaining feedback to verify understanding and identification with the communication message.
6. Evaluating the level of internal communication in human resources management in the context of the social pillar of socially responsible business.

In case deficiencies in the communication programme are identified, it will be inevitable to process and take subsequent corrective measures. At meetings, the level of the communication programme will be regularly reviewed by HR personnel responsible and managers at all levels of management will be immediately informed. The communication programme must ensure that the company culture and company values are adopted by the employees of the company in order to be ready to understand and subsequently accept any changes and thus declare their loyalty and affiliation to the company. After passing the training programme, HR department staff will be responsible for its practical application to other company employees.

A socially responsible business is not only aimed at maximising profit in the short term; its objectives are based on the needs of the internal and external environment and include the social and environmental aspects of the business. Rather, such an organisation has objectives that contribute to long-term profit-making and long-term development of the whole society. Making profit is not the only goal of such an organisation. Due to the growing importance of human resources, which represent the key capital of a company, the effort to harmonise employee relations is becoming increasingly important, whereas securing such tasks becomes a priority for companies that are serious about socially responsible business. One can only agree with the statement that *“adopting CSR in its concept is appropriate not only for the public or employees, but also for the company itself. Socially responsible enterprises gain mainly non-financial benefits. CSR is a good way to increase the company's credibility and to build its reputation. From an internal point of view of the company, it can be said that due to CSR, employees being more satisfied repay it back to the company by their loyalty and increased productivity.”*²⁰

Resulting from the research performed, primary information on the quality of internal communication and human resources management within the addressed companies has been acquired and the question whether socially responsible business with a social focus is also part of the corporate culture and corporate strategy, has been answered. Based on the research results, we can proceed to the evaluation of the following research questions:

RQ1: Is the evaluation of internal communication used in human resources management in most medium-sized enterprises in Slovakia?

This research question can be answered positively, as we have found that the level of internal communication is not used in any way in the medium-sized enterprises addressed.

RQ2: Are the qualified personnel inevitable for the application of the methodological procedure (model) of internal communication in the human resources management in the context of the CSR social pillar in medium-sized enterprises in Slovakia?

20 WERTHER, B., CHANDLER, D.: *Strategic Corporate Social Responsibility: Stakeholders in a Global Environment*. Los Angeles : Sage, 2011, p. 224.

We have found that companies provide training programmes to their employees (i.e. mentoring, consulting, assistance, etc). At the same time, the vast majority of the companies addressed (68.9%) are convinced that trainings in communication and communication skills of individual managers at all management layers are important for the company. The respondents from individual businesses gave a number of reasons why they considered communication training important. The business will not perform properly without appropriately set corporate communication since in the case that the employees of the company are not sufficiently informed about company's activities, goals, and strategies; they will have no proper motivation and will not be loyal to the company. For these reasons, we can confirm that to apply this model, the qualified personnel of the company is necessary.

RQ3: Does the application of the corporate social responsibility concept represent a competitive advantage for the company?

This research question also yielded a positive answer. We found that for businesses implementing the concept of Corporate Social Responsibility is a competitive advantage manifested in terms of increased profits, increased market share, building a reputation for the company, attracting new customers, and retention of loyal customers.

Conclusion

The importance of human potential and its development is increasing. Losses that arise from the non-use of human resources slow or block the company's further growth. If the cultivation of human potential is managed in the name of the company's goals, it improves its competitive position and builds a long-term competitive advantage. This requires high internal dynamics and flexibility in business management and leadership, as discussed by Porter and Kramer in the article *Creating Shared Value: How to Reinvent Capitalism*, published in the prestigious *Harvard Business Review*. They claim the following: "A fundamental change in the business behaviour of any organization must be a systemic change, new mechanisms must be found to move the business causality (by nature of open systems) to a qualitatively different level. This means consistently applying the principles of entrepreneurial thinking in the managerial decision-making processes of today's organizations."²¹

It should also be borne in mind that top managers are inevitably confronted with ethical issues irrespective of where the organisation is located and what its structure is, or what the size and complexity of its operations are. Sometimes the requirements of responsible decision-making are simple and clear, e.g. in case a visible and uncompromising decision prevents injustice or violence against people inside or outside the organisation. However, many times the requirements of responsible decision making are less clear. The manager needs to apply the right way of thinking about the moral implications of individual decisions; they should strive to do so, and that is to express the perspective of a particular problem and all the alternatives available from an ethical point of view.²² Modern strategic management must adopt ethical management as part of management in all activities and processes.

Targeted introduction of ethical management into business is possible only by applying ethical principles, tools and methods. These include the elaboration and implementation of codes of ethics, ethical models, ethical and social audit and the incorporation of ethical principles into the enterprise education and training programme.

The efficiency and quality of employees' performance depends on the information provided and the way they communicate. In order to achieve the desired effect in communication, it is inevitable to provide

21 PORTER, M., KRAMER, M.: *Creating Shared Value: How to Reinvent Capitalism – And Unleash a Wave of Innovation and Growth*. In *Harvard Business Review*, 2011, Vol. 89, No. 1/2, p. 65.

22 See: ALTHAM, J.: *Business Ethics versus Corporate Social Responsibility: Competing or Complimentary Approaches?* In *Enviroics International Limited, The Prince of Wales Business Leaders Forum and the Conference Board. Conference Proceedings*. Washington, D.C. : International Business Ethics Institute, 2001, p. 51-78.

information that must be communicated at the right time, at the right place and without any obstacles in the correct form to the right employee/manager who will use this information for the benefit of the company. The consequences of non-functioning internal communication can have a negative impact on the overall performance and competitiveness of the business. However, a number of external analyses point to the fact that companies with highly efficient communication processes produce excellent financial results and have greater organisational stability.

Internal communication is a process that is variable and takes place under certain set conditions. An enterprise wishing to influence internal communication must first analyse the process and identify the activities that create it and, last but not least, identify the factors that influence it. This is how businesses can identify weaknesses and thus improve the overall communication process and increase its efficiency. For the above-mentioned reasons, a communication programme based on the human resources strategy as part of the overall corporate strategy has been developed whereas it is important that the personnel strategy respects the outcomes of the company's strategy while respecting all other functional strategies and providing space for solving the internal communication issues in human resources management by applying the CSR principles in medium-sized enterprises in Slovakia.

To conclude, we may state that the most urgent need today is to align the company strategy (and hence the personnel strategy) with the requirements of sustainable development and corporate social responsibility. These means harmonising their activities so that they become a natural part of the long-term sustainable development of the company and thus contribute to the sustainable development of the whole society and the Earth.

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