

Comparison of the social responsibility in two chosen banks

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Introduction

Recently the major issues of world's society like poverty, gender inequality or environmental pollution have got more attention from media, legal institutions and people in general. Thus the importance of cooperating with the community and doing a business responsibly and considerately is increasing. That is why many companies started to focus on benefits that their actions bring for the society and make the social responsible business one of their main goals besides just maximizing the owners' value.

The above mentioned phenomenon is the main reason for authors' choice of this topic. The aim of this work is to analyze and compare the Corporate Social Responsibility (CSR) activities of two banks, Komerční banka (KB) and North Milwaukee State Bank (NMS). Based on this analysis, suggestions should be given on what can both banks learn from each other in terms of the Corporate Social Responsibility.

1.1 Theoretical introduction to CSR

Nowadays Corporate Social Responsibility is a widely used term. Some authors also use terms such as Corporate Conscience or Responsible Business. As mentioned in the introduction of this paper, doing business responsibly is now considered to be essential part of an effective company management. Companies realized that CSR could bring them not only social but also economic benefits, even despite the fact that they have to follow more strict social and environmental rules and regulations. CSR strategy has a potential to help companies integrate into society and establish better relationships with customers, suppliers, possible employees and other social groups. Responsible companies heed their ethical codes and standards and try to eliminate negative impacts of their operation without compromising the economic success (Commission of the European Communities, 2001).

Within the CSR strategy there is an increasing importance of providing enough information about company's actions, thus companies often publish comprehensive annual reports where they assess and evaluate their responsible activities and philanthropy. However, CSR goes beyond the law and one of the main assumptions of CSR is voluntariness and companies' own interest of being socially responsible. That is evidently the reason why those reports, their frequency, quality and the CSR activities itself as a content of the reports vary extensively.

The debate about CSR concept, its form and applying in practice noticed fundamental development especially during the 20th century. In this period many approaches and activities associated with CSR had formed. Following part of this paper deals with the historical evolution of the CSR.

1.1.1 Historical development of the CSR concept

In the form of contemporary comprehension of social responsibility this concept first appeared in the 19th century, when the public opinion had been created that rich people have a certain moral obligation to share their property with others, less wealthy ones (Prskavcová, 2008). In the end of the 19th century the interest of companies and factories in their employees' social welfare and the influence on the society and the environment increased. With growing worker movement and impacts of the industrial revolution companies began to work on their social politics, finance constructions of schools, hospitals etc. During the same era the tradition of philanthropy evolved in the USA (Carroll, 1998).

The broader discussion about CSR developed in 20th century, although it still contained of different activities than it does today. Debates were more related to the social impacts of business in the context of the Great Depression¹. One of the first works about the social responsibility are John M. Clark's *The Social Control of Business* and Theodore Kreps's *Measurment of the Social Performance of Business* from 1940 (Carroll, 1998).

The biggest boom of the CSR concept development has been appreciable since 1950s. Howard Bowen's book *The Social Responsibilities of the Businessman* is considered to be the beginning of the modern era of social responsibility. Bowen defined CSR as a duty of a businessman to assert such policies and decisions that are compatible with society's values and are similar to them. At that time this was a revolutionary thought because businessmen and entrepreneurs had been convinced that their responsibilities did not go beyond the borders of their business. As obvious from the title of the book, Bowen, on the other hand, believed that responsibility is a domain of the businessman. With the formation of larger modern international companies the social responsibility concentrated on companies-corporations. Bowen did not assume that socially responsible attitude to business would solve future problems, but he saw a great potential and need to the future in it (Carroll, 1998).

In the 1960s the main efforts were to define the social responsibility and determine what particular approaches and activities this term includes. One of the most significant authors from this era is Keith Davis, who also, much like Bowen, considered the social responsibility to be the activity carried out beyond the company's economic and legal obligations and interests. Davis created so called „Iron Law of Responsibility“ saying that institutions having a power in society have to act responsibly otherwise their power shall be taken away. Davis also emphasized that an extent of the responsibility should be proportionate to institution's power and capacities (Carroll, 1998).

Joseph McGuire had a similar point of view. According to him companies should be interested in politics, health, education and overall welfare of the community. McGuire believed they should act as consciously as regular citizens. From this thought a concept called „corporate citizenship“ later came out. This is the designation for a company's proactive attitude, when they are involved in activities not directly related with the business and having a positive influence on the society. Role of the company is then equated to the role of a citizen. According to A. Carroll this citizen has economic, legal, ethical and philanthropic responsibility. It is expected from the responsible citizens that they would create sufficient economic profits so that they could deal with other components of their responsibility mentioned. Another significant author from 1960s is Clarence Walton, who stated that one of the key assumptions of a socially responsible business is the voluntariness

¹ The Great Depression is a public known name for a worldwide economic depression in 1930s, which was the longest and deepest depression of the 20th century.

(Carroll, 1998).

The number of various CSR definitions further increased during 1970s. H. Johnson, one of the most significant 1970s' authors, took for important that companies should not only concentrate on making profits but also take into account their employees, business partners, suppliers, customers and community, so called „stakeholders“ (Carroll, 1998). Stakeholders are generally defined as individuals, community or organizations influenced by the company's actions. Within this group there are internal stakeholders (employees) and external stakeholders (customers, suppliers, shareholders, community and other groups anyhow influenced by the company's operation). Besides of internal and external, stakeholders can be divided into voluntary (employees, suppliers or business partners) who work at or with the company according to their own will and involuntary (community, region). The argument for paying attention to the groups of stakeholders is the fact that maximizing the profit for shareholders (owners) does not automatically mean profits for stakeholders; in some cases it can even have a negative influence on them. The stakeholder theory asserts the right of this group to participate on the decision-making process, to be taken into account and that companies should emphasize good relationships with this group. According to the protagonists of this theory, in this case company's motivation in not only the ethical and responsible behavior, but the good relationship with stakeholders can also bring economic (financial) profits for the company (Crowther, Aras, 2008).

In 1971 United Nations' Organization for Economic Co-operation and Development (OECD) contributed significantly to CSR defining and perceiving, when they created a definition of CSR based on an opinion poll. According to this definition, CSR was an instrument of a company serving the company itself, public welfare and satisfaction of the society. This publication reflected the incoming era of new social movements that pursued the field of human, consumer, social and environmental rights and topics (Carroll, 1998).

In 1979 Archie Carroll's suggestion on a CSR definition meant another milestone. As mentioned above, Carroll divided CSR into four types: economic, legal, ethical and philanthropic responsibility. Economic responsibility represented the basic element from which all of the others came, namely profitability. Legal responsibility assumed primarily complying with the laws. Ethical responsibility meant especially convenient, decent and fair behavior. Philanthropic responsibility emphasized mainly improving the life quality in the community, later a good corporate citizenship (see above). This definition had denoted that companies would have to work with all types of corporate social responsibility. (Carroll, 2008).

Besides the evolution of the CSR concept, since 1960 also its critics have started to appear. The best known critic is undoubtedly Milton Friedman, who claimed that the only obligation of a company was to increase the wealth of its owners and corporate social responsibility only undermined the market principles (Friedman, 1970). To this criticism Keith Davis (mentioned above) responded with the words of another famous economist, Paul Samuelson, who took the view that large companies had not only the possibility to develop the CSR strategy and engage in it but they had even the obligation to do so since the CSR strategy was very actual (Carroll, 1998).

During the 1980s more than to defining the CSR authors were dealing with the content of the CSR term and discussing about the practical activities within the CSR concept. The era was also dedicated to other alternative concepts, attitudes and approaches, for example to the above mentioned corporate citizenship or stakeholder theory. One of the significant authors is Thomas M. Jones, who, besides defining the corporate social responsibility, described this activity as a long-term process that was represented by the continuous responsible behavior (Carroll, 1998).

The 1990s are especially important for the CSR in the field of its application and utilization. Authors were also dealing with measurability and evaluation possibilities of corporate social responsibility. Both within international companies and outside of them various platforms focused on the CSR started to form. In 1995 European expert CSR-oriented head office called „CSR Europe” was established. According to their own words, CSR Europe should serve to connecting, strengthening and developing the procedures in the field of CSR and the cooperation between private sector and stakeholders (CSR Europe, 2015).

The largest and most well-known CSR platform is Global Compact within the United Nations (UN further on) that originated in 1999 based on the proposal of the UN's Secretary-General. The objective of Global Compact is to implement the principles of corporate social responsibility in the field of human rights, labor rights, environmental protection and the fight against corruption (United Nations, 1999).

In 2000 the European Union (further on EU) representatives appealed on responsible attitude to business and the CSR development support and expressed their interest in EU becoming more dynamic and competitive economy through stable growth and better social coherence consistent with CSR until 2010 (Prskavcová, 2008).

In the summary, CSR concept has been evolving dynamically almost 60 years. H. Bowen laid its modern groundwork; others of the most significant authors are K. Davis, C. Walton, H. Johnes, A. Carroll and many others.

In despite of this relatively long period of evolution, till today authors still have not agreed on a single CSR definition, although their definitions are similar in many aspects. This fact is the reason why the following chapter deals with multiple selected definitions of corporate social responsibility.

1.1.2 Definitions of the CSR

As mentioned in the end of the previous chapter, although individual authors often agree on fractional aspects, a unified single universally recognized definition of corporate social responsibility still does not exist. CSR definitions most often focus on relationships of private subjects to their employees, governments, citizens and other stakeholders (Crowther, Aras, 2008).

It is also evident from the previous chapter that H. Bowen's interpretation is considered to be the first definition. In his book *Social Responsibilities of the Businessman* Bowen marked CSR as the businessman's commitment to carry out such procedures or to follow such direction of behavior that is desirable in terms of objectives and values of the society (Carroll, 1998). In this case the responsibility is understood as a privilege of the businessman – company's manager, not the company.

Finding a single CSR definition was not easy mainly for the reason that according to different authors the CSR concept had a different nature, which D. Votaw confirmed in 1970s when he wrote that social responsibility definitely means something but not the same thing to everyone (Garriga, Melé, 2004).

Someone takes the social responsibility for a liability to complying with the law; other authors see more of an ethical and moral responsibility in it while some of them ideate social responsibility as philanthropy or even the responsibility only to oneself and own business (Garriga, Melé, 2004). For example, in 1973 Thus Hetherington wrote that he did not see any reason why shareholders would be willing to renounce a part of the profit at the expense of social activities, which would not generate direct profits or even lead to a loss (Crowther, Aras, 2008).

A. Carroll created his definition leaning on the four fundamental columns in 1979, as further described in the previous chapter. T. Jones emphasizes in his definition that companies have commitments not only to the law and to the shareholders but also to the society. Nevertheless, according to Jones CSR has to be first of all a voluntary activity and focus not only on shareholders but also on everyone affected by company's actions (Carroll, 1998).

In 2001 the European Commission published the Green Book that was directly focused on the social responsibility. It defined corporate social responsibility as a voluntary integration of social and economic activities into company's daily operations and interactions with all engaged parties so called stakeholders. Social responsibility is a concept that is voluntarily accepted by private subjects in order to participate and contribute to better conditions in the society, cleaner environment etc. It is a commitment not only to the employees but to everyone anyhow affected by running the business or engaged in it. Accept the CSR strategy means not only following the valid legislation but going beyond this demand, investing in the human capital, employees' development, the environment and relationship with the community. This can have both positive impact on the company's image, environment and community and also mean the competitive advantage and profits (European Commission, 2001).

World Business Council for Sustainable Development (WBCSD) defines CSR as a long-term commitment of a private subject to ethical behavior, contribution to economic development and improving the life-quality of employees, their families as well as the community and the society as a whole (WBCSD, 1999).

United Nations belong to the most important organizations using the concept of social responsibility; however, it does not work with any particular definition. Within the Global Compact platform (mentioned above) UN asserts ten principles that platform's participants have to comply.

As obvious from the previous text, in despite of certain interfaces CSR definitions indeed differ from each other. However, one of the aspects so called „Triple Bottom Line“ caught up relatively best and is used quite often nowadays, hence following part of this paper is dedicated to the triple bottom line as a point of view regarding CSR.

1.1.3 Triple Bottom Line

Implementing the CSR strategy, however defined, requires changes in the company's management from the primary objective, which means generating the profit, to a broader concept of sustainability. The basic assumption of sustainability is so called „Triple Bottom Line“, sometimes described as 3P – People, Profit, and Planet. Thus private subjects have to focus not only on the economic growth (profit) but also to the social (people) and environmental (planet) aspects of the business (Prskavcová, 2008; Pavlík, Bělčík, 2010; Fisk, 2010). Following picture represents the causality of the Triple Bottom Line principle.

Picture 1: Triple Bottom Line



Source: Managing Risk, 2013

As seen from the picture above, Triple Bottom Line covers three major fields: Economic Performance, Environmental Performance and Social Performance. In order to keep the sustainability company should have a balanced portfolio of activities with good results in all of those three fields (Prskavcová, 2008; Pavlík, Bělčík, 2010; Fisk, 2010). Due to this simple yet effective criterion authors of this paper decided to use the Triple Bottom Line as the tool for the comparison of KB's and NMS's CSR activities portfolios (see below).

Individual columns of the Triple Bottom Line represented on the picture above may be further examined in the following text.

Economic Performance

Within the economic performance companies should focus not only on generating the profit but also on transparency, rejection of corruption, good relationships with the consumers, investors, suppliers, customers and effective business management. Activities belonging to the economic performance are transparent company management and accounting, company's image monitoring, following the established ethical code, responsible attitude to the customers, innovations and sustainability of products, quality of products and services, maintaining good relationships with the suppliers, good payment discipline, providing true and clear information about products and services etc. (Prskavcová, 2008; Pavlík, Bělčík, 2010)

Social Performance

This field can be divided into two parts: internal and external. Another part, separated from the two previously mentioned, is establishing the corporate foundations and endowment funds (Prskavcová, 2008; Pavlík, Bělčík, 2010).

Internal part relates to the social policies inside of the company and supports creating a good working environment, which has a positive impact on employees' work, skills, results

and status. Internal part includes company's policy leading to employees' satisfaction, convenience and benefits, employee policy, human capital development, employees' education, equal chances and opportunities, diversity, work-life balance, consistent health protection, workplace safety and company's ethics (Prskavcová, 2008; Pavlík, Bělčík, 2010).

External part includes philanthropy (corporate donations), corporate volunteering, employing labor disadvantaged people and cooperation with the community. The activities are for example social integration support, region infrastructure development, development of the company's neighborhood or maintaining the respect for human rights (Prskavcová, 2008; Pavlík, Bělčík, 2010).

Internal and external social policies do not eliminate each other, more on the contrary. Within the social policy employees have an opportunity to engage in philanthropy and volunteering activities (Prskavcová, 2008; Pavlík, Bělčík, 2010).

Environmental Performance

The environmental column is probably most connected with the principle of sustainable development, which should ensure a sufficient life-quality and enough sources for future generations. The assumption of sustainable development is therefore to obviate the needs of present generations without compromising obviating the future generations' needs.

Within the environmental column private subjects try to eliminate negative impacts of their actions on the environment through environmental management. Companies monitor activities with possible negative environmental impacts and in case of impairing the environment they search for more considerate ways, options and manufacturing or services providing processes. Particular activities belonging to the environmental performance would be for example natural sources protection, cleaner manufacturing and production (eliminating the negative impacts on the community and the environment), considerate behavior of the company and its employees i.e. water and energy savings, waste sorting and recycling etc. Companies should also comply with international standards and norms such as ISO (International Organization for Standardization) standards or EMAS (Eco-Management and Audit Scheme) standards, invest in better and more considerate technologies, maintain their employees' health and workplace cleanliness and in case of any negative impacts in region recovery and claims settlement (Prskavcová, 2008; Pavlík, Bělčík, 2010).

1.2 Analysis of CSR activities in Komerční banka

In the following chapter, Komerční banka is introduced and the CSR activities portfolio of this bank is analyzed.

1.2.1 Introducing Komerční banka

Komerční banka is one of the biggest and oldest financial institutions in Czech Republic. It was established in 1990 as a state institution, however in 1992 it was transformed into a joint-stock company. In 2001 a 60% holding share of KB was purchased by the Société Générale Group. In 2013 KB had 399 branches and 729 ATMs in Czech Republic and offered their services to 1.6 million clients. (Komerční banka, 2015a)

In the picture below there is logo of Komerční banka with the initials and KB's Czech

slogan „Na partnerství záleží“, which translated to English means „Partnership matters“.

Picture 2: Logo and slogan of Komerční banka



Source: Komerční banka, 2015g

According to their own words, Komerční banka considers CSR to be one of the key long-term success factors. They try to implement CSR into all of their strategies and business activities, so that they can create a value for their clients, employees, business partners, stockholders, investors and the entire Société Générale group. (Komerční banka, 2015b)

1.2.2 Employees

Regarding the employees policy, what KB emphasizes the most is the diversity of the employees. Their motto translated to English is „The magic is in the diversity“ (originally „Kouzlo je v rozdílnosti“ in Czech language). According to KB, diversified teams have better access to various information sources, are more creative and more effective in making decisions. This is the reason why KB's Human Resources Section carries out many international or otherwise diversity-oriented projects and encourages their employees to take part on them (mostly internships abroad).

KB employs about 8000 people and since it is a part of a multinational group, employees from various countries and cultural backgrounds can be found there. Also more than 70 % of KB's employees are women.

KB says that every month they hire almost a hundred of new employees, whereas some of the current employees have been working there for more than 30 years. They also claim to hire both skilled people with many years of practice and fresh graduates, in other words, fresh graduates have the same chance to get a job at KB as the people with practice.

In connection to above mentioned, another area where KB realizes the socially responsible business through their employees is the equality of chances. KB states that of course they make no difference based on a gender, age or nationality. They also have the „Work-life balance“ philosophy, which helps the employees to harmonize their work and personal life. This in fact covers mainly parental leaves, while KB tries to facilitate the employee's return to work after the leave and provide the same conditions and chances as for any other employee. What is more, KB is opened to alternative working time conditions, which means they allow working part-time, flextime, having a home office or job sharing.

Students are another social group included in the „equal chances“ philosophy. KB develops long term cooperation with Czech universities and students' organizations such as

AIESEC, IAESTE, CEMS and others. Within this cooperation, KB offers various ranges of student projects, financial support, practice, internships, lectures etc. Example of the specific activity could be the Citizen Act game, which is a business game focused on the corporate social responsibility. Another project, that is carried out within the entire Société Générale group, is the VIE (Volontaires Internationaux en Entreprise). Thanks to this project students and university graduates can get a practice in multinational companies. (Komerční banka, 2015e)

In the picture below there is a leaflet of the NaStáž.cz website offering the internship as a marketing specialist.

Picture 3: Internship leaflet of the NaStáž.cz website

MARKETING

Získej zkušenosti v oblasti marketingu díky práci v mezinárodním prostředí.

Můžeš pracovat v oblastech jako:
Reklama & Public Relations,
International Marketing, Retail and Sales a nebo v **Communications.**

Vyjed' na stáž do zahraniční společnosti a díky praxi v marketingovém oddělení **poznej místní trh!**

NĚMECKO BELGIE
MAĎARSKO RUMUNSKO

4 - 18 měsíců

400 - 1000 USD/měsíc

GLOBAL TALENT MARKETING

Přihlas se na webu NASTÁŽ.CZ



PARTNER PROGRAMU:



Source: NaStáž.cz, 2015

Through the above mentioned activities KB helps students and graduates to find job opportunities, which usually can be relatively difficult for them. The proof of success in these efforts is the fact that KB received the title of „The most desired employer by university

graduates“several times. (Komerční banka, 2015e)

KB also gives the employees an opportunity to be socially responsible themselves by organizing blood donations regularly and giving a chance to suggest the purpose for financial help from Jistota Foundation (see details below). (Komerční banka, 2015e; Komerční banka, 2015f)

1.2.3 Charity

As in most of bigger companies, charity projects represent an integral part of KB's activities. Komerční banka has their own foundation called Jistota, which means certainty or assurance in English. This foundation is focused on financial help in several areas:

- Development of a civil society
- Education
- Medical and social projects
- Environmental protection. (Komerční banka, 2015f)

Jistota Foundation was established on 9th of September 1994 and during its 20 year existence it has acquired the status of one of the most important corporate foundations in Czech Republic. Since the establishment of Jistota Foundation KB has contributed by more than 120 million Czech crowns on ca one thousand various projects. During the last year (2014) it provided 64 donations in total of 5,018,000 Czech crowns.

Jistota Foundation supports projects of national but also regional importance. Regional projects are then carried out in tight partnership with KB's local branches. Not only does KB provide a financial help, but they also ensure internal checks, responsible risk management and fulfillment of all legislation related.

In fact the main areas where KB helps through the Jistota Foundation are financing and facilitating services of homes for the elderly, financing a medical research, providing a financial help to socially or medically disadvantaged people or helping the KB's employees, their relatives or other individuals in difficult life situations. For example, one of the most remarkable projects was financing the baby boxes² in Czech Republic. Jistota Foundation has also provided a significant financial help to Czech SOS Children's villages and in cooperation with the Endowment Fund of Vaclav and Livia Klaus it has financed the project of children's accounts teaching children the financial literacy. During the devastating floods in 1997, 2002 a 2013 it was always one of the first contributing institutions. (Nadace Jistota, 2015a)

A specific activity connected with Jistota Foundation is the „Matter of the Heart“initiative („Srdeční záležitost“in Czech language). Thanks to this initiative the employees of KB can make specific suggestions on how the money from the foundation should be used or create a project themselves. To give an example, last year two employees successfully carried out the project called „Life Preparation Courses“, which was helping the children from children's homes prepare themselves for „normal“ adult life. (Nadace Jistota, 2015b)

² Baby box is a specially equipped box where an abandoned baby may survive and be immediately found by healthcare workers.

1.2.4 Sponsorship

Komerční banka has been a long-term partner of many projects, events and institutions of social significance. The main KB's focus areas are culture, education and non-professional sports.

Culture

Since 2002 KB is the general sponsor of the National Theatre, the most important theatre stage in Czech Republic. This cooperation actually goes beyond being just of a financial kind, for example on the occasion of ten year anniversary in 2012 National Theatre and KB arranged the so-called Theatre Night. During this event visitors were given an insight to the backstage and a special route through Prague with various stages and scenes was designed. In the last two years during the Christmas time several concerts of children's choirs were held on some KB's premises.

Another cultural event supported by KB is the French Film Festival, which was first introduced in 1997 and takes place in three Czech cities every year since then. (Komerční banka, 2015c)

Society

In 2002, during devastating floods, KB began to cooperate with the Prague ZOO while financing repairs of the elephant exhibit and helping to get Nagathan the male elephant to the ZOO in the following year. Since 2005 KB is the main sponsor and partner of the ZOO, which among other things participates on rescuing the rare breed of Przewalski's horse and its world studbook is kept there.

During another major floods in 2013 KB also helped by establishing a special account, where the amount of 15.5 mil. CZK had been donated during only two months and the bank itself then also supported the ZOO not only financially but also by sending their own employees for a voluntary work. (Komerční banka, 2015h)

Sports

As mentioned before, KB supports many non-professional sport teams, events and institutions. All the activities from this area can be listed as follows:

- Since 2012 KB is the general partner of the Czech Rugby Union and since then has been helping the promotion and development of this sport in Czech Republic. Czech rugby league also carries the name of KB.
- KB also supports wheelchair rugby, specifically the Czech Wheelchair Rugby Association.
- In 2012 KB became the partner of the Czech Floorball Union, the second largest sport union in Czech Republic.
- Since the firefighter sport and voluntary firefighting is quite popular in Czech Republic, KB is the partner of the Czech Firefighter Championship.
- Since 2009 KB is a partner of the social-sport project called „Sport without Prejudice“ („Sport bez předsudků“ in Czech language), which is focused on crime prevention among elementary school children by showing them that sport is a good alternative to spend their free time. Within this project, the Great Sport Days event („Velké sportovní dny“ in Czech language) takes place every year at several stadiums in Czech Republic.
- KB has been cooperating extensively with the Wheelchair Athletics Civil

Association. For example, in 2006 KB supported the participation of Czech wheelchair athletes in the European Championship in Netherlands. Since 2007 KB is the general partner of home competition called „KB Czech Cup”(Czech „KB Český pohár”). (Komerční banka, 2015i)

Education

Since 2003 KB has been cooperating with several Czech universities such as Charles University, University of Economics, Czech Technical University in Prague, Masaryk University or Technical University of Ostrava. Managers of the KB Group give lectures there regularly and discuss the future career options in KB with the students. The cooperation then includes for example financial contribution on professional conferences, sponsoring of student competitions, cooperation in the field of career centers founding, scholarships, financing the student internships abroad or attending job fairs at the universities.

KB is also a partner of the biggest international student organization AIESEC, where they assure a long-term professional support of the AIESEC's financial team and human resources team and help the promotion of AIESEC's conferences and preparatory seminars. They also arrange annual student exchanges, while several participants have already got the full time job in KB. KB's Chief HR Officer David Formánek is also a member of AIESEC's Board of Advisors.

KB regularly contributes financially to the Aliance Française (French Alliance), specifically for the equipment of the libraries in six branches of Aliance Française. (Komerční banka, 2015d)

1.2.5 Sustainable development

It is obvious that companies have to protect the environment within valid legislation, but especially bigger companies usually develop many extra activities to build and maintain their reputation of being socially responsible. Of course KB is not an exception. According to their own words, KB not only takes actions to eliminate the negative impact on the environment but they also try their best to preserve and enhance it proactively.

When financing a project, besides evaluating the economic benefits KB always assesses the ecological effects as well and purposely seeks for financing primarily the high quality projects in terms of environmental impacts. KB also employs their own professionals in the field of energetic, environmental protection and renewable resources in order to be able to cooperate and adjust the project if necessary. In terms of financing itself KB always tries to meet the specific requirements of the project, for example to take the seasonal operation of wind, solar and hydroelectric power plants or biogas plants into account. (Komerční banka, 2015j)

In 2008 KB was the first bank in Czech Republic that signed the contract for the Green Energy consumption. (Komerční banka, 2008) Green Energy is the project of ČEZ Group³, where every consumer pays extra 10 hellers⁴ per every kilowatt hour consumed and ČEZ Group as a supplier adds the same amount of money from their own resources. These funds are then used for financing various projects from the field of research, education and use of the energy from renewable sources. (Zelená energie, 2015) Annually KB consumes about

³ ČEZ Group is the dominant energy producer in Czech Republic.

⁴ Heller is the minor unit of the Czech currency; there are 100 hellers in one Czech crown.

3,200 MWh⁵ of Green Energy. (Komerční banka, 2015j)

KB of course strives to make its own operation as ecological as possible. They constantly monitor their CO₂ emissions and also act according to their „Ethical Sourcing Policy“ of negotiation with their suppliers. The services KB provides are also usually connected with high consumption of not only energy but also paper, therefore KB focuses on finding possible savings here. The main initiative is the extensive use of electronic banking. All payment orders are transacted electronically using electronic signatures. Clients may use an electronic statement of account at every account type and every credit card but they also can for example manage their loan application electronically. This is not only convenient for the clients but also environment considerate. (Komerční banka, 2015j)

1.3 Analysis of CSR activities in North Milwaukee State Bank

In the following chapter, North Milwaukee State Bank is introduced and the CSR activities portfolio of this bank is analyzed.

1.3.1 Introducing North Milwaukee State Bank

North Milwaukee State Bank was founded in 1971 and is the oldest minority-owned bank in the state of Wisconsin. Its mission is to boost the local economy by increasing business advancement, home ownership, financial education and community growth.

Despite the many barriers that the American Civil Rights movement of the 1960's broke down, opportunity to achieve financial growth and empowerment in Milwaukee was still difficult for members of the city's minority community. A group of concerned entrepreneurs and professionals sought to fix this disparity by establishing the state's first full-service minority bank. In 1971, they founded North Milwaukee State Bank (NMS).

Today NMS serves a variety of organizations across the community including individuals, faith-based organizations and education systems. They collaborate with government organizations (including the Wisconsin African-American Chamber of Commerce) to shape economic development initiatives across the state. Board members and employees also serve on boards of community organizations from social service agencies, neighborhood housing concerns, economic development corporations and education initiatives.

Unlike KB, NMS does not advertise or specifically mention CSR on their website. However, their involvement in community organization, dedication to diversity and service to community members through their financial education seminars shows the high importance they place on caring for the community that they do business in.

⁵ Megawatt hours. One megawatt hour contains of 1,000 kilowatt hours.

Picture 4: NMS logo



Source: nmsbank.com, 2015

1.3.2 Employee policy

Much like KB, NMS also emphasizes diversity, specifically through strengthening Milwaukee's large African-American population. According to NMS Community Outreach Specialist Skylar Wright, the bank does not exclusively serve African-Americans, but they make up the majority of their staff and customer base.

Wright added that the bank's founders focused on the African-American community because they felt that they were not given the same financial opportunities as Milwaukee's other cultural groups. Today NMS serves more than 200 local organizations and just under 800 individuals.

They have two branches (one in Fon du Lac and another in Granville-Brown Deer) and 87 employees between the two locations. Like most other companies, NMS has policies in place to ensure that its employees have a comfortable work-life balance. They are allowed parental leaves, vacation days and flexible work skills.

1.3.3 Charity and sponsorship

Perhaps the biggest difference between the two banks is that NMS does not have its own charitable foundation like Jistota. Because they are so small, they also don't make large donations to community or state organizations. Instead, they connect with the community by donating their time and banking experience to provide financial consultations to small local businesses. This is a valuable resource to many new entrepreneurs, especially those without an education or little prior business experience.

NMS also provides financial education seminars for community members who want to learn more about smart money management. These free events are held sporadically and are one of the bank's most popular programs, sometimes bringing in more than 100 participants for a single event. It also sponsors events like "The Gathering," which they have been doing for 14 years. The Gathering brings together business owners from around the neighborhood to a chance to network and sell their products. This is by far their most popular event, but they sponsor a number of others in addition to this.

1.3.4 Sustainable economic development

Textbook definitions of CSR say that a business is not truly taking full account of its costs until it has determined its full impact on the environment and evaluates if it is practicing sustainable development. While NMS has certain environmentally friendly aspects of its business, they are not explicitly advertised or promoted. Wright said that they encourage customers to utilize their online banking system for simple account questions and visit or call the bank for more complex requests. By doing this, NMS eliminates a few basic variable costs and eliminates some waste. Aside from this, they do not have any sustainable development initiatives similar to KB.

What NMS does best, however, is sustainable economic development. For almost 45 years, NMS has remained dedicated to its mission of increasing financial opportunity for Milwaukee's African-American community. They provide low-interest loans to owners of local businesses and startups. By doing this, they hope to boost the local economy and neighborhoods by empowering entrepreneurs, according to Wright.

NMS also specializes in "faith-based banking," the practice of providing special service and assistance to faith institutions. For local churches, this means sponsoring community events, lending resources and offering flexible payback terms on already low-interest loans. Through faith-based banking, NMS builds a strong relationship with the religious community.

1.4 Comparison

Based on the previous analyses of both banks' CSR activities portfolios, in the following figure there is a comparison of those portfolios in the context of the Triple Bottom Line (see the Theoretical introduction to CSR). Activities are divided into three groups based on particular categories (columns) of the Triple Bottom Line principle: Environmental Performance, Social Performance and Economic Performance. Red colored items are the KB's activities, whereas activities of NMS have green color.

As mentioned in the Theoretical introduction to CSR, companies should have a balanced portfolio of CSR activities spread into all of the three columns. The main idea of the following figure is to demonstrate whether both banks satisfy this condition or not.

Figure 1: Comparison of KB's and NMS' CSR activities portfolios

Environmental Performance	Social Performance	Economic Performance
Green Energy	Diverse work teams	Faith-based banking
Project impacts analysis	Work-life balance	Low-interest loans
Electronic banking support	Equal chances	
	Own foundation	
	Wide range of sponsored institutions	
	Diverse work teams	
	Work-life balance	
	Supporting local organizations	
	Mobility in the company	
	Community events	

Source: own compilation

As obvious from the figure, the most activities both banks develop are in the field of Social Performance. The reason for this phenomenon may most likely be the fact that society usually welcomes this kind of activities the most because they have a direct influence on it, thus the activities from the Social Performance represent the most efficient and at first glance visible promotion of a company's CSR.

KB, however, has no major activities in the column of Economic Performance and NMS, on the other hand, does not develop any initiatives in the field of Environmental Performance. Based on those findings, in the following chapter some suggestions are given by the authors on how both banks may fix this situation by learning from each other.

1.5 Lessons learned

Regarding the suggestions, authors of this paper decided to use the good practices of both banks and, if possible, apply them to the other bank's operation as an initiative they should consider making in order to optimize their CSR activities portfolio.

Suggestions for NMS

- Generate public awareness of CSR activities. Even though they are a small, local bank, they do a lot of good in the community, but one would never know that just by looking at their website. By telling non-customers about everything that they do for the community, they could continue to build on their already strong relationship they have with the neighborhoods they serve.
- Develop activities in the field of environmental protection. Because they are so small, this is not a major priority for NMS, but it's something they should consider.
- Encourage customers to use electronic banking more. This feature is not largely advertised on their website, but is a growing trend in modern banking.

Suggestions for KB

- Developing stronger connections with smaller communities. The Czech Republic is home to a large number of Vietnamese immigrants. They could develop a strong relationship with this community by targeting them directly and creating products and services especially for their needs.
- Creating financial literacy courses. KB has done this on a small scale with their Matter of the Heart initiative, but they should consider expanding the program and begin offering these seminars to all of its clients.

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