REFLECTION OF SOCIALLY RESPONSIBLE OPERATIONS ON THE INCREASE IN COMPETITIVENESS

Goran Kutnjak

University of Rijeka, Faculty of Economics, Ivana Filipovića 4, 51000 Rijeka

Abstract
Competitive ability and advantage are changing in character, they have no static characteristics which premiums that they, as a «consequence» of numerous relations and correlations of internal and external factors, have to be approached in a highly responsible manner, with a lot of forethought and necessity to balance economic, as well as social, ethical, and ecological dimensions, which undoubtedly affects the increase in competitiveness. Numerous examples in practice confirm that responsible way of operating results in an increase in competitiveness, or that those environments/organizations which do not respect, or marginalize the importance of socially responsible operations self-initiatively create predispositions for non-competitiveness, and thus the subordination on the market and conscious devaluation of earlier set social and economic objectives and interests. In order to maintain and improve competitiveness it is of great significance to satisfy ethic and social requirements and needs of the wider community. Different approaches of certain societies regarding balancing, and harmonization of these «worldviews», but in any case there are certain positive correlations, mainly because the social responsibility is focused on improvement and increasing competitiveness.

Key words: *changes, competitiveness, socially responsible operations, competitiveness, reflection, correlation*

1. INTRODUCTION

Understanding of the world and the future is constantly changing. Heraclitus has said it a long time ago “everything flows” (lat. “panta rhei” and/or Plato who said “everything changes, nothing stays the same” (lat. panta chorei kai ouden menei”). It is on the trail of these unique (philosophical) notions of transience and suggesting "society of change”, and today we are all co-creators and witness the new economic paradigm of society based on "changing values" as the most important thing - accent of economic development is focused on different "variations" - based knowledge, information and high technologies, sustainability of non-renewable resources, environmental protection, sustainable development. On the other hand, only non-inventive societies maintain/sustain a “logic”, which was denied by J.M. Keynes himself, saying “… the real difficulty lies not in creating new ideas, but in escaping the old!” It is on these grounds that competitive advantages are created, competitiveness manifests itself, whether it be perceived from a frame-level of the enterprise or perhaps the nation's economy. Historical context, however, says that in the 20th century they advocated that the competition focuses on material resources, goods and services and their materialization realized by export of companies and countries. Competitiveness was understood as a comparative concept capability of the company, sub-sector or country to offer and sell goods and services to domestic and foreign markets. It was related exclusively to the export capability.

In the 21st century competitiveness gets a new dimension, substance – more often in exists in new specialized knowledge and other intangible assets and technological infrastructure, and, therefore, it needs to concrete its orientation towards action and creating on a fully differentiated basis (different, unique), but at the same time comprehensive, as for the area of operations of individual companies, as well as for individuals in the area, region, nation and world. Above all, the global environment requires access to and analysis of competitiveness, which is systematic and applies to all aspects of creating new values and to all participants in the process of creating competitiveness: Individuals, companies, clusters, communities, regions and the nation-state (Dragičević, 2012, 15-16).

Today, however, the trends of globalization and concentration are daily changing competitive market rules and the rules of market combat, and one of the main preconditions for competition is certainly socially responsible business. In Europe and worldwide a growing number of companies and countries that promote their social responsibility strategies as a response to various economic, social and environmental pressures, and so invest in your future - believing that their commitment can help increase profits. Many companies today feel increased pressure of competition that will surely continue and further confront "pro futuro", whose reasons can be viewed primarily in:

a) increasing the number of competitors in the market;
b) improvement of the labor force;
c) technological development.

Therefore, all companies that want to compete in the global and the local environment (market), as well as all national economies must address the issue of corporate social responsibility with their full attention and treat this great need and necessity as their true obligation and business "philosophy", since it is not only a question of the present, but primarily a question of the future. Similarly, corporate social responsibility is a positive determinant and an important component of development, both in the segment of business development and entrepreneurship, and society as a whole, thereby confirming all its civilizational achievements (Kutnjak, 2011, 165) and the same unambiguous correlation with the increase in the competitiveness of enterprises and state as an institution.

2. COMPETITIVENESS IN A “NEW” ENVIRONMENT

The concept of competitiveness is the result of long "historical" scientific considerations, through which different narrower and wider perception of the term have confronted, colored by differentiating the different contents of the term. In the last thirty years, since the intensified competition analysis as one of the most widely discussed economic terms, both on the micro level and on the macro level, there are still some doubts or disagreements in the harmonization of measurement competitiveness. And so, while at the micro level is generally agreed methodology for measuring competitiveness at the macro level, there are still different views, and different approaches to the measurement of competitiveness between individual countries. Some analysts (e.g. Krugman), even, represent the extreme view that the concept of competitiveness is not applicable at the level of countries, but only at the enterprise level. But the undoubted differences in economic trends individual countries (which are at a similar stage of economic development) refute such considerations of individual analysts and clearly indicate the "discord", i.e. the existence of differences in viewing successful and those less successful countries. At the macro level, national competitiveness and the competitiveness of countries is defined as the ability of countries to achieve economic growth faster than other countries and to increase the well-being so that its economic structure is changing and are effective to adapting to the movements of international trade.

On the other hand, the number of enterprises that compete on the world market is continually growing. Deregulation of international economic system and crash of the bipolar system has enabled a large number of subjects to enter the global market. New enterprises on the international market usually compete with lower labor costs. At the same time many of those new enterprises are sharpening their competitiveness on growing domestic markets of Asia and South America. In this way they are achieving economy of scale, ensure a wide base of resources and partially public financial support on a scale that is unimaginable to enterprises of Europe, America, and Japan. On the third hand, cheap labor is no longer a synonym for unqualified labor force. New competitors on the world market ensured their approach to educated, capable, and at the same time cheap labor force. Such situation seeks the “old players” to base their competitiveness on major leaps in productivity while, at the same time, developing completely new product lines, processes, services, and business activities with the end goal of avoiding a direct confrontation with the new companies which base their strategies on a cost-price principle. The development of competitiveness has, in the last few years, been achieved by the enterprises in the following ways:

a) focusing on the primary activity;

b) creating into strategic partnerships;
c) reorganizing and restructuring of the overall business system.

It is important to emphasize that enterprises must build their competitive advantage on business activities. The overall competitive advantage of an enterprise cannot exist on a single, but rather all of the business activities of the value chain of the enterprise. Is an enterprise wants to achieve competitive advantage, it must make a choice on the type of competitive advantage it wants to achieve and the market it wants to service. Competitive advantage exists when the enterprise is more effective that its competitor in fighting off competitive forces; more effective in attracting customers and convincing them that their products have superior value and is better in offering a good product at a low price, or have a higher real or observed value for the customer (Tipurić, 1999, 10-12). Overall, competitive advantage is not static and it doesn't mean that, if a company or state in some moment or period achieves it, it will stay as such. Competitiveness must be ever changing, adapting, and perfecting according to new, ever-changing environment of the global market (Dragičević, 2012, 12-15).

To stay competitive is a constant challenge for every enterprise as well as every country, it is necessary to continually compete with technologies and the rhythm of growth of competitor enterprises and countries. Successful solving of those challenges is necessary for sustainable growth, for creating new jobs, and for further development. The European union is trying to predict structurally changes, create a climate which promotes innovation for meeting the challenges and, where adjustments are needed, soften the effect on employers and employees, as much as relatively possible. Aspirations are heading in the direction of creating conditions which enable enterprises and other business subjects of the EU to be as competitive as the rest of the world under the same conditions. Therefore, the business policy of the European union is a question, which is preoccupying the whole business community and its environment, and the same is promoted in the frameworks of the restored Lisbon strategy, European Charters for Small and Medium Businesses as a strategic document, and the Action Plan for Entrepreneurship. In accordance with these strategic goals of the European union, priority areas for rising the level of competitiveness are identified (Kutnjak, 2010):

a) strengthening the internal market
b) research and development, education, innovation and entrepreneurship;
c) employment and social cohesion;
d) environmental protection and sustainable growth

In such environment, the success of the enterprise and the state is influenced by their ability to implement into classic processes, hitherto less present, but more and more important intangible values like those widespread practices of corporate social responsibility (CSR). In accordance with that, enterprises which do not recognize the reality of this competitiveness will be in a subordinate position on the market because the responsible and sophisticated investors will consider them to be too risky for their investments, the value of their market and their brand will decrease and this will results in decreased sales; they will find themselves under pressure from the media, public protests, and boycott of their products which will not be amortized by pubic relation instruments, the moral of their employees will drop… and the most competitive ones will seek alternative solutions. (Omazić, 2007).

3. CORPORATE SOCIAL RESPONSIBILITY (CSR) – HISTORICAL CONTEXT AND THE MEANDING OF THE CONCEPT

The term corporate social responsibility has been used as a synonym for: social responsibility, sustainable growth, corporate citizenship, depending on how the corporate social responsibility has been viewed regarding their relations to ethical, social, and ecological issues (Osmanagić Bedenik, 2010). Corporate social responsibility is a development concept of managing an enterprise that should, by satisfying the social and ecological criteria, go beyond the sphere of solely commercial interests, with a goal of sustainable growth, and represent one of the more important frameworks of modern economic living, but also the future features of the society as a whole. However, such frameworks very often do not correspond to the use in real practice, especially in those (business) environments

that chronically show certain weaknesses, whether they are of mental or economic nature. Discrepancy, inconsistency, and often deviations of management and the social elite in todays economic practice of enterprises, as well as society in general, are often the causes of constant changes in entrepreneurship and society. Unfortunately, the same do not choose the means or methods to get to certain goals, or rather achieving their own interests, which largely deteriorates the trust in a part of the business world and its leaders. Precisely such interest approaches of individuals, groups, and/or unions, have encouraged additional enlightenment and pressures of the civil society, governments, and other groups, which positively, but not always successfully, condition their activities and development of the business sector. Confronted with such new temptations, to enterprises, but also the whole society, the needs of concrete implementation of corporate social responsibility has been put. The need of accepting the social "blueprint" of living has become an unavoidable obligation of every factor of the society – from the level of the individual to the level of institutions (Kutnjak, 2011, 151), which, at least formally, timely, but, unfortunately, often only declaratively, exist very long. Looking at it historically, there are certain evolutionary phases, or rather "genesis" in developing the theory of corporate social responsibility, what is closely explained by the data in the following table (Table 1).

Type of theory	**Approach**	**Basic characteristics**
Instrumental theories (focused on achieving economic goals through social activities)	• Theories of maximizing value of the stakeholders • Theories focused on strategic goals of achieving competitive advantage • Theories of cause connected marketing	• Long-term maximization of value • Social investments with the goal of competitiveness • Socially focused activities as a marketing instrument
Political theories (with an emphasis on responsible use of business strengths on the political scene	• Corporate constructionism • Integral theories of social contract • Corporate affiliation	• Corporate social responsibility comes from the social power of the company • Assumes an existing social contract between the economy and the society • Viewing an enterprise as a citizen who acts in the community
Interactive theories (with an emphasis on integration of social demands)	• Managing the problematic questions • Public responsibility principle • Managing interest and influential groups • Social realization of the company	• Process of managing the socially problematic questions • Using the law of existing public policies as a reference for social realization • Balance of interests of the members of the company • Lies in the premise of social legitimacy and processes of giving answers to social questions

Ethical theories (focused on achieving social gain)	• Normative theory of managing interest and influential groups • Common law theory • Sustainable development • Common good theory	• Considers the fiduciary obligation towards the stakeholders and the moral correctness in regard to the society and the business world • Based on human and worker rights, and respecting the environment • Based on leaving the same options to future generations • Based on the wellbeing of the society

Table 1. Theories of corporate social responsibility

Source: Osmanagić Bedenik, 2010, 57.

The fact is that, regardless of the relatively long time period of treating the corporate social responsibility issue, there is no clear consensus about the volume and definition of CSR, so we cannot speak of a single unified theoretical thought regarding the corporate social responsibility and sustainable growth. Different social and economic theories help understand different theories regarding corporate social responsibility and we can say that those theories, created in the 1930s until today, rooted themselves in social, economic, and ecological sciences.
But, regardless of the historic dimension of corporate social responsibility, in the modern world there is a positive trend that seeks to satisfy more and more successful and profitable companies. Though, there is still a big number of enterprises that, through its conduct, creates negative effects on the wider environment, as well as the narrower environment that suffers the consequences of such activities. Such influence negatively reflects the conduct and the image of the enterprise, but also on the image of the country. Social responsibility is not just a promotion of the company's activities, but also an important factor of success in the modern society. It affects all aspects of its business, creates a brand, influences the image, financial stability of the company, and creates recognition in a major way (Kutnjak, Radović, 2012, 16), but significantly affirms the country in a development, social, economic, and ecologic segment.

Socially responsible activities should be the most important current activities that the company and the state are doing in order to support social goals and fulfill their obligations in the frameworks of social responsibility, and they are doing them depending on the chosen strategy. According to Kreitner, different interpretations of company's activities of the socially responsible fashion can be summed into "the ten commandments" of corporate social responsibility (Buble, 2006, 73):

a) making corrective actions before it is necessary;
b) resolving common problems between citizens and social groups;
c) making the industry standard and regulation;
d) public acknowledgement of their mistakes;
e) inclusion in appropriate social programs;
f) helping to solve the problems of the society;
g) tracking changes in the social environment;
h) making and respecting the corporate rules of conduct;
i) accepting the public standards on social issues;
j) endeavor to make profit on a permanent basis.

With the appearance of the social responsibility movement, the social awareness and public expectations from the "business systems" to use their resources, tremendous power and influence to

solve social issues, i.e. for reducing poverty, environmental protection, betterment of public health, education, etc., has been continually increasing. More and more people thinks that business systems (companies and other business endeavors) that create profit by using public resources, are obligated to work towards its betterment (Bahtijarević Šiber, 2008).

The practice of social responsibility was created in the 1960s in the US as a mean to manage risks in big multinational companies, which were exposed to criticism because of their environmental and/or employee policies. Because of that they embraced the proactive conduct and practice that, in advance, established itself as sensitivity towards the environment and social groups that operate within them. During the 1960s a growing sophistication of consumer requests helped the spread of this concept, as well as forming environment protection movements of the 70s. But, the most significant encouragement for building a strategy in the social responsibility area of certain economic subjects around the world is connected to globalization processes of the 1980s and the 1990s. Globalization and its consequences have increased the power and the importance of the business sector, whose role in the society is continually growing. In the countries of Western Europe and North America, where corporate social responsibility is most present, a key role in encouraging better business practices has the public pressure, especially the consumer and the non-government organizations worried about human right violations and destroying the environment, as well as pressures of the financial market where the social reputation of the company largely influences the value of the stock and the decisions the stakeholders (UNDP, 2009).

Practice of social responsibility is diverse, and mostly depends on the context in which it happens, the needs of the company, management practice and corporate culture of the company, tradition of a country, and many other factors. In the European union, in the last few years, corporate social responsibility has been largely promoted, because it is considered an important mean for realization the goals of the Lisbon treaty, or rather the goals of the EU to become the most competitive world economy, based on economies of knowledge and social cohesion. Therefore, confirming the above, the year 2005 has been named the European year of social responsibility of the business sector, in order to give publicity and significance to it. In Croatia, it has been established that the business sector has an important role in sustainable growth of the country, and the concept of corporate social responsibility and the culture of conduct that ensures companies better reputation, acceptance of the general public, and sustainable growth, has been accepted. There are three key segments of corporate social responsibility in Croatia (Kutnjak, 2011, 156):

a) investment into human potential and environment protection;
b) cooperation with local communities and dialog about public policies;
c) advocacy and institution building.

Encouraging corporate social responsibility has been defined as one of the "Sustainable growth strategies of Croatia". Therefore, by indicating key interest and influence groups, an analysis of its application in Croatia is needed, in the frameworks of: 1) corporate social responsibility in a national context, 2) corporate social responsibility in a local context, 3) correlation of the business sector and corporate social responsibility, and 4) correlation of the Croatian public and corporate social responsibility (Kutnjak, Radović, 2012, 11).

Undoubtedly, there are many initiatives regarding corporate social responsibility preoccupations of many business subjects, as well as countries of the world, and this question/issue will include many factors, mainly on the sake of consequences of "global warming". According to some authors (Porrit 2006, Edwards 2005, Bendell 2000),, as well as the opinion of "commoners", the revolution of "sustainability" will mark the 21st century. Bruntland committee report has institutionally created the first concrete framework for environment protection with simultaneous promotion of the economic and social justice goals. The report also summed the first concrete articulation of interaction of ecologic, economic, and social criteria known as the "3E" - (ecology/environment, economy/employment i equity/equality) (Tafra Vlahović, 2011, 78-80). In the core of the modern concept of sustainability there are the 3 said issues: ecology, economy, social sustainability. Long-term value is the capability of a company to look and assess the long-term consequences of their actions, and their preparedness for short-term assignments in order to create long-term gain. The

initiator of corporate social responsibility is most often the expectations of the society. There are three possible answers on those expectations: 1) moral, 2) rational, and 3) economic choice (Tafra Vlahović, 2011, 15-21).

4. CONNECTION OF COMPETITIVENESS TO CORPORATE SOCIAL RESPONSIBILITY (CSR)

The world of today is faced with two basic challenges:

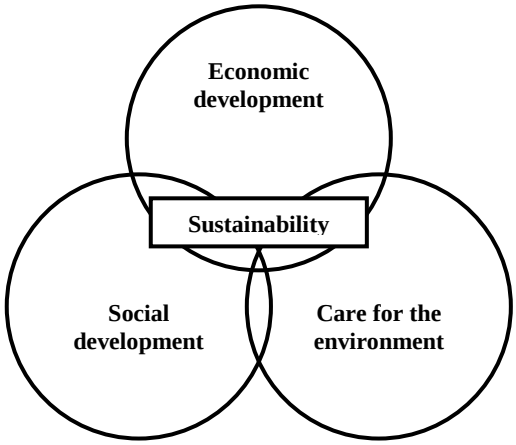
a) maintaining and improving competitiveness;
b) positive answers to ambient, ethical, and social demands of the community within it operates.

For most organizations the given challenges are conflicting. They believe that their main task is focusing on competitiveness, and afterwards the requirements of the community. But, certain research proves differently: requirements for increasing competitiveness and social responsibility are in a positive correlation. Corporate social responsibility in contrast to the issues of environment, ethical, and social mission, goals and operations, are the key element in company's strategy that is directed towards sustaining and increasing the competitiveness. In reality, sustained and improved competitiveness on a long-term scale cannot be created without a consciously planned and comprehensive strategy of social responsibility for every company for itself, as well as the economy as a whole. Even though competitiveness and corporate social responsibility are in a positive correlation, defining a specific mission, goals and operative tasks that turn social responsibility into a key element of a company's strategy will differ from one case to another. The process is very complex and seeks a huge devotion of all employees, from the chairman of the board to the employees on the "front lines". The first step in this process is truly understanding the complementarity between the competitiveness of the company and the requirements of the community focused towards a higher responsibility of economic subjects in relation to the society as a whole (Moller, 2007, 1-2). However, often the interests of the individual, groups and/or unions are not compatible with the interests of the wider social community or society as a whole.

Managed primarily though the power of capital and non-compromising interest for creating a higher profit, on one hand, as well as trying to weaken the influence of overall, opposing social structures on the other, the same are trying to non-conditionally create a higher profit. Meanwhile, they are denying and disrespecting the needs and interests of other users or participants of the society, as well as the needs of the sole nature of self-maintenance, bringing into question sustainable growth itself (Kutnjak, 2011, 165). Unfortunately, it is almost usual for the economy to achieve economic goals, with little regard to ethical, social, and ecological goals. But, in order for an enterprise to be sustainable and competitive, the wider circle of interest and influence groups, for whose attention competition is competing, must accept its strategy. If this relation of all interested parties in the business process is neglected, it is possible to loose all other forms of competitiveness. Responsible competitiveness reminds us that enterprises, markets, and economies are human innovations and therefore cannot serve a destructive purpose. Because of that economic, ethical, social, and ecological goals must be in the core of competitiveness. Strategy that is focused towards getting competitive advantage should improve competitiveness by building business strategies and practice, as well as context within which it acts in an explicit responsibility for its influence on the economic, ethical, social, and ecological aspect of its business activities. Through such business policy companies can increase their market share, control risks better, attract human potential, stimulate innovations, ensure financial means under favorable conditions, reduce cost, and improve other key parameters of operating. However, the choice is not always this simple and easy. It is necessary to emphasize that responsible competitiveness is one possible strategy and practice of conduct, but not a guarantee of business success (Omazić, 2007).

In favor of the stated, and with regard to different definitions and the reach of corporate social responsibility understanding, as well as implications which it has on the increase in competitiveness, with the picture below (Picture 1) the correlation of corporate social responsibility with the "practices" of managing social, ecological, and economic conditions are clarified, what brings us to the core of the

question – increasing competitiveness. The core of corporate social responsibility can be compressed on a "triple bottom line approach" principle through which a balance of economic, ecological, and social goals is achieved, while simultaneously satisfying the expectations of all interest and influence groups, which, finally, through their harmony and universality influence the increase of competitive power and advantage of the company, and the state.



Picture 1. Showing interconnectedness of CSR with the "triple bottom line approach" principle

Source: Osmanagić Bedenik N., 2010, 267.

For the sake of objectivity, the complexity of corporate social responsibility prejudices that there is no "universum" in a form of a universal behavior pattern or certain recommended policy that would universally focus corporate social responsibility. It is an issue of processes, content, and reports, with which they should deal with if they want to develop corporate social responsibility. Economy cannot deal by itself, it needs the support and cooperation of other sectors of the society in order to be successful (Bagić, 2004). The demand for increasing competitiveness and social responsibility are in a positive correlation. Social responsibility of the company/country in regard to the issues of the environment, ethical, and social mission, goals, and operations, are a key element of the strategy of the company/country that is focused on sustaining and developing competitiveness. In reality, sustained and improved competitiveness on a long-term scale cannot be created without a consciously planned and comprehensive strategy of social responsibility for every company for itself, as well as the economy as a whole (Moller, 2007).

Finally, the following table (Table 2) will determine the perspective of implementing social responsibility in, for example, Croatian enterprises, for which we need to: (1) consult a SWOT analysis of corporate social responsibility in Croatia, (2) construct recommendations for development of corporate social responsibility in Croatia, and (3) give recommendations for a successful implementation of corporate social responsibility in Croatian enterprises. If the concept of the SWOT analysis is used as a mean of a systematic analysis of internal advantages and weaknesses and external opportunities and threats of corporate social responsibility in Croatia, it is possible to reconstruct an evolution of it in the past, but also objectively look at the chances for the future.

Strengths	***Weakness***
• positive tendencies in the number of socially responsible companies; • pre-EU accession process;	• inefficiency of the state apparatus; • macroeconomic instability; • a small number of companies using CSR;

• the extent of investment in employee education; • Reporting on CSR in the company; • representation of donations and sponsorships; • multicultural geopolitical influence and traffic conditions; • strong environmental regulations; • individual energy efficiency projects; • manifestations of high human and social rights;	• low consumer familiarity with CSR; • poor recruitment of persons with disabilities and the elderly; • Poor involvement of stakeholders in the business; • gender discrimination in businesses; • discrimination according to nationality in areas of war; • weak link between the academic community and the economy; • too modest and non-objective media reporting;
Opportunities	***Threats***
• laws that touch on CSR; • knowledge transfer and technology cooperation between academia and industry; • Accession to the European Union; • empowering a large number of highly educated people; • the company's efforts to implement and understand the benefits of CSR; • export oriented country imposes the need for the introduction of a quality management system and a series of certificates;	• "brain drain" needed to raise awareness of CSR; • resolution of privatization, corruption, administrative barriers and slow justice; • a large number of foreign ownership of companies; • turmoil unions and the Government; • Labor Law, which allows you to work on Sundays and holidays; • ineffectiveness of control mechanisms; • the absence of stronger social condemnation; • no protection of their own products with the full liberalization of imports;

Table 2. SWOT analysis of corporate social responsibility in Croatia

Source: Kutnjak, 2011, 163-164.

Based on the conducted SWOT analysis certain weaknesses (threats) have been noticed that should be neutralized or minimalized through our strengths (opportunities) that are at our disposal, in order to raise the dignity of CSR onto a new higher level. Regardless of the rising number of socially responsible companies in Croatia, because of the dominant stance that considers investing into CSR a cost and not an investment, socially responsible practices are mostly limited and focused on big successful companies. Said weakness could be removed by encouraging and creating policies and implementing laws on CSR that would enable a coordination of conduct, a higher quality approach, and enlighten all stakeholders who, through insufficient entrepreneurship initiatives and support, do not stimulate companies into applying CSR. The above implicates a weak involvement of all employees into creating business policies and making decisions, and a practice of getting customer feedback, which is basically non-existent. By emphasizing the opportunities in order to repress the threats to CSR, it is possible to continue a positive trend of concentrating the importance of CSR in everyday life. It is necessary to react to the really weak state of acceptance of CSR in Croatia. Even though a favorable environment for CSR in Croatia is slowly being created, there is a need for strong

state efforts and external initiators, especially media through independent coverage. A continued support is needed for the initiated or designed initiatives of the business sector, civil society, and the academia. For a wider social coverage and further development of Croatian efforts on the level of individual sectors and certain companies it would be more purposeful to promptly intensify an exchange of best practices and experiences with other European countries that have different cultural approaches and traditions, and prefer a more intensive approach to CSR in practice (Kutnjak, 2011, 163-164). A number of Croatian, as well as foreign managers, unfortunately, is skeptical regarding the profitability of CSR. Certain managers think that there is a financial validity of investing a certain part of the company's capital into CSR with the goal of making greater future profits, while the others think of such type of expense economically unjustified. Those such as the Nobel Prize winner Milton Friedman think that the corporate social responsibility is primarily making profit, or rather the responsibility to the owners and stakeholders. IBM's research from 2008 conducted within 250 world business leaders showed that 68% of the top world managers use CSR as a mean of creating additional profits, and more than half of them (54%) think that CSR activities give their enterprises comparative, competitive advantages in regard to their main competitors. And while, on one side, responsive conduct depends on the conditions in which a company is in, on the other side, strategic social responsibility of an enterprise is more selective and focused on creating context. However, only a few of those pressures represent a chance for something that will have a positive influence on the company and the society. Organizations that make the right choices, and bring strategic, focused, and proactive decisions in regard to social problems, can expect to create comparative advantage in comparison to the rest of the market (Omazić, 2007). Overall, CSR is much more than "doing good so others would feel good." Society, principally, increasingly is recognizing the business validity of CSR, for the sake of some key benefits for the economy (Bagić, 2004):

a) reputation management, and Risk Management;
b) competitiveness and market positioning;
c) recruiting a new workforce, motivation and retention of employees;
d) efficiency of operations;
e) availability of capital and investor relations.

The current literature considers CSR and use of its elements in strategic planning of the business sector, and they mostly agree that there is a sufficient amount of evidence to note a positive effect of CSR on the long-term competitiveness of the business sector. The most common link between CSR and positive reputation is the one business subjects build by applying sustainability to their operations, which implies an increase in competitiveness. Primarily, it is achieved thorough a better overview and risk management of a company, and appropriate focusing of management and technological processes towards their amortization, what reduces the possibility of unwanted events, and connected to it, creating a negative perception in the public (Tanković, Matešić, 2009).

5. CONCLUSION

Phenomena such as globalization, increasing civil strength, as well as ecological awareness, and many challenges, between which is also the strengthening of the competition, create a need for creating a reputation, image, and differentiation, creating a starting point for corporate social responsibility for which we can say works as a balance between economical dimensions of an enterprise/state, and those social, ethical, and ecological ones. Competitive ability of a company or state has no permanently defined, static characteristic, and regardless of what the state is currently, it does not mean that it will be maintainable, or rather that it represents a constant. It is important to constantly follow changes and circumstances on the global and local market, and implement changes accordingly, while keeping modalities of corporate social responsibility as one of the basic guidelines for creating competitiveness. Considering social responsibility and the area of its conduct we can conclude that CSR penetrates into all parts of operations and life of a company and state, as well as all "intermediate levels", and if they disregard this influence, their survival in the future is impossible, as well as the development of the economy and society as a whole. It is a fact that corporate social responsibility and increase in competitiveness are two unknowns of the same equation, which cancel each other out, but,

rather complementary, complement each other in the sense of realizing the "targeted" policies. Many examples in business practice show how socially responsible business often creates competitive advantage and takes a special place which cannot be replaced by other forms of operations. Those environments (businesses, states) which do not give enough importance to CSR reduce themselves in relation to the needs of the market, reduce their competitive niche, but also focus the public in the perception of that same environment.

With maintaining and improving competitiveness it is all the more crucial to give a rational model (not solely guided by profit orientation) and give true answers to the question of total social "values" which are in a direct relation with increasing competitiveness and corporate social responsibility. Unfortunately, in nature, these two "theorems" confront each other, but there is certainly a possibility of a positive correlation, exactly because CSR is focused towards increasing competitiveness. What is rational in the context of growing challenges, dilemmas, and doubts of the global environment (for states, companies, and individuals) is balancing the development goals whose increase in competitive advantage is based on CSR, what finally does not mean "always" and "necessary" reduction of profit as a primary interest.

References

Bahtijarević Šiber, F. (2008) Suvremeni menadžment, vještine, sustavi, izazovi, Školska knjiga, Zagreb.

Bagić, A. (2004) Pregled društvene odgovornosti poduzeća u Hrvatskoj, Academy for Educational Development (AED), Zagreb.

Buble, M. (2006) Osnove menadžmenta, Sinergija-nakladništvo, Zagreb.

Dragičević, M. (2012) Konkurentnost Projekt za Hrvatsku, Školska knjiga, Zagreb.

Kutnjak, G. (2010) Europska unija u funkciji poticanja i razvoja malog i srednjeg poduzetništva, Poslovna izvrsnost, God. 4, Br. 2, Ekonomski fakultet u Zagrebu, Zagreb, 79.-91., ISSN: 1846-3355

Kutnjak, G. (2011) Društveno odgovorno poslovanje kao determinanta razvoja poduzetništva u Republici Hrvatskoj Zbornik radova Ekonomskog fakulteta u Mostaru, God. XVII., Sveučilište u Mostaru, Mostar, 151.-168., ISSN: 1840-3255

Kutnjak, G., Radović, M. (2011) Development reciprocity of entrepreneurship and corporate social responsibility, 10th International Symposium «Economy & Business», Sunny Beach Bulgaria, Journal of International Scientific Publication «Economy & Business», Vol. 5, Part 2, 4.-16., ISSN 1313-2555

Moller K. (2007.) Strategija poduzeća: Društvena odgovornost, Quantum21.net, Znanost i umjetnost vođenja, Zagreb, http://www.quantum21.net/slike/src/2006/12/30/01_07_kim _moller.pdf, 01st December 2013.

Osmanagić Bedenik, N. (2010.) Kontroling između profita i održivog razvoja, M.E.P., Zagreb.

Omazić, M. A. (2007.) Društvena odgovornost i strategije hrvatskih poduzeća, Doktorska disertacija, Zagreb, http://web.efzg.hr/dok/KID/Omazic_Mislav_Ante _%28T%29.pdf, 01st December 2013.

Tafra Vlahović, M. (2011.) Održivo poslovanje: koncepti, upravljanje, komunikacija, Visoka škola za poslovanje i upravljanje „Baltazar Adam Krčelić", Zaprešić.

Tanković M., Matešić M. (2009.), Postizanje konkurentske prednosti primjenom elemenata održivog razvoja, Acta Turistica Nova, Vol. 3, No. 1, Zagreb.

Tipurić, D. (ur.) (1999.) Konkurentska sposobnost poduzeća, Sinergija, Zagreb.

UNDP (2009) „Projekt društvene odgovornosti poduzeća: Što je društveno odgovorno poslovanje?", www.drustvena-odgovornost.undp.hr/show.jsp?page =78053, 23rd January 2014.