

BARRIERS OF CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION IN SLOVAK CONSTRUCTION ENTERPRISES

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Abstract:

Corporate social responsibility is the key concept of our modern age. However, the attempts to spread it worldwide are hindered by various factors influencing enterprises. These factors represent barriers which enterprises have to overcome in order to successfully adapt their business activities to the demands set for socially responsible organizations. This paper focuses on analyzing selected barriers influencing the implementation of corporate social responsibility in construction enterprises operating in Slovak republic. The emphasis of our research is on factors which are both general in their effects on any organization in Slovakia and specific which influence only enterprises in construction industry. These factors are divided into four main groups based on their area of influence. These groups consist of economic barriers, social barriers, environmental barriers and legislative barriers. Each set is analyzed individually according to current needs of Slovak construction enterprises.

Keywords: Corporate social responsibility, Construction enterprises, Barriers, Implementation of CSR

1. Introduction

Corporate social responsibility is the key concept of our age. It provides a proper ways to approach various problems of our world and to mitigate them. Moreover, corporate social responsibility if implemented correctly may provide solutions to the main issue of current world, which is the question of how to ensure sustainability of business without creating a serious threat to futures generations' access to resources. Construction industry is especially resource-demanding area of any national economy. Therefore, addressing this issue in enterprises operating in this business sector is equally more significant as it is more difficult.

There are barriers to implementation when introducing any innovations to the enterprise. Chmielarz (2004, p. 251) says that “the more innovative and more complex the new project, the more difficult its implementation will be. Business management must count on and prepare for such situations. Some barriers can be eliminated by targeted action, others can only be mitigated by their impact on business processes”. Such barriers can be divided into two main groups, namely barriers to the material aspect of implementation and barriers in relation to stakeholders, social barriers. The first group of barriers includes economic, environmental and legislative barriers.

This paper aims to provide an overview of barriers enterprises operating in construction industry have to overcome in order to successfully implement corporate social responsibility. The set of barriers we look into consists of economic, social, legislative and environmental barriers.

2. Economic barriers of corporate social responsibility implementation

Implementing corporate social responsibility elements into an enterprise is a complex and demanding process. One of the primary factors influencing this business intention is the economic aspect of the implementation of enterprise innovations. For most businesses, the economic analysis of the planned investment, its costs and return is still the most important factor influencing business decision-making.

The introduction of corporate social responsibility into a construction enterprise can be viewed from an economic point of view as an investment in business development. According to Veselovská (2011), the development of an enterprise should be a business-oriented goal. This implies the need to thoroughly plan the entire implementation process. According to Chmielarz (2004), in this case, barriers to implementation may be mainly shortcomings in the company documentation and related inadequate resource estimates. Jonker, De Witte (2006) emphasize that such shortcomings in planning may cause additional, unplanned costs to be incurred in implementing the corporate social responsibility.

An important economic barrier to the application of corporate social responsibility in a business may, according to Raja, Shankara and Suhaiba (2007), be the availability of resources for new processes. Construction enterprise must also take into account this factor and the associated

increase in the costs of implementing the plan. Similarly, unfavourable availability of the necessary technologies is also manifested, especially if the technologies used are not flexibly enough and cannot be adapted to the new conditions. The enterprises must also take into account the cost of sustainability of these technologies in connection with the introduction of new technologies (Jonker, De Witte, 2006; Wiengarten et al., 2016). Due to the high costs of maintaining technology in construction industry and the entire corporate social responsibility concept in an enterprise, some employees may seek to abolish or mitigate certain principles in order to achieve corporate goals, such as their personal goals. The introduction of the corporate social responsibility concept into a construction enterprise presupposes strict adherence to the established principles, and it is important not to start over time in the business to neglect certain activities and to circumvent the principles of corporate social responsibility.

The decision to implement the investment plan is very demanding, responsible and almost always a risky activity (Veselovská, 2016; Youn et al., 2014). Responsibility for all the most important decisions associated with the implementation of corporate social responsibility in a construction enterprise lies on the managers' shoulders. According to Raja, Shankara and Suhaiba (2007), the high investment level and high degree of uncertainty are the two most important factors in the decision-making process. It is the role of managers to evaluate the cost-effectiveness of the application of corporate social responsibility.

In general, the higher the cost of implementing the corporate social responsibility, the lower the degree of acceptance of the whole concept. Krzemien and Wolniak (2005) report that construction enterprises currently suffer from a lack of capital that creates problems in making a new investment. The crisis on world markets affects the financial stability of enterprises. In many of them, there are problems with the collection of capital. Therefore, even though managers and employees are deeply convinced of the need to apply the corporate social responsibility concept, the benefits of this approach are not sufficient in a situation where no capital is available to realize this intention.

Veselovská (2011) argues that each investment project is realized according to the return of the deposited funds. However, when implementing the corporate social responsibility concept, the financial efficiency of the project cannot be the most important decision-making factor. Incorporated capital also returns to socially responsible construction enterprises in the form of effects that are not easy to quantify unequivocally. These are factors such as employee satisfaction, customer loyalty, transparency of supplier-consumer relations, environmental protection, and so on.

Humphreyes, Brown (2008) consider the most significant barriers to the application of corporate social responsibility in construction enterprises to the amount of investment required, operating costs of environmental protection equipment, greening of technologies, insufficient information and time perspective. These factors contribute to creating a negative attitude of stakeholders towards corporate social responsibility. Insufficient or erroneous information may cause

additional, often unnecessarily high, cost of implementation of corporate social responsibility. The problem may also be the time it takes to integrate the elements of this concept into the business system. Due to the fact that it is a complex and demanding process involving the transformation of many business processes, it is not a short-term issue.

Raj, Shankar and Suhaib (2007) talk about dynamic market conditions and their impact on business activities. In view of the factors taken into account by these authors, it is also necessary to take into account developments in the product and marketing factors and their impact on the enterprise in the implementation of the corporate social responsibility. Veselovská (2013) stresses that if the construction enterprise also operates on foreign markets, it must necessarily take into account the development of not only the domestic but also the foreign economy. For this reason, managers should take into account not only the economic barriers to the application of corporate social responsibility resulting from domestic market conditions, but also from foreign ones. This concerns, for example, the taking into account of exchange rate losses (Zhang et al., 2009; Zhang, Murphy, 2009).

3. Social barriers of corporate social responsibility implementation

The second set of barriers to the implementation of corporate social responsibility policies into construction enterprise are social barriers. These are the barriers that can cause the greatest problems in this business situation, but on the other hand these barriers are easily removable.

Application of corporate social responsibility in a construction business requires the cooperation of all stakeholders (Pennington et al., 2007; Liao et al., 2018). Veselovská, Cheung (2014) divide these interest groups in terms of their position towards the enterprise, both internal and external. The first group consists of employees of the company, board of directors, shareholders and others. External interest groups include business customers, suppliers, government, trade unions, and the general public.

An important role in the application of corporate social responsibility principals play two major factors, namely trust and communication. Newton (2002) says that management's disbelief to management as one of the most serious barriers to introducing any change in the business. It is obvious that employees who do not trust the management of the company will not believe in their activities, and these include the application of elements of the corporate social responsibility concept. Such employees will knowingly put obstacles in the process of implementation, and until they themselves fail to believe the benefits that flow from them, they will perceive the whole corporate social responsibility concept rather negative. Similarly, other stakeholders' mistrust will also be unfavourable. In this case, mistrust can be removed by effective communication. Managers must be able to solve problems while meeting business requirements. They have to choose the right way to convey their views to interested people. However, it is not just about internal communication within the company, but also about the

presentation of the company externally. Incorrectly selected communication tools and inappropriately formulated reporting can lead to a misunderstanding of the enterprise's efforts.

Choosing the right stakeholder approach is one of the key factors in managing change success. Managers are sometimes too fast and employees often do not have enough time to implement their innumerable new ideas, provided that the subject of manager intervention is the interaction between the capabilities of the employees to handle the assigned tasks and what managers expect from them. As a result, employees can complain about a number of changes, even though they perceive the progressive vision of business management as positive. Ideologically interested managers may lose sight of the reality of the business. They, however, know how to defend their decisions with great joy and support their good arguments (Grit, 2004). Therefore, employee sensitivity to change cannot be underestimated (Kelly, 2004).

We can also define other factors that cause considerable social barriers to the implementation of corporate social responsibility in construction enterprises. It is necessary to consider how managers define their expectations and demands towards their employees. On the other hand, employees themselves have their expectations. Considering this, it would be ideal if these expectations were to be complementary. Other barriers may arise from the point of view of psychological factors affecting individual stakeholders. Stark (2005) focuses on the issue of introducing changes in their work in terms of their management by individuals within the enterprise. Top Management is responsible for leading people. They must motivate and persuade not only their subordinates, but also shareholders, members of the board of directors, the supervisory board, etc. The barrier to success can also be in this case the lack of their personal involvement and bad leadership. It is difficult for others to believe something that managers themselves do not believe or are not internally convinced of the benefits. In the case of introducing new business practices, mid-level managerial executives can be afraid of losing their position and responsibilities (Newton, 2002). They tend to focus on their own career goals, which may not be consistent with the new business objectives. Such employees will knowingly and unconsciously put obstacles to the introduction of change and their views will also affect other colleagues, subordinates, which are mainly reflected in the disruption of team work. Assuming employee participation in managers' activities, it will be difficult to achieve the set goals. If such a situation arises in an enterprise, it is imperative for managers to create a working environment that stimulates employees to fulfil their job tasks. Veselovská (2016) emphasizes that internal stakeholders are creating opinions and focusing mainly on corporate culture and corporate opinion. For this reason, managers must also take into account the introduction of changes and the fact that even elements of an enterprise culture can create barriers to the implementation of the corporate social responsibility concept. However, these barriers can be removed by the company's compliance with the corporate social responsibility principles itself, such as respect for employees' rights, their freedoms, respect for their claims and demands, anti-discrimination, In this case, if these principles are truly adhered to and not only declared

externally, employees will be convinced of their benefits over time and will become personally interested in applying corporate social responsibility to their businesses.

Getting the interest in the external stakeholder group is equally demanding. Veselovská (2013) claims that customers, suppliers and the general public assess the overall reputation of the business, its credibility and brand reliability. They are mainly affected by public announcements and business promotion. The company's own activities may be the biggest obstacle to gaining support for this group. In this case, it is important for an enterprise not only to declare publicly the activities it carries out in accordance with the corporate social responsibility principles, but also to practice it in real business activities. Because here too, the loss of confidence is very difficult to get back from.

For the enterprise applying the corporate social responsibility, it is necessary to obtain high-quality staff (Krzemien, Wolniak, 2005) as well as for any other company, which can be problematic in the current conditions on the labour market in construction industry. A new employee who is accepted into a socially responsible business is more easily adaptable to working conditions than an employee who has had to go through the whole process of implementing changes, especially if this process was not smooth and efficient. The company must also explore the possibilities of gaining personal interest in the selection of new employees.

For each enterprise, staff turnover is a significant social problem (Loosemore, Bridgeman, 2017; Wang, Wei, 2007). Stability of work should be one of the goals of a socially responsible enterprise. However, in practice, meeting this goal is linked to a number of obstacles and negative factors. Their influence can never be completely eliminated, but it can be weakened. The most appropriate tool is a well-designed corporate social responsibility policy and social benefits for employees.

The social barriers to the application of the corporate social responsibility are the largest group of obstacles for the construction enterprise itself. However, it is a positive fact that the impact of many of these social factors can be reduced and, with respect to all the conditions set, it is also possible to eliminate them with great effort and targeted actions. The best helper of a socially responsible enterprise is time in this case. By rigorously following the principles of the corporate social responsibility in all aspects of its business, the construction company will sooner or later convince all stakeholders of the benefits that this will entail not only for themselves but for the enterprise as well as for the whole society.

4. Environmental barriers of corporate social responsibility implementation

Veselovská (2016) reports that perceptions of environmental stability are becoming more and more prominent. Business activities in the world are increasingly affecting environmental issues. That is why there has been a shift in people's thinking and enterprise orientations towards sustainable development (Egelston, 2013) and the reduction of the environmental burden created by businesses. These principles are also part of the corporate social responsibility concept. While

some of the benefits of implementing corporate social responsibility environmental measures are obvious for construction enterprises and, in many cases, even quantifiable, others will only become relevant in a longer period of time since their introduction into the enterprise.

The environmental barriers to the application of the corporate social responsibility are manifested mainly in resource constraints (Heiberg, Wellmer, 2012; Veselovská, 2013). Socially responsible businesses are seeking to find alternative sources for their activities, the acquisition and exploitation of which would be less burdensome for the environment. The problem, however, is the availability of such resources. The causes lie mainly in technology obsolescence and in insufficient state support. In many cases, a construction enterprise would need to replace most of its technology if it wants to make more use of alternative sources. Many, especially small and medium-sized businesses, would not be able to bear this financial burden. A helping hand would be given by the state in such a situation, which is only possible under conditions, and its legislation includes programs to support the implementation of innovations in greener technologies. However, in many countries, such support is insufficient or totally absent.

Another problem for a socially responsible business can be its own production strategy. Managers must carefully analyze this strategy. Subsequently, they must also choose products whose production would, as little as possible, create an environmental burden on the environment. At the same time, these products should be environmentally friendly and in the process of their use by the customers of the company, and they should not, in their liquidation, generate waste that is disproportionately burdensome for the environment.

Every economic and entrepreneurial activity is associated with the occurrence of externalities (Vega-Redondo, 1999; Veselovská, 2016). On the one hand, the enterprise influences the externalities arising from the consumption activity of other entities, but on the other hand, the enterprise itself creates externalities (Berkowitz et al., 2017; Chung et al., 2014). An enterprise can try to minimize the creation of its own externalities and limit its negative consequences to the environment, but what can not influence is the activity of other entities. In this case, the company may also incur costs for the elimination of environmental damage which it did not directly cause.

According to Lu et al. (2016) among other environmental barriers affecting the construction enterprise implementing the corporate social responsibility concept, are: alignment of an enterprise's business with environmental protection constraints, alignment with local or social environmental standards, taking into account the most stringent standards, cooperation with authorities.

5. Legislative barriers of corporate social responsibility implementation

A key prerequisite for doing business is the existence of the rule of law. Construction company works best and creates value in an environment with clear, transparent and predictable rules. For

this reason, the most generalized group of barriers constitute legislative barriers as they affect all businesses equally.

Since the creation of the corporate social responsibility concept, its definitions have begun to emerge, not only in national legislation but also in documents of international organizations and clusters. The European Commission issued the so-called Green Book. It is a document that also contains the characteristics of corporate social responsibility. It focuses mainly on factors such as stakeholder cooperation, "not growth" and expressing commitment to improving the quality of life in society (Patnaik et al., 2017). This code also includes a description of the related issues that need to be resolved by corporate social responsibility. Based on the principle of transparency in business, the most important barriers are violations of laws, corruption and bribery.

According to Lummus et al. (2005) Slovak construction corporations perceive the concept of corporate social responsibility in the first place only in the legislative context, determining which laws are directly related to them. As a result, if there is weak legislative support for implementation of the corporate social responsibility in the country, it will negatively affect the businesses that are doing so. Uncertainty in legislation, a large number of exceptions, and often changing laws are a big barrier that businesses have to deal with. We are convinced that there is no need to change the rules that affect businesses often, to amend tax laws several times a year. The state should set a medium-term strategy for improving the business environment with its focus on its key components. In particular, smaller businesses often lack the necessary bargaining power to change the adverse conditions prevailing in a given state to target lobbies. Therefore, they need to adapt and find a way to deal with this situation without having to resort to violation of any of the corporate social responsibility principles. Companies doing their business on foreign markets have the situation harder to meet these barriers in other countries, to varying degrees.

State policy can influence both positively and negatively. On the one hand, its instruments can benefit from subsidies, subsidies and grants. However, on the other hand, they have to deal with the related fees, taxes and at the same time have to respect the limits set by the government or international organizations, emission permits (Evangelinos et al., 2016; Malhotra, Mackelprang, 2012; Tsai et al., 2017). State policy tools also play a further, less important role in implementing the corporate social responsibility concept in enterprises. This is a motivational role. An adequately set state policy can encourage businesses to implement the corporate social responsibility concept if there are clear benefits that could flow to businesses. A good example of this is the tax concessions that many countries provide to businesses that are deploying technology to reduce environmental burdens. On the contrary, when legislation puts more barriers to business than benefits, this barrier can be demotivating in implementing the corporate social responsibility concept.

Conclusion

In this paper, we dealt with implementing the elements of the sustainable corporate social responsibility concept to selected enterprises. We mainly focused on barriers effecting construction enterprises.

We discovered that corporate social responsibility can be implemented in all aspects of planning and organizing business activities in construction enterprise, however, the process itself can be difficult since it is often hindered by various barriers. The basis is to ensure proper management and control of the implementation process, which can be achieved in particular by quality management systems. It follows that the role of the management system cannot be underestimated in this implementation process.

Moreover, in the paper, we have further analyzed the barriers that make the process of implementing corporate social responsibility in business activities of construction enterprises difficult. Through the comparison of opinions of various authors we discovered that individual barriers are associated with varying degrees of vulnerability. In general, there are legislative barriers among the most difficult to remove barriers. It is easier for an enterprise to remove and cope with economic and social barriers. Business management, however, must always keep in mind the fact that the application of corporate social responsibility in their business will bring them significant economic and non-economic benefits especially in terms of construction enterprise.

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