

SOCIAL RESPONSIBILITY OF THE BANKS IN THE CZECH REPUBLIC OF THE YEAR 2015

DOI: 10.18267/pr.2015.pav.2125.11

Ing. Ladislav LUC

Vysoká škola ekonomická v Praze

Katedra systémové analýzy

Lucl01@vse.cz

ABSTRACT

This paper deals with the updating of issue of the topics of social responsibility in the banking sector in the Czech Republic past the year 2015 and its comparison with the previous year 2014. Using the recommendations of the internationally recognized ISO 26000 standard [1] the basic aim of the author was in the subject area of social responsibility to process the data for the year 2015 and then compare these data with the previous year 2014 and also on the basis of this comparison perform the basic evaluation.

The author of this contribution also continue on his earlier analysis that was performed in 2014 and whose conclusions have been published in the article "Social responsibility of the banks in the Czech Republic" [2] in the System approaches'14 conference. Data and conclusions from the above mentioned article the author used for comparison against the current state in the subject area.

During processing of the topic author used methods of collecting, analyzing and comparing of relevant information that is available on the given area. For surveyed banks were used primarily the information that these banks publish within their websites as last year.

KEY WORDS

social responsibility, organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, community involvement and development

PREAMBLE

In the current time begin to be more important for different types of organizations also the essential role of its social engagement. This phenomenon is currently not avoid to banking environment, banks. A socially responsible bank should keep to its responsibility especially in the economic, social and environmental areas. Economic area is characterized by terms such as rejection of corruption, transparency, good relations with customers, shareholders, business partners, or the protection of intellectual property. Social area may be represented by the concepts of philanthropy, communication with the owners (stakeholders), strict respect for human rights and respect for labor standards. And finally the environmental area represented for example by friendly products, environmental policy and protection of natural resources. The application of the above mentioned concepts into the practice in accordance with the ethical beliefs of management and employees may bring to the bank itself sustainable competitive advantage and as such can fulfill even the matter of the social responsibility. The positive point is that this role being aware of banks themselves.

The subject of this paper is the analysis of the state of individual themes of social responsibility in the czech banking sector reflecting the year 2015 and their comparison with the year of 2014.

For the purposes of this research the author used the non-binding rules of the international standard ISO

26000 - guidance on social responsibility of organizations, that's applied to the czech banking sector. The concluded analysis was focusing on all banks operating in the czech market, ie. 45 subjects in 2014 and 46 new entities for the year 2015. For this purpose the author used a list of individual banks, which is loosely available on the website of the Czech National Bank.

The research was also based on the analysis and comparison of obtained data for the period of the year 2014 and 2015 into the primary seven topics that the ISO standard 26000 for the area of social responsibility defines: organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, community involvement and development.

Each of the above mentioned topics by the ISO 26000 also includes specific sub-questions, which the author compared with actual data and with the information provided on the websites of banks in the area of corporate social responsibility for the year 2015. If a concrete bank on its website presented its involvement in the sub-question, than received for this activity one point, if not, received a zero. The totals for each subquestions are then converted into a percentage. The results thus obtained for the year 2015 the author compared with the previous data of the year 2014. The structure of the paper correspond with the one given topic and its division into various sub-questions, which fully correspond with the structure of ISO 26000 standard.

STATE OF SOCIAL RESPONSIBILITY IN BANKS IN THE CZECH REPUBLIC FOR THE YEAR 2015

The below mentioned text has been fully dedicated to the conclusions of the analysis, that has been executed at October 2015 and than to the comparison of in its including data about the implementation of social responsibility in the banking sector in the Czech Republic with the data from the previous year 2014 in given area. The structure of individual themes is based on the structure according to ISO 26000 standard.

ORGANIZATIONAL GOVERNANCE

The first compared topic was the issue of organizational governance as a system for decision-making and implementation of key decisions in the area of social responsibility. Compared to the year 2014, when the introduction of individual themes of social responsibility chose 19 banks from 45 (in percentage 42.22 % of all banks) arrived in the year of 2015 to increase of this number to 27 banks of 46. Overall in the year of 2015 apply the issue of corporate social responsibility to 58.70 % of the banks. This result underscores the willingness of banks entirely be socially responsible and on the based on it can be expected further growth in this area into the future.

HUMAN RIGHTS

The second compared area was in line with the recommendations of ISO standard 26000 the human rights issues, which affects mainly the following points: due diligence, human rights risk situation, avoidance of complicity, resolving grievances, discrimination and vulnerable groups, civil and political rights and fundamental rights at work. The proportional representation of the given subject in overall of the corporate responsibility is for reseach years following - 2014 : 2015; 21.14 % : 19.25 %.

DUE DILIGENCE

In the context of social responsibility among the proper care that the organization conscientiously and methodically considering the actual and potential negative impacts of their activities and manage them so as to minimize or eliminate the risk of social harm or damage to the environment, including the non-violation of human rights. Compared to the year 2014 occurred in this area in the year 2015 there is no change in the original state, but from an overall perspective view of the growing number of the banks

which are active in general in the issue of corporate responsibility, decrease the share of amounting to 42.11 % from the year 2014 to the current 29.63 %.

HUMAN RIGHTS RISK SITUATION

Situations that threaten human rights are in particular those activities, which can have a negative impact on children, addressing corruption, use of the supply chain in accordance with the law, ensuring the safety and protection of property. Like in the previous case there was no change in the subject area, including the overall impact on the proportion of this topic to others topics, ie. decrease of 26.32 % from the year 2014 to 18.52 % by the year 2015.

AVOIDANCE OF COMPLICITY

Topic of avoid complicity, when the bank can not commit willful violations or aiding human rights abuses, whether on its own benefit, or silent complicity remained on the track for the year 2015 any changes to and it were given again because no disengagement of the banks in this researched area.

RESOLVING GRIEVANCES

Among resolving complaints include in particular the following attributes: legitimacy, accessibility, predictability, fairness, consistency with rights and transparency. Resolving grievances remains for banks still dominant theme and despite to the decline from the value of the year 2014 in 73.68 % to 51.85 % for the year 2015.

DISCRIMINATION AND VULNERABLE GROUPS

The discrimination, there is when they are chosen certain individuals or certain groups so that they are denied equal treatment or opportunities as others and when this selection is based on prejudice and not on a legitimate reason. The basic attributes of forms of discrimination are race, skin color, gender, age, nationality or national, ethnic or social origin, caste, marital status, sexual orientation, health status, such as HIV positivity, political affiliation. In this area by the year 2015 come of the banks' exposures about plus 15.38 %, but from an overall perspective, the share of this issue on the social commitment drop in from the values of the year 2014 - 68.42 % to 55.56 % in the year 2015.

CIVIL AND POLITICAL RIGHTS

In the banking environment there is particularly the right to personal safety and also freedom of opinion and freedom of expression, the right to protection against unlawful interference with his privacy, family, home or correspondence, right to privacy, access to public services and the right to participation in elections. In the area of civil and political rights in the year of 2015 also nothing has changed, beyond the overall decline of the share of this issue from 36.84 % from the year 2014 to 25.93 % of the year 2015 under the social responsibility topics.

ECONOMIC, SOCIAL AND CULTURAL RIGHTS

This theme of the social responsibility in the bank's environment includes non-discriminatory access to health care, education, work, food, religion and culture, and genuine opportunities to participate without discrimination in decisionmaking. The importance of this issue in the year of 2015 grew by plus 12.50 %, but again in terms of total exposure decreased from the value 42.11 % of 2014 to 33.33 % behind the year 2015.

FUNDAMENTAL RIGHTS AT WORK

Fundamental rights at work based on the recommendations of the International Labour Organisation (ILO) and includes in particular areas: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or involuntary labor, effective abolition of child labor and elimination of discrimination at work. With the growing number of banks involved with the issue of fundamental rights at work donated for the year 2015 by 12.50 % more banks than in the previous year 2014. Overall, however, decreased from 42.11 % to 33.33 %.

LABOUR PRACTICES

The third compared sphere consisted of the basic practices of banks in the area of labor relations. There is one all policies and practices relating to the work carried out within the Bank or on its behalf. This area includes issues of employment and labor relations, working conditions and social protection, social dialogue, occupational safety and health and human resources development and training in the workplace. The proportional representation of the given subject in overall of the corporate responsibility is for reseach years following - 2014 : 2015; 19.79 % : 24.13 %.

EMPLOYMENT AND EMPLOYMENT RELATIONSHIPS

Creation of employment and labor relations are crucial for banks, because it addresses both the obligations of employees and employers, and as such, then form the basis for the successful operation and management of the bank. In this area there is a confirmation of the great attention that to this topic banks devote, this area increase up to 50% and then the overall also increased of its share on the total of areas from 52.63 % into the year 2014 to 55.56 % past the year 2015.

CONDITIONS OF WORK AND SOCIAL PROTECTION

The content of this topic is part of the bank to secure the basic working conditions for its employees (working hours, rest periods, holidays, reconciling work and family life, etc.), including social protection in cases of injury at work, sickness, maternity, parenthood, old age, unemployment, disability or any other financial hardship. In this area, as in the previous issue occurred to the increase on almost of half in banks' exposures, ie. 45.45 %; so overall, then also increase the level of importance from the year 2014 - 57.89 % to 59.26 by the year 2015.

SOCIAL DIALOGUE

The social dialogue between employers and employees within the banks leads to a better understanding of both sides and also creates the basic conditions for the prosperity of the bank itself. From the perspective of the bank's exposure occurred during the year of 2015 an increase to 41.67 %, but generally have slightly worsened to 62.96 % compared to 63.16 % behind the year 2014.

HEALTH AND SAFETY AT WORK

The next important issue for banks is in the implementation of social responsibility complications of internal processes to ensure the health and safety of employees. Responsible practices of the bank to protect the health and safety can reduce overall costs, improve morale and increase productivity. In this area there has been a significant increase in the banks' exposures about 50 %, then the overall 52.63 % from the year 2014 increase to 55.56 % on the year 2015.

HUMAN DEVELOPMENT AND TRAINING IN THE WORKPLACE

In the area of human resources development and training in the workplace banks are interested in facilitating the education, training and lifelong learning for employees. Basic benefits for banks in the implementation of this process, are motivation, effectiveness, productivity and overall employee performance. Involvement of the banks into this topic still reaches high values of 77.78 %, however against the 84.21 % from the year 2014 a slight decline, but this issue alone achieved an increase of more than a third at 31.25 %.

THE ENVIRONMENT

Another compared theme was the environment. Banks are actively involved in environmental protection. Specific topics are pollution prevention, sustainable resource use, climate change mitigation and adaptation to climate change and protecting the environment, biodiversity and restoration of natural habitats. The proportional representation of the given subject in overall of the corporate responsibility is for research years following - 2014 : 2015 10.73 % 9.77 %.

PREVENTION OF POLLUTION

Banks are actively involved mainly in the areas of its immediate effects on the environment, ie. in the areas of prevention of pollution including emissions to air, emissions to water, production of solid and liquid waste and other pollution from its activities, products and services. This area is highly encouraged by the banks during the year of 2015, and at the level of 40.74 % from the 52.63 % in the year 2014. Overall, there was an increase in pollution prevention for the year 2015 about 10 %.

SUSTAINABLE RESOURCE USE

Banks in this area focus on the sustainable use of resources, particularly more responsible use of electricity, fuel, raw material processed materials, land and water, and by combining or replacing non-renewable resources with renewable resources. Sustainable use of resources continuously to play an important role into the banks, underscoring cover the exposure in this area and increase about 12.50 %, although the overall share fell down from 42.11 % to 33.33 %.

CLIMATE CHANGE MITIGATION AND ADAPTATION

This abstract topic, including for example, greenhouse gas emissions have not been greatly accepted by banks or in the course of the year 2015 and were thus to reduce exposures from 5.26 % to 3.70 %.

PROTECTION AND RESTORATION OF THE NATURAL ENVIRONMENT

Banks in this area promote socially responsible actions to protect and restore the natural environment and its ecosystems, especially restoring and creating natural habitats. Here too fell down the overall proportion of banks' exposures for the year 2015 from 68.42 % to 48.15 %.

FAIR OPERATING PRACTICES

Fifth of the search area has become the issue of ethics into the business of banks. Basic area consists of the fight against corruption, responsible political involvement, fair competition, promotion of social responsibility in the value chain, respect for property rights. The proportional representation of the given subject in overall of the corporate responsibility is for research years following - 2014 : 2015 7.71 % 7.47 %.

ANTI-CORRUPTION

Banks focus on identifying the risks of corruption, implement and maintain policies and procedures to prevent corruption and extortion. Other possible areas as support for employee training, tied agents and contractors of corruption. There has been an increase of 14.29 % compared to the year 2014. Overall, the decrease of 36.84 % of the year 2014 to 29.63 % for the year 2015.

RESPONSIBLE POLITICAL INVOLVEMENT

Banks involved in the promotion and development of public policy to be an absolutely transparent and absolutely avoid political influence. With regard to the well-known banks apolitical, this issue is still seen at a low level even in the year 2015 ie. drop down to 3.70 % from 5.26 % by the year 2014.

FAIR COMPETITION

Within the framework of fair competition the banks must operate in accordance with the laws of competition and cooperation with relevant bodies, including the social context in which it operates (eg . the abuse of poverty to achieve an unjustified competitive advantage). In this area there was an increase about 14.29 % past the year 2015. Overall, the share of exposure dropped to 29.63 % from 36.84 % behind the year 2014.

PROMOTING SOCIAL RESPONSIBILITY IN THE SPHERE OF INFLUENCE

Banks consider the impact of the sale of its products and services, including the impact of its activities on the market. Banks are trying to be in the marketing chain responsible for compliance with applicable laws, regulations and its own impacts on society and the environment. Impacts involvement in this area in the year 2015 was no one. Generally, the decrease in share of this issue from 15.79 % to 11.11%.

RESPECT FOR PROPERTY RIGHTS

The right to own the property is a human right recognized by the Universal declaration of human rights. These rights cover both physical property and intellectual property. Banks in the region implement such policies and practices that promote respect for property rights and traditional knowledge. In the area of respect for property rights there has been a 20% increase of bank's engagement. The overall proportion then slightly decreased from the value of 26.32 % for the year 2014 to 22.22 % for the year 2015.

CONSUMER ISSUES

This in turn as sixth compared topic is associated with the provision of banking services in the context of protecting the health and safety of consumers. It includes the issue of proper marketing, the provision of relevant and undistorted information and fair contractual practices, health and safety of consumers, sustainable consumption, customer service, support and resolving claims and disputes, protection of personal data and privacy of consumers, access to basic services and education and awareness. The proportional representation of the given subject in overall of the corporate responsibility is for research years following - 2014 : 2015; 16.44 % : 14.08 % .

FAIR MARKETING, INFORMATION AND CONTRACTUAL PRACTICES

Banks are providing clear and sufficient information about prices, terms and costs associated with their services offered (loans, credits and other banking services). This area is also for the year 2015 became completely uninteresting, underscoring the decline from 5.26 % to 3.70 %.

PROTECTING CONSUMERS HEALTH AND SAFETY

Protecting the health and safety of consumers includes providing products that are safe and which in use or consumption do not pose any unacceptable risk to consumers. In this place the banks are focused on the area of vulnerable groups of potential users of their services. In this area occurred during the year 2015 no any movement. The overall share fell down from 31.58 % to 22.22 %.

SUSTAINABLE CONSUMPTION

Sustainable consumption is consumption of products and resources to the extent consistent with sustainable development. Sustainable consumption also encompasses a concern for ethical behavior regarding animal welfare. In this area in to the year 2015 the banks did not carry out any action. The total exposure declined from the level of 15.79 % into the year 2014 to 11.11% of current year.

CONSUMER SERVICE, SUPPORT, AND DISPUTE RESOLUTION

Customer service, support, complaint handling and dispute resolution are the mechanisms that the bank uses to address the needs of consumers after products are purchased and delivered. Such mechanisms include warranties and guarantees, technical support regarding the using as well as the conditions for returning, repairing and maintenance. Customer service still constitute a significant item in the social responsibility of the banks for the year 2015, although there was a slight decline from the level of the year 2014 in 57.89 % to 40.74 % for the year 2015.

CONSUMER DATA PROTECTION AND PRIVACY

Data protection and privacy of consumers has to protect consumers' rights to privacy by limiting the types of information collected and the ways in which this information is collected, used and secured. By the definition, this area is very sensitive monitored by banks. Privacy and consumer privacy for the year 2015 amounted to 33.33 % of commitment, it means decrease from value in 47.37 % of the year 2014.

ACCESS TO ESSENTIAL SERVICES

Banks support projects of different organizations that are focused on securing and respecting the right to satisfaction of basic needs, but also necessary services needed, such as the right to electricity, gas, water or telephone. In terms of access to this essential services the banks for the year 2015 were not involved in any way and overall there was a decline from 57.89 % to 40.74 %.

EDUCATION AND AWARENESS

Banks support any initiative regarding education and awareness. They focusing on supporting disadvantaged consumers in both rural and urban areas, which in some cases involve low-income consumers and consumers with low, or no literacy. In the area of education and awareness the banks remain behind the expectations and fell down from 42.11 % to 29.63 %.

COMMUNITY INVOLVEMENT AND DEVELOPMENT

The last compared theme of social responsibility is one of the key for the banks. Banks are aware of their position in society and also try in this area to contribute to its development. Cornerstones are forms of community involvement, education and culture, job creation and skills development, technological development and access to technology, creation of wealth and income, health, and social investment. The proportional representation of the given subject in overall of the corporate responsibility is for research years following - 2014 : 2015; 24.16 % : 25.28 % .

COMMUNITY INVOLVEMENT

Community involvement means for the banks not only provide financial assistance but also the active development of various forms of non-profit organizations to support various civic groups. In the area of community involvement has been a fundamental shift up to 66.67 % from 57.89 % and overall generally increased about 63.6 % in this area.

EDUCATION AND CULTURE

In the area of education and culture, banks are one of the leaders, who are doing their utmost to ensure all social and economic development. Culture is an important part of community life and identity of its society, which banks are fully aware. In this area during the year 2015 the banks maintained the growth of 11.76 % it means still high level of commitment in the final amount of 73.37 % for this year compared to 89.47 % from the year 2014.

EMPLOYMENT CREATION AND SKILLS DEVELOPMENT

For the area of job creation and skills development banks are trying to use his position in the overall financial sector, which also means that not only they themselves are the bearers of these opportunities, but may also help in this to other organizations. Overall, there are occurred with respect to the zero involvement of the new incoming banks in this area to drop down from 42.11 % to 29.63 %.

TECHNOLOGY DEVELOPMENT

For the demands of contemporary life is characteristic using of information and communication technologies, which are also a valuable basis for many economic activities. Banks in this way contribute to better access to these technologies through training, partnerships and various other events. The proportion of involvement in information technology for the year 2015 decreased from 47.37 % to 33.33 %.

WEALTH AND INCOME CREATION

Banks are one of the main drivers in the creation of wealth in the economy. They participate in the creation and implementation of programs on business development, along with support for the employment of women. Part of this issue is also compliance with tax obligations on the part of banks as a necessary prerequisite to enable governments to generate revenue and use them to solve critical development challenges. The creation of wealth and income was not for the year 2015 somehow favored by the banks and so the result in an overall decrease from 10.53 % to 7.41 %.

HEALTH

Health is an essential component of social life and a recognized human right. For this area banks are doing very well as contributing to health promotion and prevention, including the promotion of public health. In this area the banks recorded significant growth to the level of plus 30 %. Overall, the topic of health still holds for the banks the high level of attention for the year 2015 at 48.15 %, compared to 52.63 % of the year 2014.

SOCIAL INVESTMENT

In this area the banks involved as investing their own funds to support infrastructure and other programs designed to improve the social aspects of community life such as sanitation, supply of safe drinking water, health, housing and food security. The social conscience of the banks again in the year of 2015 significantly scored with the advent of new banks and this field grew by 26.67 %. And the total share of this commitment still maintains a high value for the year 2015 in 70.37 % against 78.95 % from the year 2014.

CONCLUSION

Based on the above made comparison of the involvement of czech banks into the area of corporate social responsibility for the year 2015 against the year 2014 can be made by author the following key findings:

1. in the area of socially committed banks in the Czech Republic for the year 2015 have risen about 8 new subjects, that bringing the total proportion of committed bank in the Czech Republic to the final 58.70 %,
2. in particular topics of social commitment to strengthen its role at the expense of other topics the community involvement and development and labor practices,
3. in the area of human rights the banks shifted from the resolving complaints to the discrimination and vulnerable groups,
4. in the field of labor practices in 2015, still dominates the human development and training in the workplace,
5. for the environment despite the significant appreciation of the issues of prevention of pollution and sustainable resource use to maintain its first place the protection and restoration of the natural environment,
6. in the fair operating practices despite the significant strengthening of respect for property rights issue have defended their positions the anti-corruption and the fair competition issues,
7. for consumer issue remained even for the year 2015 the key themes of customer service, support and dispute resolution,
8. and finally, at the issue of community involvement and development remained in the year 2015 a key question in education and culture, but for which the banks stood at the same level the question of social investment.

Imaginary list of the most socially responsible bank for the year 2015 compared with year 2014 has not changed and remains the same:

1. Československá obchodní banka a.s.
2. Raiffeisenbank a.s.
3. Komerční banka a.s. a Česká spořitelna a.s.

However, for the aforementioned banks during the year 2015 decreased of total share in any involvement of banks in the area of social responsibility by 5.21 % to finally in 31 %.

REFERENCES

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION. Discovering ISO 26000. Ženeva: ISO, 2010. ISBN 978-92-67-10538-3

SOCIAL RESPONSIBILITY OF THE BANKS IN THE CZECH REPUBLIC. Ing. Ladislav Luc. Systémové přístupy 2014. ISBN 978-80-245-2074-2

SURVEYED BANKS

www.jtbank.cz

www.bnpparibas.com

www.citibank.cz

www.csas.cz

www.csob.cz

www.gemoney.cz

www.hsbc.cz

www.ingbank.cz

www.kb.cz

www.expobank.cz

www.ppfbanka.cz

www.rsts.cz

www.rb.cz

www.sberbank.cz

www.burinka.cz

www.unicreditgroup.cz

www.wuestenrot.cz

www.zuno.cz