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Pisker, Barbara; Radman-Funarić, Mirjana; Rizvić, Martina

Source / Izvornik: **International Conference Vallis Aurea, 2024, 290 - 294**

Conference paper / Rad u zborniku

Publication status / Verzija rada: **Published version / Objavljena verzija rada (izdavačev PDF)**

<https://doi.org/10.62598/9thICVA.025>

Permanent link / Trajna poveznica: <https://um.nsk.hr/um:nbn:hr:277:176818>

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Download date / Datum preuzimanja: **2025-03-12**



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A CASE STUDY OF CORPORATE SOCIAL RESPONSIBILITY ADOPTION IN THE COMPANY VODOVOD ZAPADNA SLAVONIA

STUDIJA SLUČAJA PRISUTNOSTI DRUŠTVENO ODGOVORNOG POSLOVANJA U PODUZEĆU VODOVOD ZAPADNE SLAVONIJE

Pisker, Barbara, *Josip Juraj Strossmayer University of Osijek, Faculty of Tourism and Rural Development in Pozega, Croatia* bpisker@ftrr.hr

Radman-Funarić, Mirjana, *Josip Juraj Strossmayer University of Osijek, Faculty of Tourism and Rural Development in Pozega, Croatia* mradmanfunaric@ftrr.hr

Rizvić, Marina, *Josip Juraj Strossmayer University of Osijek, Faculty of Tourism and Rural Development in Pozega, Croatia* mrizivc@ftrr.hr

Abstract: *This paper analyses the presence of corporate social responsibility elements predominantly in the working environment area of the company Vodovod Zapadna Slavonia. The research was conducted using an online survey, encompassing the company representative employee sample. The results show that significant improvements are needed to implement a basic corporate social responsibility frame into the company's strategic and sustainability development, preparing for future European Sustainability Reporting Standards requests.*

Keywords: *corporate social responsibility, work environment, sustainability*

Sažetak: *U ovom radu analizira se prisutnost elemenata društveno odgovornog poslovanja dominantno u području radne okoline u poduzeću Vodovod Zapadna Slavonija. Istraživanje je provedeno metodom online anketiranja na reprezentativnom uzorku zaposlenika poduzeća. Predstavljene rezultati pokazuju da su potrebna značajna poboljšanja za implementaciju osnovnog okvira društvene odgovornosti poduzeća u strateški razvoj poduzeća i razvoj održivosti, pripremajući se za buduće zahtjeve Europskih standarda izvješćivanja o održivosti.*

Ključne riječi: *društveno odgovorno poslovanje, radna okolina, održivost*

1. Introduction

Corporate social responsibility (CSR) primarily encompasses three fundamental components that assess the impact of companies' corporate responsibility on the economic, environmental, and social aspects. Companies adopt a deliberate and well-planned strategy for sustainable growth to gain a competitive edge. Engaging in socially responsible business practices, including prioritizing stakeholders' well-being, yields enduring advantages for the organization. By embracing the

integration of CSR, companies assume the responsibility of protecting owners’ interests and broad stakeholder groups of various social entities affected by or can influence the company’s operations (Matešić, Pavlović i Bartoluci, 2015).

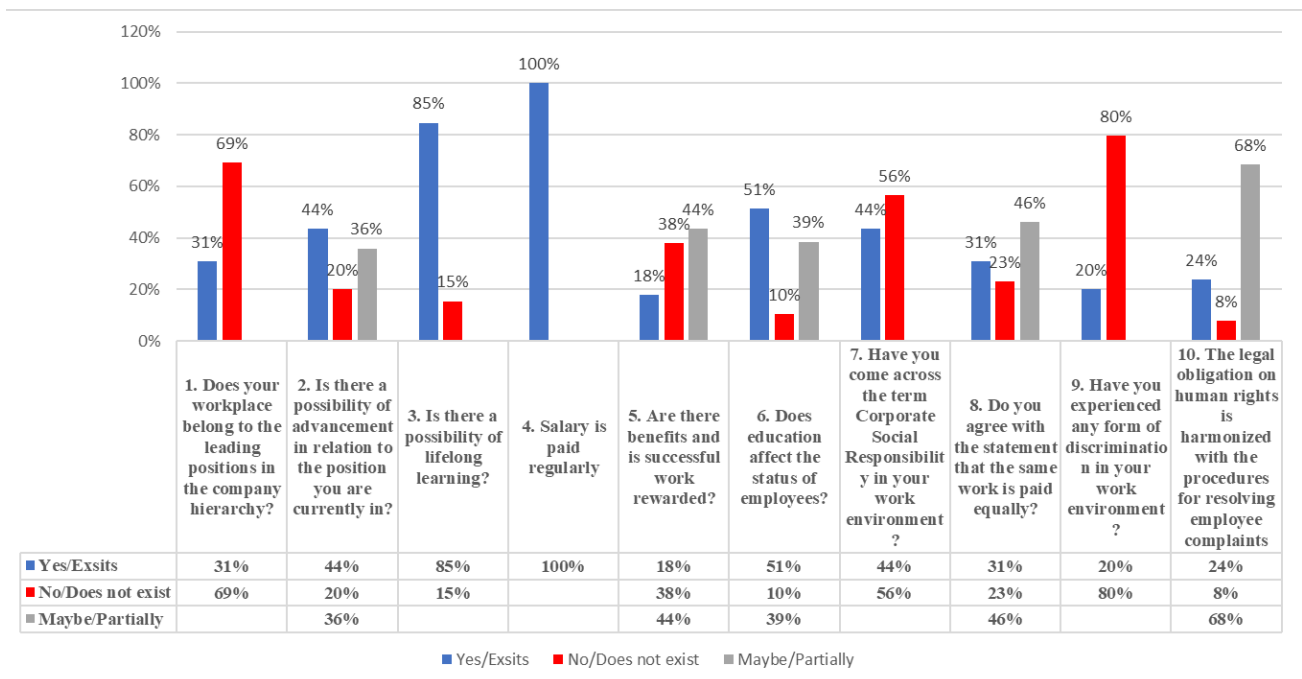
European Sustainability Reporting Standards (ESRS), based on the Corporate Sustainability Reporting Directive (CSRD) and by the Accounting Act, now oblige large enterprises of public interest with more than 500 employees’ companies to report on sustainability (non-financial reporting) within the framework of mandatory annual financial reporting (European Commission, 2022, 2023; Zakon o računovodstvu NN 78/2015, 134/2015, 120/2016, 116/2018, 42/2020, 47/2020, 114/2022, 82/2023). The planned timeframe of the obligation to report on sustainability by type of entrepreneur foresees the obligation to report for small and medium-sized enterprises that are subjects of public interest for 2026. Regarding this future obligation, the author intended to audit the readiness of this future sustainability reporting oblige type of company in Croatia on a case study of CSR presence in the Vodovod zapadna Slavonia company.

2. Assessing the CSR implementation level in Vodovod zapadna Slavonia

In December 2023, an online Google Forms survey of employees in the Vodovod zapadna Slavonia company was conducted to gain insight into their attitude towards the working environment, one of the segments of CSR.

Out of 75 employees at the company, 42 respondents participated in the survey, representing a sample of 56%. Of the 39 participants who fully expressed their opinions and completed the questionnaire, 13 (1/3) were female, whereas 26 (2/3) were male. After collecting employee data, management further examined sustainable policies and practices in the work environment via interviews to get a comprehensive understanding of the chosen research topic. Chart 1 shows the results of the research conducted. In order to examine the working environment at the company Vodovod zapadna Slavonia respondents were asked ten questions, which are also shown in the Chart 1.

Chart 1 Working environment in the company Vodovod zapadna Slavonia



Source: Created by the author according to: hrpsor.hr (2023, URL)

According to Chart 1, 31% of respondents belong to leading positions in the company's hierarchy. The administration and senior management consist of six positions overall. The board consists of the director and the deputy director, while senior management refers to sector managers. 20% of respondents have a negative attitude towards the possibility of their advancement, four of whom are in a leadership position. The other thirty-six respondents believe that there may be a possibility of progress. Most employees believe that lifelong learning is possible (85%), while 15% of respondents believe such a possibility does not exist. When looking at the reward system, 38% of respondents believe that successful work is not rewarded, 44% of respondents believe that there may be benefits, and that successful work is partially rewarded. Only 18% of respondents believe there are benefits and that successful work is rewarded. 51% of respondents believe that education affects the status of employees, 39% consider education a partial influence and 10% of respondents believe that education does not affect the status of employees.

A majority share of 56% comprises respondents who have not encountered the term CSR, and 44% have encountered the term mentioned. 80% of respondents did not experience any form of discrimination or mobbing in their work environment, but every fourth person encountered this type of problem in their working environment. The largest share (68%) of employees needs to be made aware of compliance with legal obligations with the implementation of the resolution of employee complaints. 24% of respondents confirmed that the law aligns with the resolution of complaints, and 8% believe that the legal obligation on human rights is not aligned with the procedures for resolving employee complaints.

The possibility of lifelong education, the safety of working conditions, and communication between employees are rated on a Likert scale of 1 to 5 (one meaning insufficient and 5 excellent).

Table 1 Results of responses graded on a scale of 1 to 5

Question	Measure	1	2	3	4	5	Total
Does the company invest in education?	Number	4	6	16	5	7	38
	%	10.5	15.8	39.5	13.2	21.1	100
Evaluate the safety of working conditions.	Number	0	1	10	11	17	39
	%	0.0	2.6	25.6	28.2	43.6	100
Rate the communication between employees.	Number	0	3	18	11	7	39
	%	0.0	7.7	46.2	28.2	18.0	100

Source: Created by the author according to: hrpsor.hr (2023, URL)

Respondents scored 1 for non-existence of company investment in education and 5 for satisfactory investment. 10.5% of respondents believe that investment in education is insufficient and that no investment is made in education at all. 21.1% of them rate investment in education with a grade of 5; that is, they think it is excellent. Investing in education was rated three by 16 respondents, representing a share of 39.5%, while six respondents (15.8%) rated 2. One of the respondents should have commented on the company's investment in education. On a scale from 1 to 5, the respondents also expressed their opinion about the safety of working conditions, where 1 represents no safety, and 5 is the highest safety. 43.6% of respondents rated job security with a grade of 5, 28.2% with a grade of 4, and 25.6% with a grade of 3. Only one respondent (2.6%) rated the security of an early job with a grade of 2, which shows that job security is satisfactory. Employee communication is considered average by 46.2% of respondents, very good by 28.2%, and excellent by 18%. Neither the safety of the workplace nor the communication between employees was rated negatively. Since

the communication in the organization is good, sometimes even more than good, it is assumed that there is also a positive level of cooperation.

A total of 35 employees did not experience any injury at work, which is a percentage of 89.7%, while 10.3% experienced an injury at work. This result of injuries at work refers to the period since the establishment of Vodovod zapadna Slavonia, which covers the period from 2017 to the end of 2023. The employees have divided opinions regarding the claim that they are paid equally for the same work. Nine employees of Vodovod zapadna Slavonia d.o.o. (23.1%) disagree with the statement, 18 respondents, or 46.2%, partially agree, and 12 employees (30.8%) agree. The employees of the analyzed company think that some employees receive the same amount for the same work; that is, their salaries are equalized. At the same time, some individuals are not paid equally, which violates the principle of fairness. 55.3% of people consider the behaviour of superiors towards employees to be unequal or biased, while 44.7% of those think that the behaviour of superiors is impartial or equal. According to the result, the majority would agree that superiors should work on an impartial relationship, that is, on equality, because there is a connection between salaries, benefits and unequal behaviour. If the superiors were impartial towards the employees who are after them in the hierarchy, then more respondents would agree that the same work is equally paid.

One respondent (2.6%) believes there is no cooperation in the organization, 23 employees (59%) think there is a collaborative climate, and 15 or 38.5% believe that only sometimes there is a collaborative climate. Despite the previously mentioned failures and problems, such as the reward system, unequal payment for the same work, mobbing, discrimination, and biased behaviour of superiors towards employees, there is still good communication and cooperation. Deficiencies established should be eliminated, as confirmed by the surveyed employees in their suggestions in the conducted survey. The employees believe that CSR can contribute to further improvements in the working environment through better communication, equality, the possibility of education and advancement, more excellent advocacy for workers' rights, better working conditions, team building and incentives. Finally, several respondents state that employees should perform their duties responsibly, earnestly and diligently.

3. Conclusion

Reporting on CSR has become a customary practice in significant corporations in today's business landscape. Medium-sized enterprises are anticipated to be required to include reports on non-financial impacts of company management in the upcoming years. This research focuses on CSR elements in working conditions using the case of Vodovod Zapadna Slavonia. The research results reveal how, as mentioned above, further CSR adoption requires education, adaptation, and advancement to reach the overall goals prescribed by ESRS. The research serves as a model for other companies to test their readiness for CSR implementation, conduction and reporting. Research limitations are found in working conditions as the only CSR element in focus. Therefore, future research should encompass all CSR elements and assess the overall company's readiness for CSR reporting by ESRS.

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