

CORPORATE SOCIAL RESPONSIBILITY IN BUSINESS PRACTICES OF MULTINATIONAL COMPANIES: STUDY OF DIFFERENCES BETWEEN CZECH AND SLOVAK

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Abstract. *Purpose* – find differences in the core principles of implementation of CSR (Corporate Social Responsibility) practices in subsidiaries of foreign multinationals in Slovak and Czech Republic, two similar yet different countries.

Research methodology – the questionnaire was distributed to local daughter companies of foreign multinational enterprises selected on the basis of stratified randomization. The sample: 360 enterprises (180 from each country). Mann-Whitney U Test was used for the analysis (non-normally distributed data) of the differences between Slovak and Czech companies in their CSR implementation.

Findings – differences among the two countries in the implementation of CSR exist in few factors due to their joint history.

Research limitations – the representativeness of companies connected with foreign mother companies in the two countries cannot be computed: no data are available. To overcome this issue, the same number of monitored entities was analysed to so as to make further statistical analysis possible.

Practical implications – the results can be used by business entities, which may benefit from comparing themselves against other players on the market or against the average situation on the monitored markets. Moreover, teaching future managers and promoters CSR is of significant importance.

Originality/Value – the work sheds lights on CSR practices in Czechia and Slovakia, two countries in which there is a lack of studies on the topic of CSR.

Keywords: multinational corporations, Slovakia, Czech Republic, Corporate Social Responsibility, difference.

JEL Classification: M14, A13, H59.

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Introduction

Corporate Social Responsibility (CSR) is becoming increasingly important for businesses around the world, especially multinational corporations that operate in different countries all over the world. Many organizations have begun implementing CSR policies as part of their business strategies to demonstrate their ethical practices and improve their image in the eyes of the public. The Czech Republic and the Slovak Republic share a common historical and cultural origin within the former Czechoslovakia, which was established after the World War I and existed until its dissolution in 1993. Since then, the two countries have been developing separately, but there still are a number of ties and common elements. After the break-up of Czechoslovakia, both countries went through a complicated process of transforming their economies from a

planned economy to a market economy. In this area, the two countries have moved forward significantly, albeit at different rates. The Czech Republic has integrated faster into European and world markets, which has enabled it to attract more foreign investment and increase its economic growth. Slovakia had less industrial potential and poorer infrastructure in the early 1990s, but since then it has also improved considerably and is catching up with the Czech Republic. In recent years, both countries have faced challenges in terms of demography and population ageing, which affect productivity growth and competitiveness.

After the break-up of Czechoslovakia, the Czech and Slovak Republics found themselves in a new geopolitical situation. The Czech Republic quickly integrated into European and world structures and became a member of the EU and NATO, while Slovakia joined these organizations only later. Both countries are also making an effort to develop their relations with the neighbouring countries, and with multinational companies coming to both countries and introducing management innovations that were not previously commonplace in the given countries. These are mainly innovations in the field of human management, resource management, business ethics, and corporate social responsibility.

The current study complements the literature by offering insight into the interconnection of CSR characteristics. By studying the factors influencing CSR, the paper offers the opportunity to better understand entrepreneurial thinking in the context of Central Europe.

Formally, the study aims at investigating the topic of corporate social responsibility in the specific conditions of two transition economies of Czech Republic and Slovak Republic (Bryson, 2008). The goal is to find differences in core principles of CSR implementation in subsidiaries of foreign multinationals in these two similar but different countries and their business environments (Pawliczek, 2015). Connection to foreign multinational companies was the precondition in regard to a specific situation in Czechia and Slovakia after 1989 when specific managerial tools such as CSR were introduced by MNCs (Kozáková et al., 2021).

In view of the above, it is interesting from a research point of view to look at one of the new aspects brought about by the operation of multinational companies in both countries that shared a common historical and geopolitical development. This aspect is corporate social responsibility. We assume that no significant difference can be found in the area of corporate social responsibility:

- H0: There is no statistically significant difference between Czech and Slovak companies in the implementation of Corporate Social Responsibility.
- H1: There is a statistically significant difference between Czech and Slovak companies in the implementation of Corporate Social Responsibility.

The study emphasizes the significance of implementing CSR according to the size of a company, since companies of different sizes deal with various issues in social CSR operations (Waluyo, 2017; Zbucea, 2017). It also highlights the greater pressure placed on larger corporations to publish their CSR activities and the general presumption that these companies have a larger budget for such endeavors. Our findings suggest that it is crucial for businesses to reevaluate the reasons behind their decision to conduct CSR initiatives and to be transparent when disclosing the costs associated with them. Correspondingly, companies should change the way they see the primary goal and openness of CSR initiatives since this obligatory CSR reporting will shed light and stimulate interest of various stakeholders regarding responsible activities of businesses.

1. Literature review

The importance of corporate sustainability addressed in academia (Gray, 2007; Lee et al., 2012) and in business practice (Roca & Searcy, 2012; Searcy & Buslovich, 2014) is on the rise. In literature, the concept of Corporate Social Responsibility is also linked to the term of "environmental sustainability" (Aguinis & Glavas, 2012; Hahn et al., 2015; Williams et al., 2017), however, the opinion on the compatibility of this unified use is different with respect to the historical differences in the development of the two concepts (Bansal & Song, 2017). The Triple Bottom Line concept (Elkington, 1997) will be used in this paper, which includes all three important groups of socially responsible activities, including linking the importance of stakeholder engagement (Ahi & Searcy, 2013; Maj, 2018; Ashby et al., 2012; Hohnen & Potts, 2007; Hahn & Kuhnen, 2013). The implementation of corporate social responsibility activities and their reporting still differ, the greatest convergence can be observed between Eastern Europe and Western Europe (Petera et al., 2019). Czech Republic and the Slovak Republic, according to a survey conducted by KPMG (2017), ranks below the global average in the area of reporting CSR activities, and the overall culture of sustainable behaviour has not yet fully developed in the Eastern European region. Overall, the importance of corporate reporting of CSR activities continues to grow, and although sustainability reporting and sustainability management are not the same activities, they are strongly interconnected and communication as such is of great importance for the sustainability of companies (Petera et al., 2019).

The overall role of corporations in business practice is rising sharply, as is people's interest in socially responsible behaviour on the part of companies (Krajnakova et al., 2018). The most advanced forms of sustainable behaviour, such as social enterprises (Krajňáková et al., 2018) and inter-institutional cooperation (Raišienė et al., 2019), are also experiencing great development. Crane et al. (2014) follow the mainstream in their theoretical reflections and interpret CSR as a disclosure that should be accompanied by various reports from corporations, governments, public sector organizations, NGOs, and even international organizations. The direct impact of size on CSR implementation in business is positive. Thus, the larger a company grows, the higher the impact on CSR (Brammer & Millington, 2006).

The level of socially responsible communication of multinational companies is adapted to the level of communication in the country of operation (Tetrevova et al., 2019). The conclusions of the study (Tetrevova et al., 2019) show that the intensity of communication and the structure of socially responsible activities is influenced by the country in which the multinational company operates. Significantly higher communication intensity is achieved by companies operating in Western Europe (Germany) compared to manufacturers operating in Eastern European countries – the Czech and Slovak Republics. Foreign-owned companies demonstrate a greater commitment to social responsibility (Hinčica et al., 2021).

The growing demands on performance, reporting, and communication of socially responsible corporate activities are based primarily on the demand of end and corporate customers and employees. According to a 2018 IPSOS (2019) study conducted in the Czech Republic, 53% of customers consider the social responsibility of the companies they buy from when making purchasing decisions, 58% of customers are willing to pay more for environmentally friendly products, and 78% of employees consider it important that their employer is socially

responsible. These requirements also stem from EU legal acts such as the European Union Directive 2014/95/EU of the European Parliament (European Union [EU], 2014) and of the Council of 22 amending Directive 2013/34/EU (EU, 2013) regarding disclosure of non-financial and diversity information by certain large undertakings and groups.

A key role in the application of the concept of corporate social responsibility (CSR) is played by the communication phase, the prerequisite of which is the performance and reporting of socially responsible activities. Nowadays, communication through corporate websites and social networks is becoming increasingly important. The fact is that the level of communication in the field of CSR varies over time and varies between regions and countries or sectors. The KPMG study, conducted in 48 countries on a sample of the country's 100 largest companies, shows a growing trend in the level of CSR reporting and communication, which increased by 3% to 77% in Europe between 2015 and 2017. At the same time, there is a noticeable difference between the level of CSR reporting and communication in Western (82%) and Eastern (65%) European countries. There is also a noticeable difference between individual sectors, where higher levels of CSR reporting and communication are achieved by companies from the so-called reporting and communication socially sensitive CSR sectors (KPMG, 2017).

Research conducted on 454 companies from the Czech Republic and 368 companies from Slovakia showed that CSR is not perceived similarly in both countries, leading to differences between countries. No correlation was found between CSR and company size, but the decisive factor is the length of time it operates on a given market, especially for a Slovak company. In addition, there is evidence that older Slovak companies are less open to carrying out CSR activities (Čera et al., 2020).

The bibliographic analysis (see Table 1) shows that in the period 1993–2023 (i.e. since the establishment of the independent republics: the Czech Republic and the Slovak Republic), a total of 40,128 articles on "Corporate Social Responsibility" or "CSR" were published in the Web of Science database, of which more than half come from the five past years. However, if we are looking for articles that are devoted to a joint focus on the Czech Republic and the Slovak Republic, we find 99 articles in the monitored period, of which only 28 articles in the last five years. In this area, we see a gap in research that our article is intended to fill.

Table 1. Bibliographic records on a query in the Web of Science (WOS) 1990–2022 (source: calculated by authors, access 2023/02/21)

Query	WOS 1993–2023	WOS 2018–2023
"Corporate Social Responsibility" or "CSR"	40,128	24,363
"Corporate Social Responsibility" or "CSR" and "Czech" or "Czech Republic"	681	327
"Corporate Social Responsibility" or "CSR" and "Czech" or "Czech Republic" "Slovak" or "Slovak republic"	281	119
"Corporate Social Responsibility" or "CSR" and "Czech" or "Czech Republic" "Slovak" or "Slovak republic"	99	28
Total	41,189	24,837

2. Research methodology

In this section we present the methodology used for the analysis. First, the material of the study is described, followed by the research design. Afterwards, the used methods and procedure are explained. Eventually, the sample and its characteristics are described.

2.1. Material

The study was conducted in the form of questionnaire survey (Roopa & Rani, 2012) realized by the team of trained interviewers (McLafferty, 2003) in Slovakia and in the Czech Republic. Survey was aimed at the various aspects of corporate social responsibility and this paper presents just the part of obtained data. The precondition for selecting the monitored entities was the registration in the Commercial register in monitored countries and connection to foreign multinational companies. In fact, a monitored entity had to be resident in the Czech Republic or Slovak Republic and considered as Daughter Company of a foreign multinational company. The type of this connection and form of entry host country market was not taken into account since these conditions were considered variables. For the purposes of the study, companies of various sizes, legal form, and other specifics were selected on the basis of stratified randomization (Kim & Shin, 2014). For the purpose of statistical analysis, the sample was narrowed down to an equal number of monitored entities from each country. After data adjustment and corrections (Munk, 2011) there were 360 monitored entities (180 from each country based on the smaller sample of obtained data from one country).

2.2. Research design

Based on the specifics of the implementation of CSR in multinational companies (Lind et al., 2022) the questionnaire was divided into several parts out of which the parts of questions regarding the mother company, daughter company, and CSR basic implementation were included. The majority of questions were closed questions with multiple-choice answers for respondents (Reja et al., 2003). Questions regarding the year of establishment and ownership structure were open and transferred into types of answer in the data adjustment phase. Final version of questions and their answers were later transformed into three groups of factors:

FM – Factors of Mother Company: FM1 Establishment, FM2 Legal form, FM3 Registered office of the parent company – region, FM4 Total number of countries in which a company operates.

FD – Factors of Daughter Company: FD1 Legal form, FD2 Year of establishment, FD3 Members of statutory body, FD4 Establishment as EWFEF, FD5 Primary area of operations, FD6 Size of the company, FD7 Ownership structure.

CSR – factors: CSR1 CSR in organizational structure, CSR2 Main motivation for CSR, CSR3 CSR connection with the core of business, CSR4 CSR reporting, CSR5 CSR competition, CSR6 CSR certification, CSR7 CSR expenses data availability.

2.3. Scientific hypothesis

Based on the character of this study, the main purpose was to find statistically significant differences in CSR implementation between monitored companies from the Czech Republic

and Slovak Republic. Implementation of CSR was described through three groups of factors FM – Factors of mother company (FM1–FM4) which describe specific features of foreign mother companies of monitored entities, FD – Factors of daughter company (FD1–FD7) which describe specific situation of monitoring daughter company located in Czech or Slovakia, and SR – factors (CSR1–CSR7) which describe specific features of CSR implementation in the monitored companies.

With regards to the fact that we have three groups of factors, the general hypothesis above was extended to a set of derived hypotheses that includes selected factors FM – Factors of mother company (FM1–FM4), FD – Factors of daughter company (FD1–FD7), and CSR – CSR factors (CSR1–CSR7).

2.4. Methods

Initially, the data was adjusted and coded into a form suitable for further statistical analysis by the Software IBM SPSS Statistics Subscription 1.0.0.1447. As the first step the Shapiro-Wilk test of normality (Shapiro & Wilk, 1972) confirmed non-normal data distribution which determined selection of further methods used. After, the Durbin-Watson test of autocorrelation (Watson & Durbin, 1951) excluded the autocorrelation between the selected variables, which made it possible to continue with the statistical investigation. As per non-normal data distribution, the Mann-Whitney U Test (McKnight & Najab, 2010) was used for identification of statistically significant differences between Slovak and Czech companies in their CSR implementation. The size of effect was then calculated by dividing standardised Z test statistic by the square root of the number of cases. According to Cohen's classification (1988) of effect sizes, 0.1 is small effect, 0.3 moderate effect, and 0.5 and above a large effect.

2.5. Sample characterization

The sample consists of 360 monitored companies (180 from each country). These companies were chosen based on stratified randomization with two main prerequisites for inclusion in the study. The residency in monitored economies (Czech Republic and Slovakia) and the aggregation in the multinational enterprise through the foreign mother company. The nature of the relationship with the parent company (degree of centralization) or the form of entering the host market (franchise, acquisition, the establishment of a subsidiary with capital participation of a foreign company, etc.) was not decisive. The result was that the monitored companies have various characteristics.

Monitored entities (daughter companies of foreign mother companies) had various legal forms in the Czech and Slovak republics. There were 255 limited liability companies (124 SK, 131 CZ), 91 joint stock companies (45 SK, 47 CZ), 3 limited partnerships (1 SK, 2 CZ), and 10 public companies (all from SK). Monitored companies were established mostly between 1990 and 1995 (58 SK, 79 CZ) and between 2001 and 2020 (61 SK, 56 CZ), 65 were established between 1996 and 2000 (44 SK, 21 CZ), and 41 in 2011 or later (17 SK, 24 CZ). Of the 360 monitored entities, 213 were established as enterprises with foreign capital participation (106 SK, 107 CZ) and 147 as enterprises without foreign capital (74 SK, 73 CZ). Based on these characteristics, we can assume that the used sample is balanced in terms of the key characteristics.

3. Results and discussion

To evaluate the differences between Czech and Slovak companies in their implementation of CSR, Mann-Whitney U test was utilized. The key values for concluding the differences among examined factors were Mann-Whitney U, Z and the 2-tailed significance score in Table 2. The performed statistical test discovered significant differences for four out of 19 factors related to the implementation of CSR between Czech and Slovak companies namely in *FM1* Establishment, *FD6* Size of the company, *CSR2* Main motive for CSR and *CSR7* CSR expenses availability.

The test revealed significant differences in the establishment from the perception of Czech Republic (Median = 2, n = 180) and Slovak Republic (Median = 2, n = 180), U = 12690, z = -4.128, p = 0.000, r = 0.22. Hence, hypothesis 1 was supported and the differences are small according to calculated r.

As per the size of the company, the test revealed significant differences from the perception of Czech Republic (Median = 2, n = 180) and Slovak Republic (Median = 2, n = 180), U = 13720, z = -3.044, p = 0.002, r = 0.16. Therefore, hypothesis 1 was supported with the small effects size according to the calculated r.

Table 2. Statistical analysis (source: own elaboration based on own data)

	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)
FM1 Establishment	12690.000	28980.000	-4.128	0.000
FM2 Legal form	15317.000	31607.000	-0.985	0.325
FM3 Registered office of the parent company – region	15660.000	31950.000	-0.682	0.495
FM4 Total number of countries in which the company operates	14836.500	31126.500	-1.486	0.137
FD1 Legal form	15296.500	31586.500	-1.155	0.248
FD2 Year of establishment	15507.000	31797.000	-0.739	0.460
FD3 Members of Statutory body	14645.000	30935.000	-1.637	0.102
FD4 Establishment as EWFEF?	16110.000	32400.000	-0.107	0.915
FD5 Primary area of operations	15032.500	31322.500	-1.260	0.208
FD6 Size of the company	13720.000	30010.000	-3.044	0.002
FD7 Ownership structure	15343.000	31633.000	-0.911	0.362
CSR1 CSR in organizational structure	16103.500	32393.500	-0.102	0.919
CSR2 Main motive for CSR	13350.000	29640.000	-3.137	0.002
CSR3 CSR connection with the core of business	14308.500	30598.500	-2.163	0.031
CSR4 CSR reporting	13658.000	29948.000	-2.758	0.006
CSR5 CSR competition	13901.000	30191.000	-2.444	0.015
CSR6 CSR certification	16200.000	32490.000	0.000	1.000
CSR7 CSR expenses availability	14130.000	30420.000	-2.874	0.004

For the Main motive for CSR, the test revealed significant differences from the perception of Czech Republic (Median = 2, $n = 180$) and Slovak Republic (Median = 2, $n = 180$), $U = 13350$, $z = -3.137$, $p = 0.002$, $r = 0.165$. Hence, hypothesis 1 was supported and the differences are small according to the calculated r .

The test revealed also significant differences in CSR expenses availability from the perception of Czech Republic (Median = 2, $n = 180$) and Slovak Republic (Median = 2, $n = 180$), $U = 14130$, $z = -2.874$, $p = 0.004$, $r = 0.15$. Hence, hypothesis 1 was supported and the differences are small according to the calculated r . For the remaining factors there was no significant differences found between the examined countries in the implementation of Corporate Social Responsibility.

Taking into account the results of the statistical tests, we analysed and described the ones that are statistically significant according to Mann Whitney U test.

The bar chart (Figure 1) illustrates how companies in the two countries were established, considering two periods, respectively: before and after WW2. As it is possible to see, in Slovakia, more companies were established before WW2 (100 and 61 after), whereas in the Czech Republic, more companies were established after WW2 (119 compared to 61 in the post WW2 period).

Out of 7 factors of a daughter Company, the factor FD6 Size of the company resulted as the only significant between the examined countries (Figure 2). While microenterprises (5 in Slovakia and 6 in Czech Republic) and medium size enterprises (29 in Slovakia and 38 in Czech Republic) were in about the same number for both countries, the main difference in the sample was represented by small (11 in Slovakia and 27 in Czech Republic) and large enterprises (135 in Slovakia and 109 in Czech Republic). Slovakia differs with higher number of large companies and lower number of small companies.

As per the main motive for CSR (CSR2), we see the biggest difference in the effort to strengthen marketing activities. In Slovakia indeed 18 out of 180 companies selected this answer, while in Czech Republic none of them chose it (Figure 3). Regarding 1, both countries consider the need to contribute to the “public good” as the main reason to have

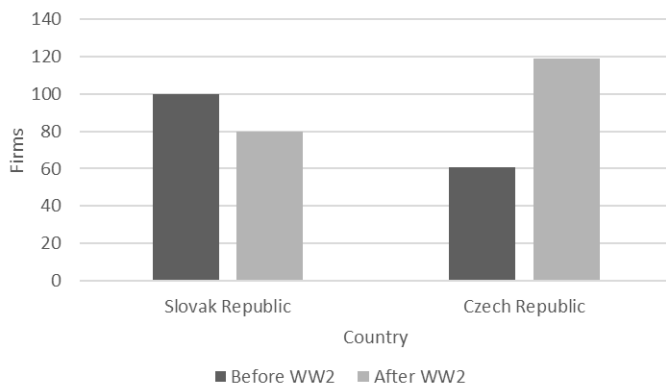


Figure 1. Country according to FM1 Establishment (source: own processing)

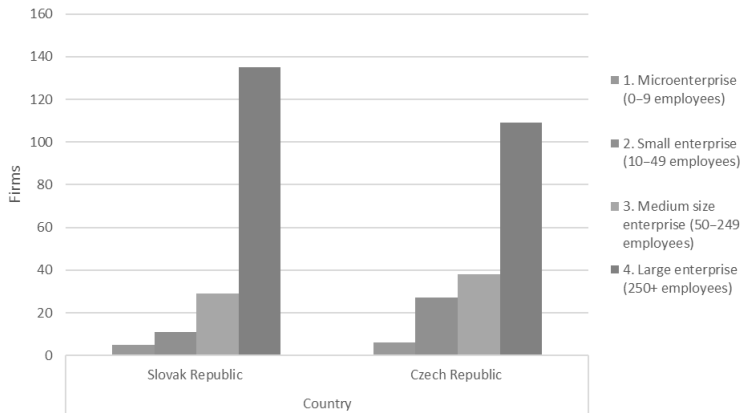


Figure 2. Country according to FD6 Size of the company (source: own processing)

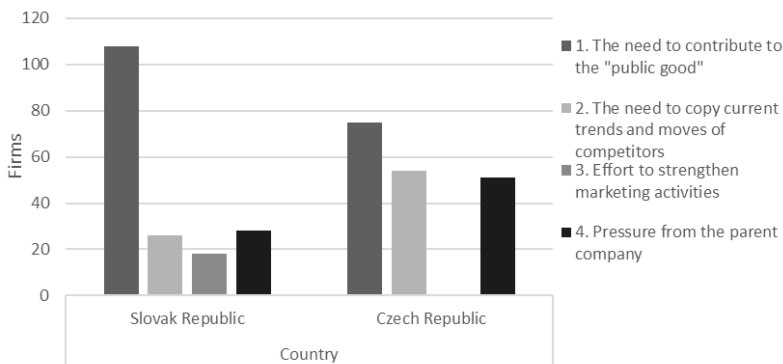


Figure 3. Country according to CSR2 Main motive for CSR (source: own processing)

CSR (108 from Slovakia and 75 from Czechia). This means that half of the companies in the sample are driven by this motive. The remaining motives 2. *The need to copy current trends and moves of competitors* and 4. *Pressure from the parent company* are somewhat equally spread in the sample, 80 and 79 respectively. Analysing these two motives at country level, it appears that more companies based in Czech Republic select them (54 and 51, respectively).

CSR7 is about the disclosure of CSR related expenses. From Figure 4 we can observe that the analysed companies do not make available CSR expenses to the employees and to the public (277 out of 360). This information is available only to managers responsible for the implementation of the given activity and top management with 150 of Slovak and 127 for Czech companies. CSR expenses available to all employees and public are divided as follows: 30 companies from Slovakia and 53 from Czechia.

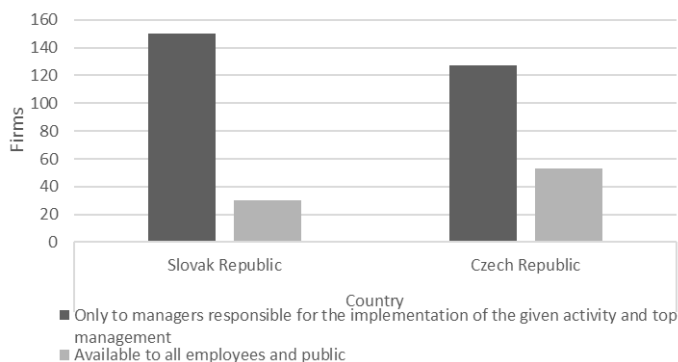


Figure 4. Country according to CRS7 CSR expenses (source: own processing)

Considering the above, we can say that there are some statistical differences between the Czech and Slovak Republics regarding the implementation of Corporate Social Responsibility between Czech and Slovak companies. Batten et al. (1999) concluded that ethical management practices are likely to vary between countries due to differences in socio-economic and cultural factors. Therefore, it is normal to find differences. Still, due to their joint history, Czech and Slovak individuals would not have so many cultural and socio-economic dissimilarities, which may explain the insignificant differences in the other factors.

For the mother and daughter factors, it was discovered that the establishment of a mother company and the size of a daughter company differed among the examined countries. There were more mother companies in Slovakia established before WW2 and at the same time more daughter companies were large in size in Slovakia, whereas the Czech Republic has higher number of small size enterprises. From the CSR factors, two resulted as significantly different between Czech and Slovakia. CSR2 Main motive for CSR and CSR7 CSR Expenses availability. All these factors have only small effects size according to the calculated r .

Implications and proposals for practice

The study considered factors related to both the mother company and the daughter company, as well as factors generally related to corporate social responsibility (CSR). Realized analysis identified, that only four factors are significant in determining differences between Czech and Slovak daughter companies (FM1 Establishment; FD6 Size of the company; CSR2 Main motive for CSR; CSR7 CSR expenses availability).

There is empirical evidence that business commitment to corporate social responsibility (CSR) has a direct positive impact on customer loyalty, employee performance and, as a result, company value (Titko et al., 2021). Corporate social responsibility (CSR) is increasingly recognized not only as a key to mitigating risks, but also as a key element for building corporate value and strengthening business activities (Du et al., 2010; Mercadé-Melé et al., 2018). In the Czech Republic, in recent years we can observe a “stage of awakening”, as the topic of

CSR begins to penetrate more and more into public awareness and into corporate actions (Skácelík, 2010), companies perceive CSR activity as useful and also as a necessary part for future successful action on market. 75% of Czechs are willing to pay extra for products that were produced in accordance with CSR principles (Formánková & Mikusová, 2014). Within the Slovak Republic, more than 50% of companies report to the implementation of CSR activities and to the transmission of information about these activities to their stakeholders (Nadanyiova et al., 2021). Nevertheless, within the framework of reporting CSR activities in the V4 countries, Hungary achieved the highest indicator, Slovakia the lowest, the Czech Republic ranked second, and Poland third (Przytuła et al., 2019). A study (Çera et al., 2020) on a sample of 822 small and medium-sized enterprises (454 companies from the Czech Republic and 368 companies from Slovakia) showed that CSR is not perceived similarly in both countries. No connection was found between CSR and company size, on the contrary, a dependence was found between the length of time on the market and CSR, especially for Slovak companies, older Slovak companies make less use of CSR activities. We agree with the statement (Çera et al., 2020) that by studying the factors that influence CSR, it offers the possibility to better understand entrepreneurial thinking in the context of Central Europe. Gavurova et al. (2022) states, based on the results of a study conducted between Czech and Slovak companies, that the size of the company affects whether the company can be classified as CSR-oriented. Compared to medium-sized enterprises, micro-enterprises are 45% less likely and small enterprises are 33.5% less likely to be perceived as CSR-oriented. Compared to companies from Slovakia, companies in the Czech Republic are 41% less likely to be perceived as CSR-oriented. Hungarian companies are 70% more likely to be perceived as CSR-oriented compared to companies from Slovakia. Our study also proved the size of the company as one of the important factories that influence the use of CSR.

The rest of the examined factors were identified as not significant since the analysis confirmed no statistically significant differences between the Czech and Slovak daughter companies of multinationals in terms of these factors. It is difficult to explain these outcomes. However, here are some possible explanations as why these factors may not have been significant. The legal form of the companies is similar in both the examined countries, which did affect the outcomes for the daughter companies. Likewise, legal forms worldwide are regulated using similar principles so we assumed that they were similar enough to not significantly impact the situation in the mother companies. Based on that, the legal form factors (FM2 and FD1) were identified as not significant. Similarly, the region in which a mother company is registered (FM3) may not have been significant because the location of the parent company's registered office does not necessarily have a direct impact on the operations of the daughter companies in each country. However, it must be highlighted, that other factors, such as local laws and regulations (which were not examined), may have a greater influence on the operations of the daughter companies. The same can be concluded as per the total number of countries in which a company operates (FM4); this might not have been significant because it does not necessarily impact the operations of the daughter companies in each country. Instead, the specific markets in which the daughter companies operate and the strategies they employ may be more important factors.

The year of establishment (FD2) might not have been significant because the age of a company does not necessarily impact its operations or performance, mainly in case of CSR activities, which can be gradually changed according to the current market trends, however there is no connection between the age of a company and its CSR strategy. Also the factor considering members of statutory body (FD3) and establishment as EWFEF (FD4), which are associated with the company's managerial structure, do not necessarily influence the CSR strategy and activities realized. Therefore, differences between the two monitored countries were not found since we assume that in both these countries the mentioned factors are insignificant. On the other hand, the factor of primary area of operations (FD5) can be significant for CSR implementation, but with no difference between Czechia and Slovakia. This factor might not have been significant because both Czech and Slovak daughter companies may operate in similar industries or markets, making their primary areas of operations similar enough. The same reason can be applied to factor ownership structure (FD7), since the ownership structure of companies in both countries may be similar enough that no differences were found.

The third group of examined factors include five factors, among which no significant differences were found between Czech and Slovak daughter companies of multinationals: CSR1 – CSR in organizational structure, CSR3 – CSR connection with the core of business, CSR4 – CSR reporting, CSR5 – CSR competition, and CSR6 – CSR certification. In general terms, it is unclear why these factors were not significant without deeper analysis of impact of these factors on CSR strategy or selected activities in monitored countries separately. However, it is possible that CSR practices and approaches are similar enough between the Czech and Slovak daughter companies that there again are no significant differences across these factors. Used factors are graphically displayed at Figure 5.

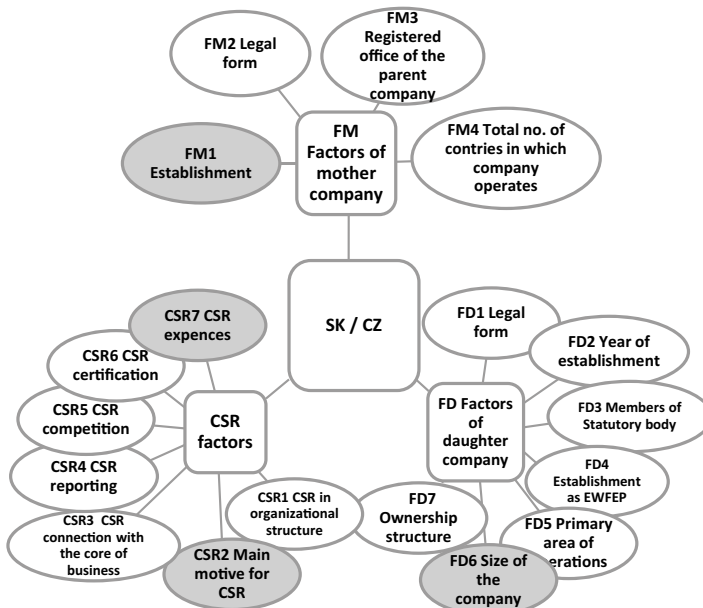


Figure 5. Graphic result (source: own elaboration)

Recommendations for further research: Based on these outcomes, we can conclude that providing deeper analysis of the used factors and their impact on CSR situation in Czech Republic and Slovakia separately would be of essence. Consequently, a comparison of the outcomes per these two countries would be also interesting. Likewise, the need for further examination of the local legislation and regulations, the specific markets in which the daughter companies operate, and the strategies they employ should be targeted in a future analysis too.

In respect of the identified significant differences we would like to point out the importance of CSR implementation based on the size of a company (Dias et al., 2018). Companies of distinct sizes generally deal with different problems pertaining mainly to social CSR activities since they have diverse numbers of employees for whom they must create activities. As per the company size, there tends to be a general assumption that the larger the company, the larger the budget for CSR activities should be available (Zbucheá, 2017). Similarly, based on the company size, EC introduced an obligation to report CSR activities and therefore for companies of various sizes there are also varying degrees of pressure on implementing activities and reporting them (European Commission, 2023). In this regard, we recommend that smaller companies not yet bound by this obligation should start implementing and reporting their activities gradually. In this context we would like to draw attention to the need for re-considering the motives for the implementation of CSR activities (Grimstad et al., 2020) by individual companies and the availability of information regarding the cost spent on these activities. Both factors are particularly important in shaping the opinion of different stakeholder groups about business entities since it may change a firm's behaviour and generate positive externalities at the expense of the stakeholders (Chen et al., 2018). At a time of increased pressure to report CSR activities, we therefore recommend that companies adjust their attitudes to the main motive and transparency of CSR activities (Kim & Lee, 2018), which are expected to have a major impact on the content of upcoming CSR reports (Rim et al., 2019).

Contribution: The study contributes to the literature on emerging economies (Fogel, 2019) and business practices of daughter companies of foreign multinationals operating in them (Khan et al., 2022; Zhao et al., 2022). Since the monitored countries are at the same time a part of the Visegrad region, the study contributes to V4 literature connected to CSR topics too (Hąbek, 2017; Przytuła et al., 2019; Lentner & Nagy, 2020). Generally, there is a lack of such topics in the respective geographic area. Therefore, the study lays down a methodological basis for further research of differences between business entities in Poland and Hungary and other post-communist countries respectively (Redžić & Everett, 2020).

Limitations: The study was conducted on a sample of 360 monitored companies, 180 from each country. It is basically impossible to calculate the representativeness of this sample since there is no data available regarding the total number of companies that relate to the foreign mother company in the Czech Republic, or in Slovakia. Likewise, the Czech Republic and Slovakia are compared very often in various ways (e.g.: Teplická et al., 2019; Belas et al., 2020), but as economies they are not similar in their size, number of business entities and business culture either (Kolman et al., 2003; Belas et al., 2020; Janas & Jánošková, 2022). Despite that, the same number of monitored entities was chosen to create suitable conditions for further statistical analysis.

Bias of the study: There could have been some biases in this research. Initially, the research assumes that larger organizations have larger budgets for CSR initiatives, which may not be the case for all businesses. Secondly, the research does not take into account the unique conditions of each organization, assuming that smaller businesses should progressively execute and report on their activities. Thirdly, not all businesses in the Visegrad region or emerging economies may be represented by the research, which could generate a bias in favour of firms with overseas multinationals as their mother company. Additionally, the sample size of 360 businesses might not be typical of all businesses in Slovakia and the Czech Republic or of all businesses affiliated with overseas mother corporations in these countries.

Generalizability of the research: The generalizability of the research findings to other businesses or environments may be constrained as a result. Furthermore, because the same number of monitored organizations was picked for this purpose without taking into account the representativeness of the sample or the unique qualities of each company, the research may be skewed towards statistical analysis.

Conclusions

The study addresses the issue of corporate social responsibility in the specific context of the Czech and Slovak Republics. The aim is to find out the differences in the basic principles of his CSR implementation in subsidiaries of foreign multinational companies. A prerequisite for selecting a monitored company was a registration in the commercial register of the monitored country and links with foreign multinationals. A sample of 360 monitoring units was used for data analysis. Questionnaire survey was divided into three parts, which were later converted into groups of factors. FM – parent company factors (FM1–FM4), FD – subsidiary factors (FD1–FD7), CSR – CSR factors (CSR1–CSR7). The main problem of this study was to identify if there exists a difference in implementation of Corporate Social Responsibility between Czech and Slovak companies. For the mother and daughter factors it was discovered that the establishment of a mother company and a size of a daughter company differs among examined countries. There were more mother companies in Slovakia established before WW2 and at the same time more daughter companies were large in size in Slovakia, and the Czech Republic has a higher number of small-size enterprises. From the CSR – factors, two results as significantly different between Czech and Slovakia: CSR2 Main motive for CSR and CSR7 CSR expenses availability. All these factors have only small effects size according to calculated r . In conclusion we can say that there are still some differences among these two very comparable countries in the implementation of CSR.

The research highlights the importance of CSR implementation based on the size of a company, as different-sized companies deal with different problems in social CSR activities. Larger companies are assumed to have a larger budget for CSR activities and face more pressure to report their activities. Smaller companies should implement and report on their activities gradually. It's important for companies to reconsider their motives for implementing CSR activities and to ensure transparency in reporting the expenses for these activities. Companies should adjust their attitudes towards the main motive and transparency of CSR activities, which will have a major impact on upcoming CSR reports.

The study contributes to the literature on emerging economies and business practices of daughter companies of foreign multinationals in the Visegrad region, particularly in Czechia and Slovakia. The research lays down a methodological basis for future research on differences between businesses in these two countries. However, the sample size of 360 monitored companies (180 in each country) may not be representative, as there is no data on the total number of companies connected with the foreign mother company in monitored countries. Nonetheless, the same number of monitored entities was chosen for statistical analysis purposes. The research might be biased in some ways, such as favouring certain company sizes or a small sample size. The generalizability and dependability of the research findings may be constrained by these biases.

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Author contributions

Authors contributed to the development of this article as following: JK conceived the study and was responsible for the design and development of the data analysis. RS, JK and MU were responsible for data collection and analysis. RS and VDS are responsible for literature review. MU and VDS were responsible for data interpretation. VDS is responsible for conclusion.

Disclosure statement

We declare that we have no competing financial, professional or personal interests from other parties.

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