

THE RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY, CORPORATE REPUTATION, AND BUSINESS PERFORMANCE

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ABSTRACT

Formerly, it was considered that the main task of the corporate sector is to ensure economic performance. Nowadays, this attitude has changed and the term the bottom line has been replaced by the term the triple bottom line. Accordingly, not only financial performance but also the impact on the environment and society in which the organization operates is taken into consideration when measuring its effectiveness. Today, a corporation is not only expected to operate efficiently but also to be socially responsible. On the other hand, thanks to emphasizing social responsibility in their communication with stakeholders, corporations can have a positive reputation and good business performance. Therefore, the main goal of this article is to investigate how corporate communications managers of successful retail companies in Croatia, based on their practical experience, perceive the relationship between corporate social responsibility, reputation, and business performance. Specifically, the in-depth interview method was used to examine the attitudes of corporate communications managers of successful companies in retail market on the relationship between corporate social responsibility, reputation, and business performance. The results show that the surveyed public relations experts notice a positive relationship between corporate social responsibility and reputation, and also see a positive relationship between corporate social responsibility and business performance.

KEYWORDS

corporate social responsibility, public relations, reputation, retail, business performance, corporate communication

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INTRODUCTION

Milton Friedman's idea [1] that the main task of a corporation is to increase profits and stock values belongs to the past [2; p.113]. Nowadays, more and more corporations accept corporate social responsibility as a way of doing business, i.e. they accept their responsibility towards the society in which they operate [2; p.109]. These changes have also affected the area of corporate reputation that no longer only encompasses profits and product quality but also the impact that organizations have on the quality of life of communities in which they operate [2; p.109, 3; pp.271-272,]. A corporation that operates in a socially responsible way should have efficient operations and respect the law, but also be ethical and invest in community resources. Formerly, the ultimate performance of an organization was defined by the *bottom line* and meant financial performance, while today this term has been replaced by the term *triple bottom line*, a term that measures the financial impact of the organization as well as the impact on the environment and society. This new term emphasizes the equal importance of profits, people, and the planet in a corporation's business, and these are three indicators of business performance.

No shortage of research materials shows the benefits of corporate social responsibility [4-7]. Summarizing these advantages, it can be said that corporate social responsibility develops human resources, builds the trust of key stakeholders, and improves business. It also brings many benefits to the economy in general, and organizations that apply CSR principles are more resilient to crises and have a better position in the market.

Although corporate social responsibility has been present among corporations for some time, when it comes to Croatia - this is a recent business practice [8]. Positive changes in this regard are certainly the establishment of the Croatian Business Council for Sustainable Development in 1997, then the National Network for Corporate Social Responsibility established in 2010, and the Institute for Corporate Social Responsibility, which has been operating since 2015. In its beginnings, the practice of corporate social responsibility was mainly implemented in the field of environmental protection, while later it spread to the care for the local community.

The main purpose of this article is to investigate whether corporate social responsibility in practice has a positive relationship with corporate reputation and the business performance of companies. This article aims to investigate the perception of the relationship between corporate social responsibility, corporate reputation, and business performance among corporate communications managers in the retail sector of fast-moving consumer goods in Croatia. The research was conducted by the qualitative method of in-depth individual interviews.

In the theoretical part of the article, an overview of the most important learnings about the relationship between CSR, reputation, and business performance of companies will be presented, and the results of the most important research in this field in Croatia will be summarized. The research part of the article will focus on the methodology and sample, which consists of seven corporate communications managers of Croatian retailers in FMCG, as well as the objectives of the research. We will then present the results of the research with a focus on the relationship between corporate social responsibility, reputation, and business performance. After discussing the results of the research, the conclusions and recommendations for future studies of this topic will be presented.

LITERATURE OVERVIEW

Research on corporate social responsibility can be divided into research at the institutional, organizational, and personal levels [9; p.218]. Also, it can be divided into research with a moral or business orientation [10; p.123]. Business theorists note a cause-and-effect relationship

between CSR programs and corporate financial performance. Furthermore, theories of corporate social responsibility can be divided into four categories: instrumental, political, integrative, and ethical [11]. Accordingly, corporate social responsibility includes several activities in the areas of business, social investment, and philanthropy [12-15]. All this shows how complex the concept of corporate social responsibility is [16]. CSR is present in various scientific fields and the definitions of the concept itself are numerous. Simply put, most would agree that it is based on maximizing the positive impact of an organization on society [17].

CORPORATE REPUTATION

Similar to the case of the term corporate social responsibility, the term corporate reputation has also been studied in various scientific fields. Therefore, it is not surprising that the authors Fombrun and van Reil [18] classified the current theoretical knowledge of corporate reputation according to economic, marketing, sociological and corporate sources, or that Chun [19; p.94] cites three schools of thought concerning the interpretation of corporate reputation: evaluative, impressionistic, and relational. The first school of authors defines corporate reputation as an assessment of the financial achievements of the organization, the second school as the overall impression that interest groups have about the organization. Most authors in the field of communication science make up the third school, and they see corporate reputation as the relationship between the perception of internal and external stakeholders. Similar to the third school, Fombrun [20; p.195] defines corporate reputation as “the overall perception of a company’s past activities and vision of future action relating to the preference of key publics toward a particular organization”. This coincides with the definition of corporate reputation as “a synthesis of the opinions, perceptions, and attitudes that stakeholders have about an organization made up of employees, consumers, suppliers, investors, and the local community” [21; p.165]. Other authors emphasize that corporate identity, desired identity, and corporate image are fundamental parts of corporate reputation [22]. It is important to point out that identity and image are not the same, accordingly corporate identity and corporate image are not the same, although they are often confused. The authors explain how corporate identity is everything that an organization communicates, either intentionally or accidentally, using a variety of cues. Corporate image, on the other hand, is an image that the public sees. Corporate image is therefore perception and exists only in the mind of the public. The public formulates the image to interpret the identity in a broader context with a broader framework of meaning. As for corporate reputation, the same authors explain how it is represented by all the reflections collected over some time based on which a particular opinion about the organization is formed. Accordingly, Roberts [23] clarifies: since reputation is based on perception it is subjective. Thus, it could be said that reputation is a synthesis of the experience that a particular public has with an organization. In this context, a good reputation is a foundation for building organizational performance.

But to better understand the topic it is necessary to explain the aforementioned notion of corporate identity. What shapes corporate identity? Some authors will say: it depends on what the organization is like [3; p.274]. Corporate identity often referred to as corporate personality is difficult to unambiguously define, especially because some authors also use the term organizational culture. Author Gregory [24; p.1] defines it as follows: “a corporate personality is built on the history, culture, values, and beliefs of an organization (which govern its philosophy of task and strategies) and is realized through employees, systems, structures, products, and services”. In short, a corporate personality is portrayed by an identity. Similarly, other authors talk about the values of a corporation, explaining that they are “beliefs that refer to desirable endpoints or behaviors that signify certain situations, guide the selection or assessment of people and events, and are arranged in order of importance to

other values so that the priorities of systemic values can be formed” [25; p.20]. These values shared by employees are often not visible and provide stability over time. Specifically, they influence a company’s decision-making or behavior.

Furthermore, it should be mentioned that the concept of corporate identity has changed over time. Previously, it mainly referred to the visual elements with which a corporation presented to the public (for example a logo), and now Schmidt [26; p.40] states there are five elements of corporate identity: products and services, communication, design, corporate behavior, market conditions and strategies, and corporate culture. Corporate social responsibility is part of the corporate identity and core values of the corporation [27]. In this way, corporate social responsibility helps to shape a recognizable corporate identity [28; p.29]. Furthermore, it should be mentioned that corporate identity is one of the two pilasters on which a corporate brand is built. The second pilaster is made from corporate associations that summarize the valuation and feelings of individuals toward companies [29]. Also, corporate communication plays an important role in these processes [28; p.27]. Corporate communication is intentional and planned and aims to achieve a positive image among the target audiences [3]. But it should be emphasized that organizations communicate even when they do not plan to: by their very existence they send messages to their stakeholders. Of course, even this unplanned, unintentional communication affects the corporate image. Therefore, it can be said that corporations cannot directly build a corporate image. Yet, a well-built corporate identity can affect a corporate image.

Corporate social responsibility can contribute to the improvement of both corporate image and corporate reputation [30, 31; pp.444-445]. Also, Lee and Yoon emphasize the commitment of employees in organizations that conduct corporate social responsibility programs [32; pp.628-629]. However, the same authors point out that this commitment depends on the mechanisms of internal and external legitimacy, which employees use in assessing the activities of their organization’s corporate social responsibility. Thus, the mechanism of internal legitimacy increases the connection and identification of employees with socially responsible activities, emphasizing the public reasons for including corporate social responsibility in the strategy and culture of the organization. But if external legitimacy is not supported by internal legitimacy mechanisms, it ultimately has a negative result. In other words, when employees witness supporting the internal and external activities of corporate social responsibility, they will perceive the conduct of corporate social responsibility of their company as sincerely committed.

Last but not least, a good reputation increases profits as such corporations are more attractive to customers, investors, and even employees themselves [20; p.81] and this helps them maintain a competitive advantage in the sector [33; p.68]. With this conclusion, we approach the concept of business performance, which will be described in more detail in the following lines.

BUSINESS PERFORMANCE

The relationship between corporate social responsibility and financial performance has long been the subject of scientific research [34]. Some studies prove a positive relationship between the two concepts. However, some have found a negative relationship [35]. This contrast is primarily caused by the diversity in measuring corporate social responsibility and financial performance [36; p.676]. However, when the line is drawn, the most common type of relationship is the positive one. Thus, Baue [37] refers to a report in the *Journal of Business Ethics* which shows how companies with corporate social responsibility programs occupy high positions on the list of the best corporate citizens. These companies have far better financial performance than the competition that has not incorporated corporate social responsibility into their business programs. Therefore, it is not surprising that some authors

emphasize the competitive advantage of corporate social responsibility as an opportunity as well as innovation [28; p.27, 38] Furthermore, corporate social responsibility also influences consumer purchasing behavior [39; pp.45-48]. The results of these studies have shown that CSR activities indirectly strengthen the reputation, contribute to a positive image and also positively influence purchasing decisions: socially responsible companies will be given priority when buying. And not only that, other research has shown that customers are willing to pay 10-28 % more for a particular product if there is a link between the product and CSR [40]. It can be concluded that a socially responsible company will contribute to society and the planet, but also respond to market needs [39; p.48]. According to some authors, the benefits of corporate social responsibility are multiple and summarized in five categories: easier attraction of resources, attracting quality employees, easier advertising of products and services, and also creating new opportunities and competitive advantages [41]. It is interesting to show the advantages of corporate social responsibility from [42] Weber who emphasizes that it has a positive effect on reputation, employee motivation, and at the same time reduces costs and risks and increases revenues. Other authors also emphasize employee loyalty and stronger support from the local community [18].

Simply put, corporate social responsibility is considered as an indicator of good governance and is now included in business reporting standards within the already mentioned triple bottom line [43; p.68]. Related to corporate social responsibility communication, public relations professionals can make a significant contribution to a company's profitability by making their key publics a true judge of quality business [16].

CORPORATE SOCIAL RESPONSIBILITY IN CROATIA

The acceptance of the practice of corporate social responsibility in Croatia happened late, and some believe that it can be measured only after the process of joining the European Union [8]. The practice of corporate social responsibility was certainly preceded by an awareness of its importance [44]. Thus, initiatives such as the establishment of the Croatian Business Council for Sustainable Development in 1997, and the Croatian Chamber of Commerce as well as the Croatian Business Council for Sustainable Development which launched a project called the CSR Index in 2008, show not only the presence of awareness about the importance of corporate social responsibility but also the growth of that awareness [45; p.111]. This situation is in line with the results of a piece of research that shows that corporate social responsibility in young countries has become a leader in social change [46]. Awareness is growing in these countries and the concept of corporate social responsibility is increasingly included in business strategies: for example, in 2010 the National Network for Corporate Social Responsibility was established and in 2015 the Institute for Corporate Social Responsibility was launched.

Many pieces of research can be found on the topic of corporate social responsibility in Croatia. An important study was conducted in 2007 and showed that about 200 companies apply some form of CSR [44; p.32]. A five-year analysis of the Corporate Social Responsibility Index showed that the companies that participated in the Index are also more financially successful than the average of the Croatian economy [32-34, 44]. In 2013, the year when Croatia became a full member of the European Union, a national study named "Corporate Social Responsibility for All" was conducted [44]. The results of this study showed that the environment for the implementation of corporate social responsibility in Croatia was considered unfavorable. Also, it was found that large companies are transmitters of knowledge about corporate social responsibility in Croatian subsidiaries. Similar conclusions were reached by research in some other sectors in Croatia [47]. According to the same study [44], respondents stressed that corporate social responsibility is often perceived as limited, within the framework of philanthropy and short-term image management. Therefore, it is not

surprising that the activities of CSR programs are understood as short-term. Nevertheless, respondents confirmed that they are investing in local social initiatives and energy efficiency. Respondents also confirm that ethical, social, and environmental criteria are important and that they are included in business policies. The same research shows that companies often apply corporate social responsibility because of corporate culture and employee motivation.

After all the above, especially comparing the theoretical part with the results of previous research on corporate social responsibility in Croatia, a certain gap can be noticed. Namely, comparing what the theory describes that corporate social responsibility is, with the findings from the field, we conclude that corporate social responsibility is still most often understood through some impoverished images of philanthropy and short-term image improvements. This is where the interest for this research was found: has the understanding of corporate social responsibility in Croatia experienced shifts concerning the above-mentioned results of previous research?

METHODOLOGY

To gain insight into the opinions, attitudes, behaviors, and motives of the respondents, the qualitative scientific method of the individual interview was used. In-depth interviews are a method that enables the discovery of complex relationships between attitudes and behaviors. Specifically, this research was conducted by a method of semi-structured interviews with open-ended questions. This allowed freedom of expression for the respondents and thus a broader insight into the topic.

Previously published research has shown that public relations professionals in their practical work mostly help their companies to be socially responsible and most of these activities are part of their daily work [48]. Therefore, it would be interesting to examine their perception of corporate social responsibility, reputation, and business success and their possible relationship.

Accordingly, this article investigates the perception of the relationship between corporate social responsibility, reputation, and business performance among corporate communications managers in the retail sector of fast-moving consumer goods in Croatia. Specifically, the surveyed corporate communications managers belong to the list of the 20 best retailers in the consumer goods sector according to the data of Poslovna Hrvatska for 2018 [49]. As mentioned above, organizations that apply CSR have a better position in the market. Therefore, the research focused on those companies that are presumed to apply CSR. The criterion for selecting respondents is their position as head of the corporate communications department of the leading retail chains in the FMCG sector in Croatia. An invitation to participate in the research was sent to all communication managers from the list (Table 1). The invitation to join the survey was accepted by three men and four women, who represented a non-stratified intentional sample, aged 33 to 44, all highly educated with the majority having a degree in economics. Their work experience in the field of public relations ranges from 8 to 17 years.

Following the chosen method and the theoretical framework presented earlier, which shows that communication activities are related to corporate reputation, it is important to observe the attitudes of corporate communications managers on this issue. Accordingly, the research goals are: (i) RG1: to investigate the perception that the heads of corporate communications have about the relationship between CSR programs and corporate reputation; (ii) RG2: analyze the perception of the heads of corporate communications about the relationship between CSR programs and business performance. Given the first research goal, respondents were asked about whether CSR is embedded in their company's identity and corporate culture, how a company analyzes its reputation, how important media coverage of CSR programs is to them, and how popular those programs are. With regard to the second research goal, the

respondents were asked whether CSR has been implemented in the long-term goals of the company, whether special financial resources have been allocated to them and on the basis of which criteria funds are allocated for CSR programs. Also interviewed corporate communications chiefs were asked about whether CSR is related to a company's business performance.

Table 1. List of the 20 best retailers in the fast-moving consumer goods on the Croatian market [49].

	Retail chain	Location	Revenues in 2017 (in 1000 kn)
1.	KONZUM D.D.	Zagreb	9.348.012
2.	LIDL HRVATSKA D.O.O. K.D.	Velika Gorica	4.718.014
3.	PLODINE D.D.	Rijeka	4.239.653
4.	SPAR HRVATSKA D.O.O.	Zagreb	3.761.928
5.	KAUFLAND HRVATSKA K.D.	Zagreb	3.632.979
6.	TOMMY D.O.O.	Split	2.700.434
7.	DM-DROGERIE MARKT D.O.O.	Zagreb	1.737.663
8.	STUDENAC TRGOVINA D.O.O.	Omiš	1.657.303
9.	KTC D.D.	Križevci	1.478.636
10.	MULLER TRGOVINA ZAGREB D.O.O.	Zagreb	1.404.418
11.	LONIA D.D.	Kutina	602.434
12.	BOSO	Vinkovci	592.690
13.	MLIN I PEKARE	Sisak	545.138
14.	RIBOLA, D.O.O.	Kaštel Lukšić	474.284
15.	METSS D.O.O.	Čakovec	472.855
16.	BIPA D.O.O.	Zagreb	460.440
17.	GAVRANOVIĆ D.O.O.	Zagreb	449.155
18.	TRGOVINA KRK D. D.	Malinska	399.883
19.	STRIDON-PROMET D.O.O.	Dugo Selo	384.617
20.	ISTARSKI SUPERMARKETI D.O.O.	Poreč	366.870

RESULTS

The results of the research will be presented in two groups, according to the research questions.

REPUTATION (RG1)

Firstly we examined how public relations professionals perceive the relationship between corporate social responsibility and corporate reputation. Here we provide insight into the perception that the heads of corporate communications have about the relationship between CSR programs and corporate reputation (RG1). Therefore, we first sought an answer to the question - Is corporate social responsibility a part of corporate identity or just a short-term quick fix for image repair? All respondents believe that corporate social responsibility is part of their corporate culture. Thus, respondent 06 summarizes their views well when he claims: "corporate social responsibility is one of the foundations of our business, it is part of our identity and a key determinant of the corporate culture." The statement of respondent 07 is also interesting, as she says: "ethics and ecology, along with economics, are our greatest principles and bearers of identity and organizational culture".

Is CSR planned for the long-term or is it related to short-term projects? – was our next question. Heads of corporate communications departments generally agree when they say that goals in the field of corporate social responsibility are included in the organization's

multi-year plans. This is confirmed by respondent 01 when he states: “specific goals in the field of CSR have been implemented in the multi-year goals and plans of the organization.” Accordingly, respondent 06 states: “yes, specific goals are built into our multi-year plans, and funds are planned to achieve them through various programs and activities. Of course, there are always opportunities for financial support for programs that are not planned, but we recognize them as activities that bring added value to the communities in which we operate. Slightly contrary to previous respondents, respondent 04 says: “no, only on an annual basis. We set aside a portion of the budget for donations and sponsorships”.

Our question was also – Is there a connection between corporate social responsibility and a positive reputation? Respondent 02 points out: “I do not notice any differences in reputation since we carry out CSR activities throughout the year”. Although respondent 01 is a little more skeptical when he says: “society is only now beginning to valorize the work and effort needed to implement CSR projects”, respondents 03, 07, and 05 also notice reputational differences: “with the implementation of quality programs the reputation grows”. Activities aimed at achieving a positive reputation often include media relations. Respondent 01 represents the attitude of the respondents when he says: “it is very useful to get media attention for CSR projects, and it is even more useful to be nominated and receive awards for such projects”. However, it is important to emphasize the attitude of respondents 06 who say: “media coverage of CSR programs can play an important role in raising public awareness and encouraging others to act, but should not become the purpose of implementing CSR programs”. The answer of respondent 03 is on the same track, who explains: “considering that we make all decisions with the aim of better CSR, we do not have to worry about reputation”.

How are CSR business programs accepted? – was our further question. Respondents confirm that these programs are very popular and well-accepted within the community. It is interesting how respondent 01 points out that: “society generally accepts projects from the philanthropic dimension of CSR well and quickly, while for other projects it takes a little longer until they are accepted and recognized”. Respondent 06 has a slightly more elaborate position, saying: “our stakeholders recognize the resources, resources, and efforts we invest in the implementation of CSR programs and such programs play an important role in building and strengthening our mutual relations, trust and respect. All our CSR programs aim to improve the communities in which we operate, and it is quite understandable that they are popular among all target groups because they provide new value and contribute to building a better society”.

BUSINESS PERFORMANCE (RG2)

The next topic on which we wanted to get the opinion of the research participants is their perception of the relationship between corporate social responsibility and business performance, or in other words to analyze the perception of the heads of corporate communications about the relationship between CSR programs and business performance (RG2). Therefore, we started the discussion with the question – Is it possible to say that good public relations affect the competitive advantage of the organization? It can be said that shareholders are real business judges, and this is confirmed by respondent 06 when he points out: “numerous studies have shown that company stakeholders recognize the importance of socially responsible behaviors, and we have such experiences. It is known that CSR leads to alleviating negative perceptions, reducing costs, improving the quality of management processes, increasing sales and brand value in general. Hiring and retaining quality workers has been greatly facilitated, and customers and consumers are becoming more loyal”. Similarly, respondent 05 emphasizes: “CSR has an impact on economic responsibility and there is a link between activities carried out and business performance”. Respondent 07 agrees with this opinion but adds: “yes, the performance of the company depends on awareness of the impact

on the community, but the results do not come in the short-term.” Particularly interesting is the attitude of respondent 02 who says: “I believe that there is still no significant positive relationship between CSR and business performance. On the other hand, I would say that the lack of CSR affects the decline in business performance, especially if it is, for example, a very negative impact on the environment or poor consumer protection, poor food quality control, etc. Poor CSR leads to declining sales, but CSR weakly increases sales. This is because, in our market, the price level is still the primary factor in defining demand”.

Is there a relationship between corporate social responsibility and financial performance? – was our next question. Respondent 01 points out: “it pays to be a good corporate citizen or a socially engaged company, since such a company is accepted by the environment in which it operates and gives its fellow citizens trust, and in return, they allocate their resources.” In a similar tone, respondent 05 states: “yes. Quality and well-targeted programs contribute positively to the company’s business”. Respondent 02 also agrees, claiming: “certainly. It is especially profitable in the long run because such activities will be increasingly valued in future periods with the increase of citizens’ awareness”. Respondent 06 also responds positively, stating: “of course because I repeat - the company’s social responsibility has a wide impact on all its stakeholders and their relationship with the company”.

Our question was also – What are the criteria for allocating funding to CSR programs? The answers vary, but they have a common focus on the local community. Respondent 06 explains: “In allocating funds, we are mainly oriented towards programs focused on the areas in which we are most active, such as increasing employee welfare, environmental protection, strengthening local initiatives, empowering young people, and educating consumers. Our focus is on projects that are sustainable in the long run and have the potential to continue to develop in cooperation with local partners. Respondent 02 is on the same track, emphasizing: “an important criterion is that the funds are spent specifically for a project and that beneficiaries have a socially useful role: in sports, culture, education, humanitarian activities and the like. These must be local organizations and especially those that find it difficult to obtain funding from national sources. It is also important that these are local organizations within our areas of activity”. Several respondents show similar criteria that can be summarized by respondent 07’s response: “when allocating funds, we focus on the relevance of the project, the connection with the company’s values and the impact on the community”. Some respondents pay special attention to the economic element, which is well described by respondent 01, saying: “when allocating funds to CSR programs, we are guided by criteria of economic sustainability, community requirements, interests of all stakeholders and so on. Economic responsibility is the most important dimension of CSR. A socially responsible company must first ensure at least a minimum level of return on investment and thus ensure its survival in society, and only then can it invest more seriously in all other dimensions of CSR. Such an attitude is summarized by respondent 05 when he claims: “when allocating funds, we are guided by the rationalization between what is invested and what is received”.

DISCUSSION

It remains to provide concise and relevant answers to the two questions posed at the beginning of this article.

REPUTATION (RG1)

The first research goal of this article seeks the answer on how do public relations professionals perceive the relationship between corporate social responsibility and a positive corporate reputation. Based on the presented results, it can be concluded that public relations

experts in FMCG positively perceive the relationship between corporate social responsibility business and corporate reputation. Namely, for them, CSR is part of the corporate culture, i.e. part of the corporate identity, which confirms the expectations of Luring and Thomsen [27] and gives it a recognizable shape [28]. Respondents' statements confirm that social responsibility values are part of corporate culture and identity as defined by Gregory [24]. The testimonies are on the trail of Lee and Yoon who point out that employees who witness supporting the internal and external activities of corporate social responsibility, perceive the conduct of the CSR activities of their company as sincerely committed [32].

Heads of corporate communications departments are generally aware of the positive relationship between corporate social responsibility and the company's reputation similar to theoretical expectations [30, 31]. CSR activities that are closely related to strengthening the organizational reputation are relationships with the community, with special support from the local community and the media. Such statements support the exposed theory where it is argued that corporate social responsibility strengthens the support of the local community [18].

The statements of the interviewed leaders show the harmonization of internal and external legitimacy, which affects the positive assessment of the activities of socially responsible business of their organizations. Namely, as explained in the theoretical part, if employees witness the support of internal and external activities of corporate social responsibility, they will perceive its implementation as a sincere effort [32].

BUSINESS SUCCESS (RG2)

The second research goal is to investigate how do public relations professionals perceive the relationship between corporate social responsibility and business performance. Public relations experts in FMCG perceive a positive relationship between corporate social responsibility and business performance. In other words, the attitudes of the respondents confirm previous research showing that corporate social responsibility is a long-term profitable business practice, which is in line with research presented in the theoretical part where a good reputation is a foundation of building business performance. Roberts [23] argues that socially responsible corporate behavior also has a positive effect on customer behavior [39-41].

The results show that the goals related to corporate social responsibility are implemented in the long-term plans of the organization, and most of them are not short-term projects. The allocation of funds is mostly about the well-being of the local community, so it is not surprising that they have the support of the local community, as some authors have already emphasized in the first part of the article [18]. The attitudes of the respondents are in line with previous research that shows that corporate social responsibility is a profitable business practice in the long run. Namely, there is no lack of authors who point out the advantages of corporate social responsibility, emphasizing business improvement, better market position, etc. [4-7].

CONCLUSION

The results show that the goals related to corporate social responsibility are implemented in the long-term plans of the organization, and most of them are not short-term projects. The allocation of funds is mostly about the well-being of the local community, so it is not surprising that they have the support of the local community, as some authors have already emphasized in the first part of the article [18]. The attitudes of the respondents are in line with previous research that shows that corporate social responsibility is a profitable business practice in the long run. Namely, there is no lack of authors who point out the advantages of CSR, emphasizing business improvement, better market position, etc. [4-7].

Corporate social responsibility is considered as a part of the corporate culture and is included in the long-term goals of corporations, and is not seen as a quick fix for repairing the corporate image. The purpose of corporate social responsibility is not just a good image in the media, but it is considered as a part of the corporate identity, where a good media image is just a positive consequence. In other words, corporate social responsibility is considered a core value of corporate culture. Also, it can be concluded that CSR is no longer viewed only in the context of philanthropy, but it is understood much more broadly. These results show a certain positive shift in the understanding of corporate social responsibility in Croatian practice.

The conclusions have limited application and reliability due to the deliberate selection of the sample and the small number of respondents. Therefore, this research could be used to prepare a more comprehensive survey research as one of the possible future directions of research on the relationship between corporate social responsibility, corporate reputation and business performance of companies in Croatia.

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