Social Responsibility as determining factor for the sustainable development of the innovation capability

The European Commission's definition of Corporate Social Responsibility (CSR) is "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."\(^1\) Each of the stakeholders - "creditors, directors, employees, government .., owners (shareholders), suppliers, unions, and the community .."\(^2\) - can participate directly or indirectly in the development of the innovations in the particular company. However, the employees of the company are mainly involved in the innovation development of particular company and through it are primarily responsible for the innovation capability (IC) of the company. Essential part of the CSR is the social environment for their employees as a direct share of the CSR towards the employees but also as basis for their responsibility with respect to other stakeholders. The social environment seriously influences motivation and behaviour of company employees in their execution of the CSR principles. There for the employees determining the practical implementation of the company CSR principles. As result, we have a system of social behaviour in the company that much stronger influenced by social environment and local mentality in and around the company as by declared CSR principles. There are numerous factors determining the social environment of a company. The factors

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\(^1\) The European Commission's definition of CSR: 

can be external or internal for the company and basic for the society or specific for the company, industry or geographical location\(^1\). In their turn the IC of a company is also determined by various factors like organizational structure, educational scope and level of the employees, management qualification towards innovation development and CSR, HR qualification as interface between company needs and labour market but also responsible for internal social and organizational environment\(^2\).

In consequence, the CSR influencing the IC of the company directly as a determining force for corporate social environment (CSE) and indirectly by the behaviour of their employees in the external to the company society. External social behaviour of the employees is inter alia important for the long term IC as far as it is influencing the demographical and educational situation in the region. The situation in Germany shows an example of the concepts interaction between the CSR, social policy of the authorities, regional mentality and the long term IC of the country.

During the last decade Germany and other industrial countries, increasingly detect a continuous rising deficit of the high-qualified labour\(^3\) (HQL). There are various programs and initiatives from the industry and authorities to change the situation that can be summarized in two categories: long-term demographic policy, appropriate education and keeping in the country of HQL; and short-term attraction of foreign HQL for required specializations.

The outcome of those initiatives is not satisfying currently either short or long-term needs of the industry. For understanding of the importance and the expected consequences of the situation with HQL the following chain of considerations can be followed: IC is the most valuable resource in Germany\(^4\). IC plays here a crucial role, because it builds the basis of the German economy in absence or deficit of other recourses such as raw materials for trade. HQL is the expected source for innovations based on their qualification.

CSR has a strong influence on the demographic and educational situation in short and long term. German business mentality and organizational concepts are generally designed for fulltime employment of management and most other positions for HQL. In addition, the German tax and insurance system is more favourable for full time employment. Even for those HQL who prefers

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to absorb financial disadvantages of a part-time employment it is very hard up to practically impossible to find an appropriate part-time position due to the corporate and social mentality and missing managerial organizational qualification and motivation in corporations for strategic structuring of the company in appropriate direction. In consequence, especially HQL are forced by society to spend their time predominantly at workplaces. This is one of the main factors for low birth rates particularly for HQL. In the next step, it leads to generally decreasing population what is hardly to compensate even with incoming immigration and again in the first place it hits the HQL also in the next generation. The negative results for IC of the country become visible during several generations and they are less visible in comparison to many countries with the same HQL neglecting concepts.

At the same time there are proved concepts for part-time employment and home office arrangements even for highest management levels from Scandinavian and some other progressive countries. The necessity in the HQL in those countries became very essential earlier and there positive experience can be used with relatively low grade of local adjustment because of the homogeneity of the social organizational cultures at least in the north Europe concerning CSR.

Another part of CSR consists of the requirements to the employees, starting with the job descriptions. Formal restructuring of the higher education during the Bologna processes leads to inter alia degradation of the German educational system from two-purpose system into one-stream formally standardised applied education.

Formal education at German universities has a purpose to raise ability of the students for independent research and development of new methods and technics. Formal education at German applied universities has a purpose to teach the students how to use existing industrial methods and technics and supply them with as much as possible state of the art knowledge for chosen industrial specialization. Even if the explicit qualification and knowledge of the systemic development of new methods and for teaching of those methods at the German universities was not satisfactory for the purpose of the education of the systemic researchers, mentioned qualifications and the teaching results where on the high international level.

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The qualification for the development of new methods and independent analysis of the corporate system and changing requirements together with development of own methods and understanding is needed for strategic corporate management concerning general business purposes and for CSR as well. As these qualification is missing in the future in the educational system, the proactive analysis and corporate orientation becomes more difficult.\footnote{Cf. BMBF: Bericht über die Umsetzung des Bologna-Prozesses in Deutschland. 2012.}

Since applied bachelor is accepted as sufficient for management positions, corporations set the job descriptions on this level.

The graduates of bachelor and master courses are welcome in the industry because they are cheaper, quicker to educate and easier to control as the previous more freethinking university graduates. For operating inside of standard processes these educations may be sufficient. For development of the innovations or even for qualified adaption of the corporate processes to the changing environment those bachelors and masters do not have sufficient qualification.

In addition, HR departments of the corporations are occupied with personnel of the same qualification level. It results in difficulties in understanding of the professional job requirements for the recruitment of the employees. Also such HR employees don’t have the appropriate qualification for the development of the sustainable social concepts especially for the employment of HQL. In addition the employees of the HR departments are not motivated to change the situation because they are working under the same CSR.

The future of the HQL in Europe is threatened with shown developments. The results are visible in increasing rate of management mistakes on all levels despite raised IT based support and near to live access to the required information under condition that needed admissions are granted.

In addition to the appropriate education IC of the company is determined by the motivation and free thinking capability of the employees:

Motivation to use their know how and knowledge for the innovation development in the most cases supplementary to their usual work and

Free thinking capability for non-evident combination of cross-discipline options, new not proofed alternatives and further technics for innovation development.

Corporate social concepts determine in the high grade the working environment and with it the motivation and operational ability of the employees to use their free thinking capability. In consequence enterprises has to develop, implement and insure the practical usability of the social concepts which en-
encourage the employee’s free thinking towards innovation and create the mo-
tivation incentives in the same time. Finally CSR determine at least sustain-
able economic survival by crucial influencing of IC.

As well-known from the history of the dictatorial countries IC can be forced
out of the HQL by fear for their and their family’s life and by other threads.
Comparison studies between IC under primarily threads and in relative free
personal situation do not show clearly the quality preference of IC under
given conditions. However, Germany still has a very high social standards
and democratic pretension where only the second option of free motivated IC
can be seriously considered.

Even the official statistics of the trade unions in Germany shows drastically
increase of burn out syndrome\(^1\) and other socially caused corporal problems.
The work capability of current employees is decreasing with those problems
and motivation with freethinking for innovation development is also decreas-
ing drastically. Financial incentives only do not have the expected marginal
effect for motivation of the HQL at already relatively high financial level
paired with low social satisfaction. CSR with appropriate social environment
becomes the key factor for motivation of the HQL and operationalization of
their freethinking capability for IC.

Social responsibility plays a very important role in innovation projects. Espe-
ially in today’s world where the most projects and even more the innovative
projects related to obtaining, transforming and implementing of the new
knowledge from all over the world, the corporate social responsibility be-
comes more and more important to achieve and insure the brittle motivation
balance in cross-cultural communication.

After primary human needs as food and physical safety - social environment
is one of the basics for sustainable development of the society in general and
for the innovation capability as the key factor for the sustainable survival.
Establishing and changing of the social environment is a long term process as
all processes targeting stable mental changing of human been. All social as-
pects touched in this article are parts for the development of the sustainable
social strategy and with it for the growth of the innovation capability of the
society and particular organizations.

Given article describes very briefly the situation with CSR, particularly in
relation to IC. Single factors of CSR has to be explored to develop political
and corporate strategies and particular steps for establishment of the sustain-
able situation especially for the most valuable human resources called HQL
and the entire social society.

\(^1\) Fc. RKI: Erste Ergebnisse der „Studie zur Gesundheit Erwachsener in Deutschland“. Berlin. 2012.
Literature


BMBF. Bericht über die Umsetzung des Bologna-Prozesses in Deutschland. 2012.

Business dictionary (BD) stakeholder:


Factors affecting our Social Environment (FSE):


The European Commission's definition of CSR: