The Role of Social Responsibility in Company Strategy

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Abstract

Social responsibility is an irreplaceable concept in the modern global economic network. As the concept of social responsibility "matured" in business and science, an increasing number of investors have recognized the benefits of conducting socially and environmentally conscious business and are encouraging the management and other stakeholder groups to implement socially responsible activities to achieve strategic goals. Strategic implementation of socially responsible activities opens up the space for creating a market position that competitors can hardly reach. They would have to successfully imitate the whole spectrum, not just a single socially responsible activity. This paper aims to discuss the relationship between the implementation of social responsibility and company strategy in light of previous research. Sustainable competitive advantage and a positive business result stem from a quality strategy adhered to by all organizational levels in the company. A good link between corporate strategy and the concept of social responsibility is a prerequisite for achieving long-term business sustainability in the global economic network. Based on the above, social responsibility is considered an important strategic element.

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Introduction

Social responsibility is an irreplaceable concept in the modern global economic network that faces increasing humanitarian, cultural, societal, and technological crises. In times like these, socially responsible companies have a greater chance of survival and growth (Berkman et al., 2021). That's why, even though the concept has been present in the scientific and business worlds for several decades, its popularity in the global population still follows an upward trend (Battaglia et al., 2014). Societal demands for individual and organizational social responsibility, as an alternative to present market irregularities and unfair distribution of common goods, are becoming more pronounced and "louder" (Skarmeas et al., 2013). Today, in a modern global economic network wherein company information spreads rapidly and influences the company's reputation and identity on a global level, an increasing number of companies coordinate their business activities to parallelly invest in their advancement through socially responsible activities (Lee, 2016). Profit and non-profit organizations that adjust their business responsibility to the community have greater potential for creating a competitive advantage in all markets by improving their reputation with internal and external stakeholders (Chun et al., 2017).

In the past couple of years, global and regional economic crises, as well as the fact that the concept of corporate social responsibility has become an increasingly common topic at many business conferences, social events, and in scientific research, have further highlighted the importance of a strategic approach to the concept of corporate social responsibility, and that such an approach requires additional knowledge and skills from the management (Bian et al., 2021). The most important management task is determining the financially justified limit at which investing in CSR achieves the highest financial returns because misjudging that limit will create additional costs, which can steer the entity toward the financial abyss (Samet et al., 2017). In the long term, an ad hoc approach to solving individual social issues does not financially benefit society or the company (Yuan et al., 2011). Therefore, as the concept of corporate social responsibility becomes more "mature" and indispensable in both business and science daily, an increasing number of investors, as well as other groups of internal and external stakeholders, recognize the benefits of socially and environmentally conscious business operations and thus encourage the management to implement socially responsible activities to achieve strategic goals (Durand et al., 2019). In addition to the research of the concept itself, the scientific and business worlds have started to increasingly consider the role of corporate social responsibility in company strategy, as well as the implementation of these strategic guidelines in everyday business processes (Hahn et al., 2015).

The purpose of this paper is to show that in today's time of exceptional global communication connectivity, there is a business justification to deal with CSR only through a strategic approach because otherwise, a well-intentioned idea can turn into a bad business decision that will create negative financial effects for the company (Utz, 2017). In creating this paper, the relevant scientific literature dealing with CSR and organization management was analyzed. Besides the introduction, the article contains the following key sections: implementation of corporate social responsibility and formulation of company strategy, CSR within the organizational context, management of socially responsible activities in business, and conclusion.

Implementation of corporate social responsibility and formulation of company strategy

Strategic implementation of socially responsible activities, as well as continued development of new guidelines, opens up space for a new market position that competitors will have difficulties achieving, as they would have to imitate successfully and communicate with their stakeholders an entire spectrum rather than just a single socially responsible activity (Kofford, Clark, Jones Christensen, 2020). The development of such a market position, which reduces business risk and allows for sustainable competitive advantage in the medium and long term, requires compliance with the interests of internal and external stakeholders, which further increases the complexity of a strategic approach to corporate social responsibility (Salvioni, Gennari, 2017).

Accordingly, strategic social responsibility is a responsible business activity directed towards a community or the environment, allowing the company to achieve sustainable competitive advantage and generate benefits. For it to be implemented, certain changes have been made to the organizational structure and culture (McWilliams, Siegel, 2011). Galbreath (2009) described corporate strategy as a concept that provides key guidelines to accomplish the company's mission through the efficient allocation of resources that allows for the creation and marketing of products and services following market demands to create and retain a competitive advantage. Also, he states that the strategy concept includes: (1) mission, (2) analysis of internal and external influences, (3) market analysis, (4) stakeholder analysis, (5) proposal for key resource allocation and (6) plan for attaining a competitive advantage. Every day, all these strategic factors are increasingly influenced by the concept of corporate social responsibility in business.

A sustainable competitive advantage and, consequently, a greater and faster return on investment are products of a quality strategy adhered to by all organization levels within a company, whose results are visible to internal and external stakeholders through appropriate communication channels (Tipurić, 2014). In a modern global economic network, which is in a constant state of technological flux and where information is instantaneously exchanged, a strong and multilayered connection between the company and the concept of corporate social responsibility is a prerequisite for attaining long-term business operation sustainability, both in local and international markets (Godos-Díez et al., 2018). Nowadays, there is no question whether companies should engage in socially responsible activities. Still, it is the task of the top management to discover the most cost-effective strategic solution that will allow for company value growth by addressing social, humanitarian, and environmental challenges within the society in which it operates (Googins et al., 2006). Connecting the strategy of corporate social responsibility with company strategy not only improves relationships between internal and external stakeholders and the company but can, in the long-term, provide the key impulse of sustainability of the state and society as a whole, especially in trying times of financial crises (Rodriguez et al., 2002).

Corporate social responsibility can affect a company as an opportunity or threat and should be viewed by the management as more than an undesirable "trinket" to the corporate strategy (Siltaloppi et al., 2020). The management's task is to achieve such a perception that the corporate social responsibility concept does not present an addition to the existing and adopted company strategy. Still, an integrated component permeated the overall company strategy for the concept to become an inseparable part of all internal stakeholders' business models and organizational culture (Nielsen et al., 2009).

For organizations and companies that chose a philanthropic approach in implementing socially responsible activities and were guided purely by outside initiatives and stakeholder pressures, achieving a positive financial and social effect is difficult. Such an approach often turns into an unprofitable investment without long-term benefits (Siltaloppi et al., 2020). On the other hand, strategic implementation of socially responsible activities requires more time. Yet, it is the only way of achieving synergy between corporate and societal actions, strengthening the market position because of a stronger and more positive reputation with all stakeholders (Aguinis et al., 2013).

Rangan, Chase, and Karim (2012) define three fundamental phases of implementing the concept of corporate social responsibility in the company strategy: (1) The research phase includes identifying and categorizing all potential socially responsible activities suited for implementation within the strategy. (2) The adjustment phase involves transforming multiple unrelated socially responsible activities into a substantial unit, which will then be implemented into the strategy and developed concerning the company environment. (3) The development phase is the last phase wherein the management adjusts the already implemented socially responsible activities by changing the interests and motives of key stakeholders. The precondition for quality implementation of social responsibility into a strategy is the existence of a corporate social responsibility strategy and the avoidance of unrelated, individual socially responsible initiatives (Googins et al., 2006).

In addition to the three above-mentioned key phases, at the turn of the century, Carroll (1999) defined three main factors that affect the success of the implementation of the concept of corporate social responsibility into corporate strategy: (1) realistically set goals to be achieved by implementing corporate social responsibility; (2) an appropriate decision-making model on initiating and conducting socially responsible activities to attain set goals, and (3) quality analysis of available resources to implement, conduct and communicate corporate social responsibility. In addition to the factors above, successful implementation depends on the fact that the guidelines are an indispensable part of organizational values and that the management and employees follow these guidelines (Tsoutsoura, 2004). In other words, a strategically coordinated organizational culture transformation from an economic foundation to a value foundation is necessary (Maonet al., 2010). It is easiest to start this type of organizational culture transformation by implementing and enforcing ISO 26000, a high-quality and all-encompassing base of social responsibility concepts in business (Rosinka-Bukowska et al., 2015). Companies that adjust their business responsibility to the community and the environment following the ISO 26000 standard have greater potential for differentiating their products and services through the concept of social responsibility, as well as creating a competitive advantage in all markets by improving their reputation with internal and external stakeholders (Chun et al., 2017).

A strategic approach to social responsibility improves the company's reputation and raises motivation and trust, primarily among consumers, employees, and other external and internal stakeholders (Lee, Chang, Lee, 2017). Even though certain socially responsible activities, not directly related to company strategy but conducted in response to external stakeholder pressures, can generate commercial benefits for the organization, benefits maximization requires a higher degree of connection between socially responsible activities, company strategy, and the operative plan for conducting social responsibility activities (Rangan et al., 2012). After the strategic implementation of the elements of corporate social responsibility, it is necessary to create an enforceable operative plan towards all organizational levels to successfully implement strategic guidelines within the limits of approved resources (Arvidsson, 2010). Apart from implementing strategic guidelines, internal stakeholders serve as an important link because they are perceived as a direct communication channel towards external stakeholders and must therefore be familiar with the strategic guidelines of the company and participate in the development of the operational plan (Finlay, 2000).

All changes in the social environment of the organization and the stakeholders' presentation of new challenges to the management call for the management to redefine the mission, vision, decision-making process, organizational structure, and strategy (Van Marrewijk, 2003). Successful development and implementation of corporate social responsibility elements within the company strategy is a process that requires intensive commitment from the entire organization, not just the top management (Bluementhal et al., 2003). Accordingly, company strategy with built-in corporate social responsibility elements lays a clear foundation upon which the concept of social responsibility can be developed and a plan to differentiate from their competitors based on actively conducting and communicating corporate social responsibility towards stakeholders (Blomqvist et al., 2004). The concept of corporate social responsibility is an ideal tool for managers because it promotes ethics, transparency, and responsibility towards stakeholders and allows for long-term differentiation from competing companies, which in turn creates preconditions for the generation of profit but also the preservation of the highest standards of responsibility towards external and internal stakeholders (Hardjono et al., 2001).

Corporate social responsibility is considered an important strategic element based on the above. It requires strategic channeling of human and financial resources into developing the concept within the organization and its business processes. Its importance in business will continue growing in future decades (Omazić, 2006).

Corporate social responsibility within the managerial context

Corporate social responsibility enjoys great popularity within the managerial world because of its strategic value in creating competitive advantage, so it is not surprising that both for-profit and non-profit organizations have expressed great interest in identifying societal needs to start the process of implementation by setting goals and guidelines by the management towards other internal stakeholders (Nijhof et al., 2006). Companies that succeed in this process and create a positive reputation by implementing corporate social responsibility and lessening conflicts between company interests and the community send an extremely strong message to all stakeholders that create a positive perception of conducted activities (Aksak et al., 2016).

Even fifty years ago, Davis and Blomstrom (1975) were the first to point out the necessity of observing the concept of corporate social responsibility within the organizational context. He pointed out that corporate social responsibility is related to making business decisions that have at least a partial impact on society and are outside the company's direct economic and technical interest. In the long term, these kinds of business decisions can positively affect business operations by improving the company's reputation with the stakeholders, the effects of which can be observed through a financial and non-financial aspects (Bahta et al. 2021).

The core concept of corporate social responsibility is based on the intentions of the company's management to improve its position within the community where it operates using ongoing negotiations with external and internal stakeholders (Ihlen et al., 2011). Stakeholder motives and interests are generally directed at economic, societal, and environmental challenges that are entirely or partially included in the company's business activities. The success of this pressure by stakeholders often depends on a company's ownership structure (Lopatta et al., 2017). Within an organizational context, corporate social responsibility can be defined as a set of managerial activities that maximize the positive impact of business operations on a community and fulfill the legal, ethical, economic, and societal needs set up by the stakeholders (BSR, 2001).

In 1975, Prakash Sethi defined three phases in the relationship between the company's management and the community: (1) the social contract phase, wherein the company's business operations are conducted to the level of legal market obligations. (2) The social responsibility phase aims to achieve compliance with societal norms and values while the company operation is above the minimum legal level. (3) The social response phase, wherein the management anticipates societal changes and problems and participates in the creation of activities to solve problems and create preconditions for the development of society (Prakash Sethi, 1975). To anticipate social challenges and overcome them on time, the management must possess organizational skills and knowledge to plan, implement, and evaluate socially responsible activities within the company's business processes (Gangi et al., 2018). As with other key business processes, it is important to emphasize that the lead role in planning, development, implementation, and conducting of corporate social responsibility should be assumed by the top management of a company and that other structures within the organization should take part in the implementation and communication of social responsibility by adhering to internal guidelines (Galbreath, 2009). Suppose the organization wants to succeed in being perceived as socially responsible. In that case, the company's management must be acquainted with the complexity of the social challenges it is trying to solve (Werther et al.,2005). The strategic approach to corporate social responsibility requires the management of the organization to take into consideration the societal challenges and problems connected to the industry in which the company operates because an uncontrolled approach to the implementation of corporate social responsibility can decrease potential benefits, increase stakeholder skepticism, and prevent the creation of additional value for companies (Du et al., 2011). Inadequate communication towards stakeholders regarding the achievements in the area of corporate social responsibility can be counterproductive and negatively impact the company's business operations and achievement of strategic goals (Kim et al., 2019).

In the context of implementing the concept of corporate social responsibility into the organizational structure and managerial practices, the concept of corporate social responsibility is characterized by two main dimensions: moral and strategic. The moral dimension is based on the organizational culture and perception of social responsibility in the context of a business principle in which the responsibility towards the community and environment is a moral obligation of the company. The strategic dimension is also linked to the financial result of the company as well as the obligation to integrate socially responsible activities into its strategy. In companies that do not plan to conduct socially responsible activities in the long-term but as episodic and philanthropic activities, there is a stronger link between the implementation of socially responsible activities and the moral dimension than a link with the strategic dimension, but, accordingly, the effect on business operations is also different (Graefland et al., 2006).

Mirvis and Googins (2006) define different development phases of corporate social responsibility within the organization, which are reflected in the relationship between internal and external stakeholders. By going through the defined phases, management and other parts of the organization raise awareness about the complexity of corporate social responsibility and create appropriate solutions aligned with their corporate strategy. In the elementary phase, corporate social responsibility represents an underdeveloped episode in the organization's business operations. It is a direct consequence of the top management's lack of interest in the concept of corporate social responsibility and in practicing unidirectional communication towards external stakeholders of the company. The authors describe the engagement phase as the phase in which the attitude of the top management towards corporate social responsibility and stakeholder expectations slowly changes, and the importance of the concept of corporate social responsibility increases. Aside from adhering to legislation, more attention is paid to the security and health of the employees, human rights, and the environment. In the innovation phase, the concept of corporate social responsibility increases in complexity, and the top management assumes even greater responsibility. Stakeholder communication becomes bidirectional, the conduction of socially responsible activities is controlled, and reports are regularly made to primary and secondary stakeholders. The integrated phase includes setting up and implementing advanced corporate social responsibility standards within the organization. The concept of corporate social responsibility is created and influenced by feedback from stakeholders. Reporting on corporate social responsibility is done via bidirectional communication with stakeholders. In the transformation phase, corporations that innovate in the context of corporate social responsibility become global leaders and can, utilizing transparent communication, gain a competitive advantage and differentiate themselves from the competition based on their own socially responsible activities and sometimes through partnerships with non-governmental institutions and other non-profit groups.

Managers are also trying to differentiate themselves from the competition through socially responsible activities, as more and more external stakeholders perceive a company's products and services based on the organization's social responsibility (Li et al., 2019). Investors, as a key stakeholder group with the most influence on the connection between corporate social responsibility and business results, have been increasingly analyzing the corporate social responsibility segment as they invest their resources, and a potential withdrawal by socially responsible investors may convey a message to the management to revise their socially responsible activities or to communicate them more effectively to their stakeholders (Murashima, 2020).

Investments, which include an analysis of the degree of corporate social responsibility when making an investment decision, are also called socially responsible investments and represent an increasingly common phenomenon in financial markets as global challenges become more frequent and the future of humanity increasingly uncertain (Beardsell, 2008). This form of investing and an ever greater amount of funds managed by institutional investors, who have already implemented socially responsible guidelines in their investment strategies, further encourages the company management to take a strategic approach to implement and communicating corporate social responsibility through appropriate communication channels that these types of investors regularly monitor (Lu et al., 2021).

By the end of the 1980s (Spreckley, 1985) and the beginning of the 1990s (Elkington, 1984), a business mechanism of the triple bottom line was developed and presented, allowing the management to not run the organization merely by observing the financial aspect of business operations, but also the societal as well as the environmental aspects. The triple bottom line mechanism is based partly on stakeholder theory. It is founded on measuring one's business process's influence on all stakeholders, not just the ones they directly influence through business activities (Hussain et al.,2018). The environmental dimension is formed by analyzing the number of natural resources used in business activities and the number of harmful substances generated by the company's business operations. The societal dimension analyzes the effect on the community as a whole, observing internal and external company stakeholders and the influence on their quality and safety of life (Painter-Morland, 2006). Hubbard (2009) compares the triple bottom line mechanism of business activities with the Balance Scorecard model and points out that the triple bottom line mechanism is much more difficult to accept as a managerial tool due to its extreme complexity also because of the confrontation with some global managers who still make decisions exclusively by following financial lines in business operations, regardless of the unsustainable global situation. Today, there is no universal method for measuring the triple bottom line in business activities. It is a situation that allows for adapting the basic framework to the individual needs of different entities, geographic entities, and projects of different complexity levels. However, the lack of a universal benchmark makes it impossible to compare companies with their competitors and create conclusions about the attitude of management toward corporate social responsibility in business (Hourneaux, 2018).

In their paper, Slaper and Hall (2011) observe the triple bottom line mechanism through the 3-P model, which includes people, planet, and profit. The authors think that in today's age of intensive global changes and burning challenges, there is a need to implement the triple bottom line mechanism into the governing managerial skillset in for-profit and non-profit organizations and government institutions. Typically, non-profit organizations accept the triple bottom line mechanism to improve the partnership with companies and be more effective in their dealings with joint stakeholders. On the other hand, government institutions observe the mechanism as a sustainability assessment framework and an adequate managerial tool.

By using corporate social responsibility as a managerial tool, the implementation and promotion of the concept of corporate social responsibility allow the world to become a fairer place than the one we found and ensure the sustainability of society and the environment as we know it (Aguinis, 2013).

Management of socially responsible activities in business

Socially responsible activities can serve as specialized intangible assets of a company, which can potentially increase the value of the entire company or part of the production and service assortment due to a positive influence on its reputation (Almeida, Coelho, 2019). Accordingly, in the era of internet business operations and rapid development of IT technologies, the management of modern global companies has been increasingly focusing on the potential that can be generated by corporate social responsibility and other intangible assets of the company (Surroca et al., 2010). As the spectrum of activities that fall under corporate social responsibility widens daily, the company management must find methods to help them create coherence within the strategic and operating corporate social responsibility plans (Rangan, 2012). Such coherence allows for the sustainability of competitive advantage from an economic aspect and societal and environmental sustainability from the aspect of social responsibility, all positively linked to reputation with the stakeholders (Bianchi, 2019). While investing in socially responsible activities, the management must establish a justifiable limit where corporate social responsibility offers maximum financial returns. Investment above that limit doesn't offer additional benefits but creates additional business expenses. The task of the management is to recognize the level of investment necessary for the organization to differentiate itself from its competitors based on socially responsible activities (Smith, 2007).

The concept of corporate social responsibility shifts the company's strategic goal from maximizing the share value of stakeholders to achieving objectives for a wider spectrum of internal and external stakeholders without decreasing the potential to maximize shareholder value (Becchetti et al., 2007). McWilliams and Siegel (2001) think that strategic investing in socially responsible activities represents an investment model similar to investing resources into raising the quality of products and services or discovering innovations, and, therefore, present two models for conducting socially responsible activities: (1) creating positive effects and (2) decreasing negative effects of business operations. Positive effects refer to benefits the company generates for its stakeholders that are not defined by legal regulations. On the other hand, negative effects are described as harmful consequences which directly or indirectly affect stakeholders and their quality of life. Irresponsible company management partly or completely ignores their business operations' negative effects on their respective community. A portion of such activities can sometimes turn into criminal activities in markets where legal control is weaker. There is insufficient corruptive activities oversight (Lin-Hi, 2013). However, the implementation of socially responsible activities cannot always fix the negative perception an irresponsible company has with certain groups of stakeholders, and the existence of such a negative reputation can be damaging to their financial situation in the immediate short-term (Blanco, 2013). For most companies, controversial and irresponsible activities in certain phases of business negatively impact the company's market value. Therefore the concept of corporate social responsibility cannot guarantee success in creating a positive perception with key stakeholder groups (Yoon, 2006).

Changes in stakeholder structure and frequent changes in national and supranational legal frameworks require an environmental, social, and economic balance in managerial governance. For the management to achieve and sustain that balance, it is necessary to have tools that will improve already implemented socially responsible activities according to societal challenges and adapt them to the strategy and business goals in the short-term (Dahlsrud, 2008). Besides the importance of a strategic approach to corporate social responsibility and the avoidance of observing the concept of corporate social responsibility as an addition to the adopted organizational strategy, the management should involve a large number of stakeholders through governance arrangements in the creation of socially responsible activities, as there are greater chances in maximizing returns on that kind of investment (Du, 2011).

Employees representing the most important communication channels towards external stakeholders are key in maximizing returns through differentiation using socially responsible activities. Their support to the management can often be crucial (Raggio, 2010). For company employees to support managerial policies, it is vital to have an organizational culture in place, which the members of the organization see as a system of common values and norms. If the organizational culture and the concept of corporate social responsibility complement each other, it will be easier for employees to accept socially responsible activities presented by the management (Espasandín-Bustelo, 2020).

Young and Thyil (2007) categorize management boards of companies according to three dimensions based on the resource management model, including the organization's employees. The first dimension is based on the stakeholder cost model promoted by organizations, wherein the management of the company perceives employees as a cost that has to be minimized and not as key stakeholders that can influence certain processes and initiatives by the entity. The second dimension contains organizations that promote strategic stakeholders. The management perceives its employees as a vital factor in business profitability and is focused on establishing mutual trust and loyalty. The integrated stakeholder model (third dimension) includes organizations that completely integrate socially responsible practices in their business operations. This model sees employees as key stakeholders and valuable company capital, potential investors, and consultants to the company's management. Today, more and more global companies faced with new everyday burning challenges seek out such models.

New factors like the rapid development of IT technologies and the spread of different social networks create a global media environment that requires the management to adopt new and revised communication strategies that will allow for achieving strategic and operational objectives in communication with stakeholders (Capriotti, 2017). From a corporate social responsibility perspective, communication towards stakeholders is a strategic question that encompasses information on the influence of the product, the services, and all the business operations of an organization on society and the environment, making it important for strategic communication guidelines to be constantly reexamined following technologic and societal changes and achievements (Lim, 2017).

Management can influence stakeholders in a verbal and non-verbal way, and both types of communication are used to suppress threats aimed toward the legitimacy of the company, which can negatively affect the organization's reputation and potentially decrease the value of equity interests (Hooghiemstra, 2000). It can be concluded that communicating corporate social responsibility toward stakeholders is an integral part of managing reputation risk (Bebbington, Larrinaga, Moneva, 2008). Stakeholders view corporate social responsibility as a tool for protecting the reputation from risks of bad managerial governance and communication towards stakeholders, as well as decreasing the potential effects after a damaging event (Abe, 2017).

In regards to the honesty of a company in the communication of socially responsible activities towards stakeholders, a concept of greenwashing is introduced and described as a situation in which the organization is investing more resources into the communication and promotion of socially responsible activities than investing in the implementation of these socially responsible activities (Balluchi, 2020). Back at the turn of the century, Laufer (2003) pointed out that greenwashing allows the management to creatively manage the reputation of a company as well as knowingly conceal shortcomings and irresponsible activities to protect the legitimacy of business operations and the reputation of the organization in the eyes of the stakeholders. Today, greenwashing presents an increasing risk to global companies. Due to the rapid development of IT technologies and the availability of social networks, stakeholders have greater control over the implementation and reporting of corporate social responsibility (Lyon, Montgomery, 2013). Honest and timely communication of corporate social responsibility toward stakeholders affects their perception of the company identity, which represents the focal point of the communication process of corporate social responsibility (Hooghiemstra, 2000). Greenwashing practices can quickly destroy the relationship between the employees and management, decrease shareholder value, and consequently cause damage to the owners and management by undermining the company's identity. Company identity is described as a common perception of all stakeholders within an organization, built on the foundation of deliberate and accidental activities performed by the company (Markwick, 1997). Van Riel (1995) defines company identity as a phenomenon by which a particular entity is known to the public and based on which stakeholders can relate to that entity. The stakeholder perception of this phenomenon is based on the beliefs, ideas, sentiments, and impressions of every individual within the community.

Companies are far more careful today when conducting activities that generate and maintain a positive and recognizable identity because stakeholder pressures rise as global connectivity spreads. Company identity is influenced by multiple factors – from corporate social responsibility and reputation to the organization's communication models and visual references (Tourky, Kitchen, Shaalan, 2020). Creating new enforcement and communication strategies for corporate social responsibility is necessary when building a new identity. The adaptation of a new communication strategy requires consideration of the following elements: (1) revising communication goals; (2) deliberating on new key stakeholder target groups; (3) analyzing the most efficient communication channels following choosing key stakeholder groups; (4) identifying appropriate content of a communication message as well as (5) revising socially responsible activities and initiatives (Van Riel, Balmer, 1997).

No company operates isolated from its social environment, regardless of whether it operates in a local, national or global environment. Accordingly, it can be concluded that, nowadays, company identity is an increasingly important factor that directly influences business stability and growth in an interconnected global economic network (Wæraas, 2020). The importance of a positive company identity is primarily evident as business operations spread into new industries and market niches or when entering new export markets because a positive identity decreases the impact of potential risks and consequences of bad managerial decisions (Podnar, 2005).

Conclusion

This paper was oriented toward analysis of the relationship between company strategy, CSR activities, and competitive advantage. When CSR is incorporated within a company strategy, when it is represented within the analysis of internal and external influences and the market analysis, but also when CSR is planned as an activity that contributes to achieving competitive advantage, this can have a significant influence on a market position, reputation, and financial performance. The key to entry and sustainable growth in domestic and foreign markets through differentiation based on CSR can be achieved only through a strategic approach towards CSR and open communication with internal and external stakeholders. Satisfying the interests of internal and external stakeholders, a company's management controls the environmental, societal, and economical line of business (Smith, 2007). A global society can make progress only if the concept of corporate social responsibility allows for a positive global change which is the consequence of a million of local activities throughout the world, caused by including the concept of corporate social responsibility, as a vital and important element, into the strategy of the company (Carlisle, Faulkner, 2004).

However, results have to be seen in the light of research limitations, primarily relating to the impossibility of analyzing all previous research on this or similar topic and that the paper was made on an overview of all industries and not individually by industry. Despite these limitations, it can be concluded that this paper provided additional insight into the relationship between the inclusion of CSR in company strategy on CSR activities, reputation, and competitive advantage.

Although much scientific research, some of which we mentioned above, proves that long-term economic benefits can only be achieved through a strategic CSR approach, there are always differences in the effects achieved for each industry and market. Therefore, it would be desirable to focus this research on certain industries concerning the digitalization of individual industries in certain markets. Therefore, additional research is necessary because new social and cultural challenges are emerging that affect thousands of organizations worldwide.

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