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THE CONNECTION BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND THE REPUTATION OF COMPANIES IN THE FEDERATION OF BOSNIA AND HERZEGOVINA

ABSTRACT

It is undeniable that corporate social responsibility (CSR) occupies an important place in managerial practice, but also in academic circles. Due to the strengthening of competition between companies, and the constant need for companies to be sustainable in a market and innovative sense, it becomes clear that it is necessary to integrate social responsibility into the company's business. Corporate social responsibility activities, which will be the subject of analysis, are in theory synthesized in the form of economic, legal, ethical and philanthropic activities. These corporate social responsibility activities should intuitively lead to building a positive reputation for the company. Reputation is an intangible but long-term investment. In the modern economy, where due to the speed of information transfer, it is very difficult to hide something, building a reputation is seen as one of the basic challenges of any company.

The research focuses on the connection between the activities of corporate social responsibility and the reputation of large companies in the Federation of Bosnia and Herzegovina. Therefore, the paper analyzes the perception of managers about the connection of corporate social responsibility activities with the reputation of large and medium companies in the Federation of Bosnia and Herzegovina. The main goal of this paper is to examine the perception of managers about the relationship between corporate social responsibility activities and the reputation of companies in the Federation of Bosnia and Herzegovina.

Keywords: *corporate social responsibility, reputation*

JEL: *M14, M31*

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1. INTRODUCTION

In modern business conditions, terms related to resource sustainability are mentioned more than ever (Ottman, 2011). Today, the largest European companies publish information on their corporate social responsibility (CSR) activities. In addition, more than 50% of the world's largest companies create their reports on corporate social responsibility (Kim, 2014). Due to the strengthening of competition between companies, and the constant need for companies to be sustainable in a market and innovative sense, it becomes clear that it is necessary to integrate CSR activities into business (Cretu and Brodie, 2007). It is important to mention that certain European organizations are engaged in constant consulting and assistance to large, but also small and medium-sized companies, in order to improve their ability to integrate socially responsible activities into business. Small and micro companies are usually less engaged in CSR, because they lack either enough motivation, or appropriate guidelines and tools for conducting corporate social responsibility activities.

Although evidently, companies recognize the need to implement the concept of corporate social responsibility, it is evident from the academic literature that there are differences in the observation and definition of this concept. In underdeveloped countries or those that are less developed, corporate social responsibility is exclusively related to the business of multinational companies, which are often entrusted with solving problems in the field of local community development, while in the long run, the situation is different in developed parts of the world. There has been a lot of research in the last few years on the topic of corporate social responsibility, but there is still a need for further research, as it still represents a contemporary challenge in business from both management and marketing (Martinez, Perez and Rodriguez, 2014) . Within this idea, it is important to mention that a review of the literature revealed that CSR activities are strongly associated with a company's reputation (Ker-Tah, 2012).

Based on previous research in other countries, related to corporate social responsibility and reputation, it can be stated that the above research issues in Bosnia and Herzegovina are not much addressed, and therefore there is a theoretical and practical justification, or the need for such research. From the previous arises the central research question that this research seeks to answer: Do managers of large companies in the Federation of Bosnia and Herzegovina perceive the connection between the activities of corporate social responsibility and the reputation of the company?

The subject of the research is the perception of managers about the connection between the activities of corporate social responsibility and the reputation of large companies in the Federation of Bosnia and Herzegovina.

The activities of corporate social responsibility, which will be the subject of analysis, are in theory set according to Carroll (1979) and synthesized in the form of economic, legal, ethical and philanthropic activities. Taking into account the specifics of corporate social responsibility through the pyramid according to Carroll in the present paper, attention will be focused on the previously mentioned activities of corporate social responsibility. Special attention is paid to the connection between the mentioned activities of corporate social responsibility and the reputation of the company.

Authors Uddin, Hassan and Tarique (2008) believe that the modern age is a period in which social responsibility is seen as an important factor for all stakeholders. Namely, companies must perform their activities in a socially acceptable way in order to maintain a long-term relationship and business sustainability, because the fact is that companies earn only when products and services are consumed by society. An extremely competitive environment of constant opportunities poses challenges to companies due to which an increasing number adopt and implement corporate social responsibility activities as a business strategy to effectively meet the expectations of business associates, clients, who can create a higher level of solid reputation in the market (Jones, 2005). In order for companies to consider and adopt CSR activities, it is very important that managers, as general managers, understand the importance of corporate social responsibility activities, not only as business strategies, but activities that can lead to creating a strong reputation of the company.

2. Theoretical framework of the observed problem

2.1. Defining corporate social responsibility

It is an indisputable fact that corporate social responsibility (CSR) occupies an important place in management practice, but also in academic circles. Ever since Milton Friedman's article caused controversy in 1970 by challenging the importance and effectiveness of corporate social responsibility, numerous studies and studies have tried to refute or prove Friedman's theory. Although there is theoretical and empirical evidence on the importance of CSR activities of companies, there is no generally accepted definition in the literature (Garriga and Melé, 2004; Secchi, 2007). Nevertheless, the authors agree that CSR must contain a set of actions, which companies take for the benefit of society as a whole, and which companies will take outside their legal obligations (McWilliams and Siegel, 2006).

Corporate social responsibility was first mentioned in the literature during the 1950s by Bowen, who is considered a pioneer in defining the concept of corporate social responsibility.

In his work Social Responsibilities of the Businessman (1953) he lays the foundations for the study of this concept in a modern sense. Bowen explained corporate social responsibility as *"the obligation of owners to follow CSR policies, and to make decisions or follow lines of action that are desirable in terms of increasing the value of society"* (Kashyap et al., 2011). In the early 1960s, several researchers (Davis, Johnson, Manne) began to view corporate social responsibility as one of the strategies to maximize profits and society's demands. The importance of equal opportunities for all, safety in the workplace, environmental protection and ethical issues, has encouraged the wider community and all types of the public to reconsider their business practices.

One of the most significant theories of corporate social responsibility, which will be used for the theoretical framework of the observed research problem, is the theory of CSR according to Carroll. According to Carroll (1979; 1991), the concept of corporate social responsibility implies a wide range of economic, legal, ethical and philanthropic (discretionary) business activities. Therefore, it can be concluded that Carroll (1979) was one of the pioneering researchers who discussed the topic of corporate social responsibility, and influenced its operationalization and development. The author (1979) points out that the economic category within the pyramid is the most important activity of corporate social responsibility. The other three activities are ranked according to their degree of importance: legal, ethical and philanthropic, respectively. In this way, the CSR pyramid was created (Carroll and Schwartz, 2003), which is still an interesting topic for research today. As a rule, all economic activities should be harmonized with the legal framework, all with the acceptance of ethical norms, which go beyond the basic legal requirements. Carroll (1979) states, among other things, that social responsibility implies an individual business strategy with a holistic approach to the wider social community. In this way, the emphasis is not only on individual wishes and needs, but the wishes and needs of the wider community in the long run.

Also, Carroll (1979) states that companies must conduct their business activities responsibly and ethically through philanthropic activities, preserving the environment, and generally a better standard of living for their employees. These four types of social responsibility constitute what is called CSR (Iamandi, 2007). By creating a good CSR strategy, companies create an exclusive position in the market by establishing a certain image and identity of the company (Valentzas and Broni, 2010).

2.2. Defining the company's reputation

The company's reputation is reflected in the perception of its most important stakeholders. Reputation can help a company gain trust and credibility in society, which indirectly leads to the achievement of company goals (Baur and Schmitz, 2011; Mahon and Wartick, 2003; Roper and Fill, 2012).

A positive reputation helps to fight competition from the environment and achieve a competitive advantage, and enables the company to attract the best employees and ensure their loyalty (Foreman and Argenti, 2005). Company reputation has been viewed as a construct closely related to stakeholder theory since the 1990s and has been defined in the academic literature since Fombrun (1996) as a perceptual representation or assessment of a company (Winn, McDonald, & Zietsma, 2008; Bromley, 2000; Meijer et al. Kleinnienhuis, 2006). Also, reputation is associated with different social expectations or human traits attributed to individual companies (Berens and Van Riel, 2004).

According to Barnett, Jermier and Lafferty (2006), the construction of a company's reputation is composed of the concepts of identity and image, because it is built on the current perception of internal and external stakeholders, which can be positive or negative. In this sense, a distinction is made between the concept of reputation, and identity and image, which are conceptualized as a result of the perception of only one type of stakeholder (identity for internal and image for external stakeholders), so it can be concluded that the reputation of the company can be studied both in the function of the image and in the function of identity (Tkalac and Verčić, 2007).

The main characteristic of a company's reputation is its historical component, because it is built over time, and for that reason, it is considered that the reputation is stable and lasting. Positive identity and image over time create a positive reputation. Since reputation is a dynamic concept, it will change in relation to the information that is spread about the activities and achievements of the organization in different types of public, taking into account that during changes there is a constant interaction between the company and its stakeholders (suppliers, sellers, competitors, clients, investors, employees and the local community).

It is evident that all these stakeholders may have different perceptions of the company, all due to different interpretations of placed and received information, which would mean that the company has a good reputation among its shareholders and at the same time have a bad reputation among employees (Fombrun , 1996; Bromley, 2000; Mahon, 2002; Prado, 2008). As a rule, companies can never control any information that exists about them outside the company, and it happens that many actors in the environment create their opinion about the company without any direct contact with the company (Brown, Dacin, Pratt and Whetten, 2006).

Authors Schultz and Hatch (2001) conclude that companies increasingly compete in their business based on their ability to express who they are and what they stand for most in their business, suggesting that CSR could be a starting point for reputation building. For this reason, reputation is increasingly seen as a global perception or assessment that stakeholders have about the basic characteristics and activities of a company (Bromley, 2000). Karaosmanoglu and Melewar (2006) state that reputation develops over time.

Company reputation is regularly compared to certain standards (say other companies in the industry), all with the aim of determining the relative position and attractiveness of a particular company (Deephouse and Carter, 2005), helping to measure the external perception of the company performance. Companies today more than ever need to maintain good relationships with all stakeholders, in order to maintain competitive economic, environmental and social performance (Huang, 2008).

Since reputation is seen as an intangible but long-term investment, it is necessary that these intangible assets are used properly. For this reason, some research states that the person in charge of intangible asset management should have a relevant position in making strategic decisions in organizations.

2.3. Effects of corporate social responsibility activities on the company's reputation

The authors Mahonet and Thorne (2005) examined the relationship between corporate social responsibility and long-term business success on a sample of 90 Canadian companies that are subject to public trading. The results of their study showed that managers perceive that long-term success is positively associated with CSR and environmental awareness of the company. Several studies show a positive impact of corporate social responsibility on brand image. For example, Werther and Chandler (2005) in their study, which included 25,000 customers from Western Europe, Canada and the US, proved that CSR has positive effects on the brand image from the angle of two-thirds of consumers surveyed. Therefore, corporate social responsibility policy can affect the brand image and the company in general (Boonpattarakan, 2012).

Brammer and Millington (2005) analyzed the existing relationship between CSR activities and the reputation of companies, and concluded that companies that had a high level of philanthropic activities in the observed sample are usually considered socially responsible, and therefore had a higher level of reputation in relation to those companies that had a slightly lower level of philanthropic activities. Also, Lai et.al. (2010) in their research found a strong, positive and significant link between CSR activities and the reputation of the company, with the reputation of the company viewed from the perspective of business associates, clients, and their positive perception of the company that applied some of the CSR activities. Such a positive perception indirectly affects not only the higher level of business performance, but also the higher level of reputation of the company (Ker-Tah, 2012).

McWilliams et al. (2006) suggested that CSR activities adopted and implemented by firms should be viewed as a strategic investment, leading to the creation of a better reputation for firms.

In 2005, Fombrun also concluded in his research that companies looking to increase their reputation must first adopt and implement CSR activities. Furthermore, authors Bendixen and Abratt (2007) believe that consumer perception of CSR can be considered an integral and very good basis for creating a positive company reputation. More research has been based on examining the interpersonal impact or association between CSR and reputation (Love and Kraatz, 2009; Pfarrer et.al., 2010; Lange et.al. , 2011). Guzman, Pinzón-Castro and Morales (2017) in their research state that it is possible to conclude that the level of reputation of a company will depend on the level of adoption and implementation of CSR activities. In this regard, if companies want to improve the level of their reputation, they will first have to develop CSR activities, which benefit society, protect the environment, improve the economy, and also take care of the living conditions of employees.

3. Research methodology

Based on the above, the basic aim of the research was created, which seeks to examine the perception of managers about the relationship between corporate social responsibility activities and the reputation of large companies in the Federation of Bosnia and Herzegovina. The paper systematizes relevant theoretical knowledge about the importance of corporate social responsibility for achieving the reputation of the company. In addition to the basic aim, the operational aims of the research are presented below:

1. Systematize relevant theoretical knowledge about the importance of corporate social responsibility and the reputation of the company;

2. Examine whether managers of large companies in the Federation of Bosnia and Herzegovina perceive the connection between the economic activities of corporate social responsibility and reputation;

3. Examine whether managers of large companies in the Federation of Bosnia and Herzegovina perceive the connection between the legal activities of corporate social responsibility and reputation;

4. Examine whether managers of large companies in the Federation of Bosnia and Herzegovina perceive the connection between ethical activities of corporate social responsibility and reputation;

5. Examine whether managers of large companies in the Federation of Bosnia and Herzegovina perceive the connection between philanthropic activities of corporate social responsibility and reputation.

In accordance with the set goals of the research, hypotheses were created.

The basic research hypothesis is: *Managers of large companies in the Federation of Bosnia and Herzegovina perceive that there is a connection between corporate social responsibility and reputation.*

The subject research focuses on the activities of corporate social responsibility according to Carroll, which include, as mentioned earlier, a wide range of economic, legal, ethical and philanthropic (discretionary) business activities. Based on the above four groups of CSR activities according to Carroll, auxiliary hypotheses were defined:

H1: *Managers of large companies in the Federation of Bosnia and Herzegovina perceive the connection between the economic activities of corporate social responsibility and reputation.*

H2: *Managers of large companies in the Federation of Bosnia and Herzegovina perceive the connection between the legal activities of corporate social responsibility and reputation.*

H3: *Managers of large companies in the Federation of Bosnia and Herzegovina perceive the connection between ethical activities of corporate social responsibility and reputation.*

H4: *Managers of large companies in the Federation of Bosnia and Herzegovina perceive the connection between philanthropic activities of corporate social responsibility and reputation.*

The deduction method was used to define the subjects, aims and hypotheses of the research. The method of induction was used for empirical verification of set aims and research hypotheses, while descriptive statistical analysis and correlation analysis (using software support) were used to examine the relationship between variables. The method of synthesis was used in the discussion of research results and the formulation of conclusions and recommendations.

The research used an instrument developed by Tan and Komaran (2006) to test Carroll's (1991) CSR framework in Singapore, augmented by the items used by Aupperle (1984). The created constructs have seven statements (indicators) in each independent variable, ie the observed activity of corporate social responsibility. The original research, developed by Aupperle (1984), has been widely adopted in the literature, particularly to test Carroll's conceptualization of CSR (Ibrahim and Angelidis, 1995; Pinkston and Carroll, 1996; Edmondson and Carroll, 1999; Smith et.al. , 2001, 2004; Ibrahim et al., 2003; Marz et al., 2003; Angelidis and Ibrahim, 2004; Ibrahim and Parsa, 2005). The instrument, whose design was guided by the definitions of each of the components of CSR, covers all dimensions of CSR in the construction of the Carroll CSR pyramid. The scale used contains indicators that seek to

capture the essence of the respondents' orientation to CSR. Due to the ease of use, a 5-degree Likert scale was adopted and used, where the modalities implied 1 - I absolutely disagree to 5 - I absolutely agree. A scale adapted to Alvarado and Schlesinger (2008) was used to measure the dependent reputation variable, with eight statements (indicators) measured on a scale of 1 to 5, with 1 implying that respondents absolutely disagreed with the statement, and 5 to absolutely agree.

Secondary and primary data sources were used in the research. Secondary sources were the available literature related to the subject of research. As part of the field research, data were collected using the test method. The survey was conducted online, via the Google Forms platform, by surveying respondents, using a survey questionnaire as an instrument / form for data collection. The primary survey covers large companies in the Federation of Bosnia and Herzegovina, which according to the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina (Official Gazzete of the FBiH 15/21) on the date of preparation of financial statements exceed at least two of the following criteria: a) average the value of the business property at the end of the business year is 20,000,000.00 KM; b) total annual income is 40,000,000.00 KM; c) the average number of employees in the year for which the financial report is submitted is 249.

According to the Financial Information Agency (FIA) of the Federation of Bosnia and Herzegovina, at the end of 2020 in the Federation of Bosnia and Herzegovina, observing all the above criteria, 864 large companies were registered, with banks and other financial institutions excluded from the population of large companies (which are considered large legal entities, regardless of the previously mentioned criteria), and associations and foundations. In this regard, the population under study consisted of 721 large publicly or privately-owned companies. It is important to mention that for 314 companies no contact was found on the website of the Financial Information Agency of the Federation of Bosnia and Herzegovina or they did not respond to the phone call, in order to announce an online written survey. In the end, the questionnaire was distributed via Google forms to 407 addresses, and was completed by managers of 134 large companies in the Federation of Bosnia and Herzegovina, which represents a return rate of approximately 33%. Respondents are managers and/or directors of large companies in the Federation of Bosnia and Herzegovina.

4. Results of analysis and research discussion

Based on the research, it can be concluded that in the sample in the largest number of cases were companies coming from trade branches (17.9%), construction and/or energy (17.16%), and metal industry (17.16%). These results are shown in Graph 1 below.

Graph 1: The structure of the company from the sample by industry
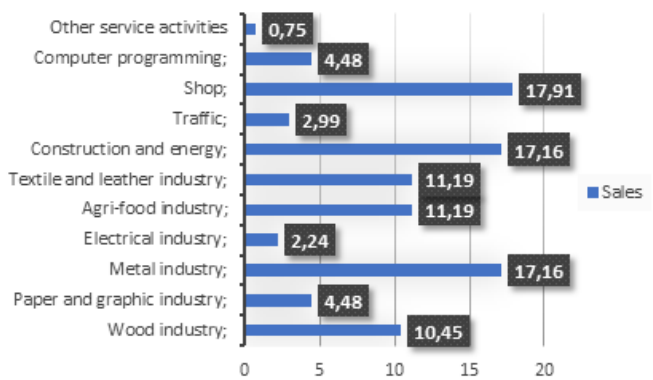
Source: According to the author's research

When it comes to the structure of companies from the sample according to the annual income in most cases - 68% are companies that generate 100,000,000 and more KM. Only 6% of companies whose annual revenues were up to 19,999,999 KM participated in the sample, but it is assumed that the other two criteria were fulfilled, given that they were on the website of the Financial Information Agency (FIA) of the Federation of Bosnia and Herzegovina. The structure of the company from the sample according to the annual realized income is shown in Graph 2 below.

Graph 2: The structure of the company from the sample according to the annual income
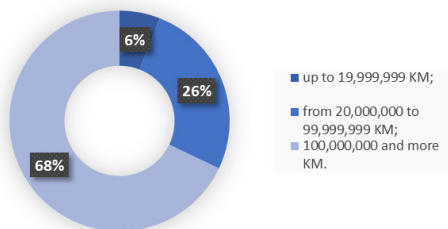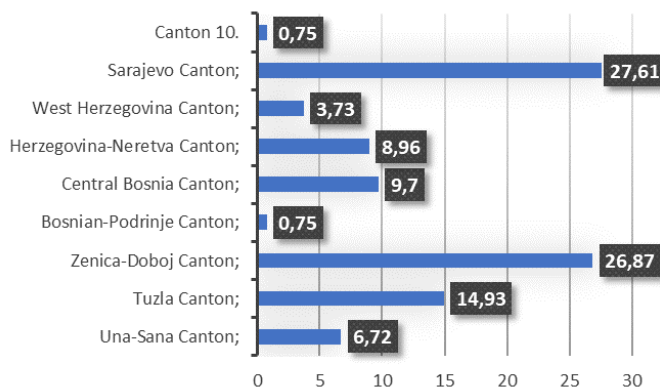

Source: According to the author's research

Graph 3: Structure of companies from the sample according to the number of employees
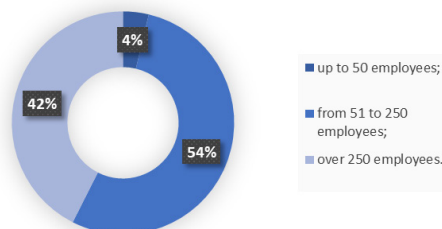
Source: According to the author's research

The analysis of Graph 3 shows that in most cases (54%) the sample includes companies with 51 to 250 employees, then in 42% of cases companies with over 250 employees, and only 4% of companies with up to 50 employees.

Graph 4 shows the structure of companies according to their distribution by cantons, where it is evident that in the sample in most cases there are large companies whose management is located in Sarajevo Canton (27.61%), then in Zenica-Doboj Canton in 26.87% of cases. The smallest number of large companies in the sample is from Canton 10 and Bosnia-Podrinje Canton, in only 0.75% of cases. The mentioned structure of companies by cantons is not worrying regarding the representativeness of the sample, since the largest number of large companies is geographically distributed in Sarajevo Canton, Zenica-Doboj Canton, and Tuzla Canton, so the largest number of respondents are from these geographical areas.

Graph 4: Structure of companies from the sample by cantons

Source: According to the author's research

Table 1 presents the average scores and standard deviations of the claims used to test Carroll's CSR framework. The indicators were evaluated by the managers of large companies from the sample on a scale from 1 to 5, expressing the degree of their agreement/disagreement with the offered statements. By analyzing the table, it can be concluded that the average scores for CSR economic activities range from 3.91 to 4.68, with the highest average score of 4.68 having the statement *"It is important to allocate resources to the company's ability to improve long-term profitability."* and standard deviation for the claim is 0.65.

Average scores for CSR legal activities range from 2.86 to 4.59, with the highest average score being seen in the statement *"Well-run companies strive to comply with all state laws and regulations."* From 4.59, while the lowest average score by respondents of 2.86 rated the statement *"It is to be expected from companies to sometimes violate some laws and regulations."*, which leads to the conclusion that managers of large companies perceive the legal activities of CSR as important in business.

The standard deviation for the mentioned claims is 0.74 and 1.34 respectively.

Table 1: Average scores of all individual claims for CSR activities

Proposed claims	Average grade	Standard deviation
The primary goal of the company is to make as much profit as possible.	4.59	0.80
Socially responsible companies strive to reduce their operating costs.	4.20	0.95
Companies should strive for the highest returns to their shareholders.	4.11	0.99
Businesses should not distract from their economic functions by solving social problems.	3.91	1.17
Companies should take advantage of those opportunities that will increase earnings per share.	4.48	0.74
Achieving the profitability goal should be a useful measure of corporate performance.	4.59	0.67
It is important to allocate resources to the company's ability to improve long-term profitability.	4.68	0.65
Well-run companies strive to comply with all state laws and regulations.	4.59	0.74
Companies must operate strictly within the legal framework of the company.	4.43	0.78
It is to be expected that companies sometimes violate some laws and regulations.	2.86	1.34
Businesses have to comply with all state regulations and regulations even though it can be expensive for them.	4.21	1.00
It is important that contract security is not neglected in order to complete or expedite the project.	4.35	0.87
Compliance with the law will be considered a useful measure of corporate performance.	4.14	1.05
Businesses should provide goods and services that at least meet the minimum legal requirements.	4.53	0.800
Businesses should not compromise the ethical norms of society in order to achieve corporate goals.	4.57	0.87
Socially responsible companies always do what is right, fair and just.	4.27	0.89
Businesses should avoid causing harm at all costs.	4.55	0.75
It is important to act in a way that is in line with the expectations of social customs and ethical norms.	4.42	0.83
It is important to recognize that goals do not always justify resources.	4.47	0.84
When securing a new job, promises are not made that cannot be fulfilled.	4.52	0.89
Compliance with the norms, customs and unwritten laws of society should be seen as a useful measure of a company's performance.	4.36	0.88
Businesses need to provide resources to the community.	4.17	1.07
Socially responsible companies strive to ensure the improvement of the local community.	4.48	0.83
Businesses should actively promote volunteering and charitable activities in local communities.	4.21	0.98
Businesses need to allocate resources to support culture and the arts.	3.89	1.13
It is important to monitor new opportunities that will improve the company's ability to help solve social problems.	4.12	1.03
Philanthropic activities should be seen as a useful measure of a company's performance.	3.83	1.17
It is important to volunteer to help those projects that improve the 'quality of life' in the community.	4.44	0.83

Source: According to the author's research

Analyzing table 1, it can be concluded that the average scores for statements related to CSR ethical activities range from 4.27 to 4.57, which leads to the conclusion that managers perceive them as extremely important, and the highest average score of 4.57 is rated the statement *"Companies should not jeopardize the ethical norms of society in order to achieve the goals of the company."*, and the standard deviation is 0.87. Average ratings of claims for CSR philanthropic activities range from 3.83 to 4.48, and the analysis of table 1 shows that the highest average score is *"Socially responsible companies seek to ensure the improvement of the local community."*

Of 4.48, the standard deviation is 0.83.

The lowest average score of 3.83 is observed in the statement *"Philanthropic activities should be viewed as a useful measure of a company's performance."*, with a standard deviation of 1.17. High average scores for all offered statements, which are mostly above grade 4, imply that respondents perceive all CSR activities as important to extremely important, which leads to the conclusion that they partially or absolutely agree with them.

The average scores for each individual corporate reputation claim are shown in table 2 below. The inspection of the table shows that the average ratings of claims for the company's reputation range from 4.08 to 4.52, with the highest average rating of 4.52 rated claims *"Our company stands behind its products and services with good price and good quality, which suit customers."* and *"Our company treats customers politely, communicates with them and takes care of their safety and health."* (sd = 0.77; 0.76, respectively).

Table 2: Average ratings for each individual reputation claim

Proposed claims	Average rating	Standard deviation
Our company actively and voluntarily contributes to the social, economic and environmental improvement of society.	4.19	0.90
Our company stands behind its products and services with good price and good quality, which suit customers.	4.52	0.77
Our company treats customers politely, communicates with them and takes care of their safety and health.	4.52	0.76
The company I work for creates respect and admiration in the public.	4.08	0.96
Our company is recognized in the market.	4.35	0.88
Our company has excellent leadership.	4.22	0.95
Our company is innovative and as such is presented to the public.	4.09	0.93
Our company is attractive for employment, thanks to its infrastructure, such as work environment, convenience and good relations with its employees.	4.21	0.93

Source: *According to the author's research*

In order to check whether there is a positive correlation between the economic activities of corporate social responsibility and the reputation of large companies, Spearman's correlation coefficient was calculated. The result of the analysis shows that there is a statistically significant correlation (rs = 0.3229; p = 0.0001 <0.05), which means that there is enough evidence that we do not accept the null hypothesis in favor of the alternative - that is, managers of large companies in the Federation of Bosnia and Herzegovina perceive a positive connection between the economic activities of corporate social responsibility and reputation. Furthermore, there is a positive statistically significant correlation between the legal activities of corporate social responsibility and the reputation of large companies in the Federation of Bosnia and Herzegovina (rs = 0.2661; p = 0.0019 <0.05), so there is enough evidence not to accept the null hypothesis in favor of alternative - therefore, managers of large companies in the Federation of Bosnia and Herzegovina perceive that there is a connection between the legal activities of corporate social responsibility and reputation.

Furthermore, the calculated Spearman's correlation coefficient for ethical activities of corporate social responsibility and reputation shows that there is a positive and statistically significant correlation, so in the case of the third hypothesis, it can be concluded that there is enough evidence not to accept the null hypothesis in favor of alternative (rs = 0.2854; p = 0.0008 <0.05), which implies that managers of large companies in the Federation of Bosnia and Herzegovina perceive that there is a connection between ethical activities of corporate social responsibility and reputation. There is a positive and statistically significant correlation between philanthropic activities of corporate social responsibility and the reputation of large companies (rs = 0.2492; p = 0.0037 <0.05), so even in the case of the fourth auxiliary hypothesis there is enough evidence not to accept the null hypothesis in favor of alternative, that is, the result of the correlation leads to the conclusion that managers of large companies in the Federation of Bosnia and Herzegovina perceive that there is a connection between philanthropic activities of corporate social responsibility and the reputation of the company. The results of the calculated correlation coefficients provide sufficient evidence that leads to the conclusion that the reputation of large companies is associated with corporate social responsibility activities, which are synthesized through economic, legal, ethical and philanthropic activities. The results of Spearman's correlation coefficients are shown in table 3 below.

Table 3: Results of the analysis of Spearman's correlation coefficient

REPUTATION (dependent variable) vs. CSR ACTIVITIES (independent variables listed in rows)	Significance level Prob > | t |	Spearman's rho	Evaluation (comment)
CSR economic activities	0.0001	0.3229	YES, there is a statistically significant weak to a moderate positive correlation between the observed variables.
CSR legal activities	0.0019	0.2661	YES, there is a statistically significant weak to a moderate positive correlation between the observed variables.
Ethical activities of CSR	0.0008	0.2854	YES, there is a statistically significant weak to a moderate positive correlation between the observed variables.
Philanthropic activities of CSR	0.0037	0.2492	YES, there is a statistically significant weak to a moderate positive correlation between the observed variables.

Source: *According to the author's research*

Based on the results of the nonparametric test, it can be concluded that there is a statistically significant positive correlation, according to managers of large companies, between economic, legal, ethical and philanthropic activities of corporate social responsibility and company reputation, therefore operative research hypotheses were confirmed (p = 0.0001; 0.0019; 0.0008; 0.0037; respectively, which is <0.05). In this regard, the general hypothesis of the research was confirmed that *"Managers of large companies in the Federation of Bosnia and Herzegovina perceive that there is a connection between corporate social responsibility and reputation."*

The results of the study are consistent with research by Mahonet and Thorne (2005) whose study found that managers perceive long-term success to be positively associated with CSR and environmental awareness (Mahonet and Thorne, 2005). Also, the results of the research are consistent with the Boonpattarakan study (2012) where it was shown that CSR policy can affect the brand image and the company in general. The results of the research on the positive relationship between corporate social responsibility and reputation are in line with the research of Brammer and Millington (2005) who analyzed the existing relationship between CSR activities and corporate reputation, and concluded that companies in the observed sample viewed the high level of philanthropic activities as socially responsible, and therefore had a higher level of reputation compared to those companies that had a slightly lower level of philanthropic activities.

5. CONCLUSION

The results of the research show that managers of large companies in the Federation of Bosnia and Herzegovina perceive that corporate social responsibility activities, expressed through economic, legal, ethical and philanthropic activities, are related to the company's reputation, which can be an opportunity for companies recognizing implementation. The general aim of the work was achieved - the perception of managers on the connection between the activities of corporate social responsibility and the reputation of companies in the Federation of Bosnia and Herzegovina was examined. The basic conclusion that emerged from the paper refers to the positive perception of managers about the connection between the activities of corporate social responsibility and reputation. Therefore, in large companies in the Federation of Bosnia and Herzegovina, it is possible to plan and adopt socially responsible activities, because general managers understand the importance of planning and implementing socially responsible activities that lead to creating a positive reputation of the company.

The main limitations of the research are the inability to contact a number of large companies in the Federation of Bosnia and Herzegovina, due to lack of contact information. It is also important to point out that the research covered only the perception of managers about the connection between corporate social responsibility and reputation, therefore the subject of the research was not the (non)presence of socially responsible activities in large companies in the Federation of Bosnia and Herzegovina. The research did not include other determining factors that are closely related to corporate social responsibility, which affects the reputation of large companies in the Federation of Bosnia and Herzegovina.

Given that corporate social responsibility is extremely attractive for research, the topic is complex enough and enough space is left for further research. Some of the recommendations for further research are to expand the sample from large companies to medium-sized companies, to allow the application of more statistical analyzes, and there is justification for examining determinants that affect the planning, implementation and control of corporate social responsibility in Bosnia and Herzegovina and/or region.

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POVEZANOST DRUŠTVENO ODGOVORNOG POSLOVANJA I REPUTACIJE PREDUZEĆA U FEDERACIJI BOSNE I HERCEGOVINE

SAŽETAK

Neosporno je da društveno odgovorno poslovanje (DOP) zauzima važno mjesto u menadžerskoj praksi, ali i u akademskim krugovima. Zbog jačanja konkurencije među preduzećima i stalne potrebe da preduzeća budu održiva u tržišnom i inovativnom smislu, postaje jasno da je potrebno integrisati društvenu odgovornost u poslovanje preduzeća. Aktivnosti društveno odgovornog poslovanja, koje će biti predmet analize, teoretski se sintetiziraju u obliku ekonomskih, pravnih, etičkih i filantropskih aktivnosti. Navedene aktivnosti društveno odgovornog poslovanja bi trebale voditi ka izgradnji pozitivne reputacije preduzeća. Reputacija je neopipljiva, ali dugoročna investicija. U savremenoj ekonomiji, u kojoj je zbog brzine prenosa informacija jako teško nešto prikriti, izgradnja reputacije se posmatra kao jedan od osnovnih izazova svakog preduzeća.

Predmetnim istraživanjem se u fokus stavlja povezanost aktivnosti društveno odgovornog poslovanja sa reputacijom velikih preduzeća u Federaciji Bosne i Hercegovine. U radu je analizirana percepcija menadžera o povezanosti aktivnosti društveno odgovornog poslovanja velikih preduzeća u Federaciji Bosne i Hercegovine sa njihovom reputacijom. Dakle, osnovni cilj rada je ispitati percepciju menadžera o povezanosti između aktivnosti društveno odgovornog poslovanja i reputacije preduzeća u Federaciji Bosne i Hercegovine.

Ključne riječi: *društveno odgovorno poslovanje, reputacija*

JEL: *M14, M31*