

Abstract

This bachelor thesis analyzes corporate behavior that goes beyond the firm's economic duties and legal obligations. First of all, it studies the economic rationality of the concept of Corporate Social Responsibility (CSR). The empirical part of this work analyzes socially responsible behavior in the Czech Republic. Its main focus is the relationship between the firm's level of CSR engagement, the type of ownership and the kind of industry it operates in. It turns out that foreign companies with low marginal costs and a homogeneous product are among the most active ones. Furthermore, the nature and the time trend of CSR expenses are examined, especially in relation to the recent economic crisis. A surprising conclusion is made that the level of expenditures on corporate philanthropy are not significantly influenced by firms' current profits.

The last two parts are dedicated to a theoretical model of interaction between the firm and its stakeholders. Using the tools of game theory it is proven that even the infinitely repeated game usually yields a socially suboptimal result. However, the existence of official codes of conduct among firms can have a genuinely positive effect on the level of business ethics.