

# Chapter 8

## Corporate Sustainability and Responsibility and Disaster Risk Reduction: A Serbian Overview

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### ABSTRACT

*Numerous risks in global community represent significant risk for the future sustainable development. Serbia is exposed to various risks and international help is sometimes needed. This paper presents limitations of Serbian emergency services, business community, as well as insurance and reinsurance market, in the process of reducing environmental risks in disaster. Serbian environment is vulnerable because of irresponsible behavior of some parts of industry sector. They do not apply the concept of corporate social responsibility in a greater scope. Analysis of the data presented in the paper show that there is a lot of room for improvement despite some positive changes in business community and recent efforts in the process of disaster risk reduction. In Serbia there is obvious need for adaptation of the widest contemporary concept of Corporate Sustainability and Responsibility perspective: CSR 2.0. This concept will contribute to increasing of organizational competitiveness and more adequate response of stakeholders to disaster.*

### INTRODUCTION

In the 21<sup>st</sup> century the world started to be a risky place for doing business. The world economy is precariously balanced between continued recovery and a third leg of the global financial crisis, according to the leading economists attending the World Economic Forum in Davos in 2016 (Giles, 2016). In various important documents and guidelines, there is a special content regarding the new emerging role of business community in the area of disaster risk management. As a new challenge, scientific community has created a wider concept which raises awareness on responsible behaviors in the global arena. Therefore,

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the new concept of corporate sustainability and responsibility (CSR2.0) engages business community to become more socially and environmentally responsible “citizens” in the process of their profit-making activities (Camilleri, 2015). The justification of CSR2.0 could be absolutely evident in many examples of the business community actions in the area of disaster risk reduction. The examples of this action vary regarding the different characteristics of disaster itself.

The Republic of Serbia, as a part and the legal successor of the former Socialist Federal Republic of Yugoslavia, is a transitioning country in the process of belated privatization of public companies, where multinational and regional businesses have yet to make major investments. The research carried out recently uncovered many different views about how business community is responsible for safety, and how it must be included in the action of policy makers, government agencies and other interested parties.

Because the CSR2.0 and disaster management are closely connected issues, the author chose this linkage as the main objective of this chapter. In Serbia there has been much discussion about partnerships between the private, public and non-profit sectors to reduce the impact of disasters, but there is little understanding of what this means in practice and still less of how to go about it. Serbia is not an individual case. Similar cases are noted in the neighbouring countries. In South East Europe the countries and populations are closely connected by sharing disaster risks and common traditions in disaster response. Cooperation and coordination of efforts are the most valuable factors of adequate response in disasters which do not recognize borders. Some of the cases which gain the great attention of the world public are the environmental disasters like Baia Mare cyanide spill in 2000, Red Sludge Spill in Hungary in 2010, and the last less in scope, but also very dangerous due to its toxicity the one which happened in the Serbian mine “Stolice” near the town of Krupanj. In these disasters, the direct damage to society has been enormous in terms of death, injuries, and property losses and environmental damage. Every one of these disasters were followed by inadequate preparedness measures in companies despite the expectation and sometimes even directly warning of influential environmental organization like Greenpeace (for red sludge in Ajka), and many others.

The main objective of this chapter is multidisciplinary and needs to be discussed among the experts from various fields. The methodology used in the chapter to study the importance of the CSR2.0 as an integral part of disaster management is coherent with social science approaches: historical analysis, comparative analysis, and document analysis and case study.

The organization of the chapter is divided into several parts. The first part stands introduction, followed by the background of the research issue. In the next part there is a short history of the CSR in Serbia and the current organization of the disaster management system in Serbia. The next part is a discussion about the reactions of the organizations in disaster, specifically in environmental disaster so often in the Republic of Serbia. A part of the paper is devoted to a specific case study aimed at illustrating the failures of the CSR2.0 at the “Stolice” mine disaster in Serbia. In the last part a set of suggestions are proposed and discussed for the future improvements of the CSR2.0 in environmental emergencies and overall security in the Serbian society. After that there is a short conclusion in which the author addressed the fact that the concept of corporate sustainability and responsibility is pretty novel in Serbian practice, but it had to be adopted in practice urgently. At the end of this chapter the list of used references will be provided.

The main objectives of this chapter are as follows:

- To illustrate the challenges Serbia is facing in order to create the conditions needed for implementation of adequate corporate sustainability and responsibility approach in disaster risk reduction area, especially in case of environmental emergencies;

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