Social Responsibility of Organizations
Directions of Changes
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edited by
Magdalena Rojek-Nowosielska
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Introduction

Changes in different aspects of our life that we witness do not omit the corporate social responsibility (CSR) area. Thus, it is impossible to omit a new approach to defining the above-mentioned concept, initiated by the European Commission. The new definition of corporate social responsibility does not underline the voluntary way of taking part in social initiatives (“companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” – COM (2006) 136), but directly indicates “the responsibility of enterprises for their impacts on society” (COM (2011) 681).

The change in defining the CSR concept can be related to Visser’s view of CSR. He defined CSR stages by applying IT nomenclature and using the 1.0 and 2.0 abbreviations (as CSR 1.0 and CSR 2.0) to determine the newer version of CSR and emphasizing a certain continuity with the previous one. He mentioned and described also the possible changes in the CSR area and defined five stages that are determined by the economic age of an enterprise.

Obviously, although the stages that Visser proposed have their logical continuity (age of greed, philanthropy, marketing, management and finally responsibility), it will not be easy in economic everyday practice to unequivocally identify the current level of development of CSR on a global scale. There are visible large development disparities even on the Polish territory, not to mention a larger scale.

Therefore, it is worth asking about the future directions of CSR development. The reference point (at least on the European scale) can be the renewed EU strategy 2011–14 for Corporate Social Responsibility. It mentions, among others, the need to enhance the visibility of CSR and disseminate good practices, improve and track levels of trust in business, improve company disclosure of social and environmental information, integrate CSR into education, training and research, emphasize the importance of national and sub-national CSR policies.

In response to such a task (especially in relation to the need for integrating CSR into education and research), I present with pleasure the Research Papers of Wrocław University of Economics, which is a set of Polish perspective on selected current and future problems in the area of CSR.

At this point I wish to address my thanks to the reviewers of the Research Papers, whose efforts in the form of comments and suggestions expressed in the reviews contribute also a special part to the CSR discussion held on the pages of the current volume.

Magdalena Rojek-Nowosielska
Summary: Following the publication of the book *What Money Can’t Buy: The Moral Limits of Markets* by Michael Sandel, the authors – an economist and an ethicist – explore the etymology of the term “value” and analyze the change of its meaning that occurred during the Enlightenment. The three cases of socially pathological phenomena analyzed in the text are the basis for the formulation of the idea that only a profound, widespread debate over the importance of the role of social responsibility in restoring the humanistic aspects of values may prevent the moral erosion of society. The shallow understanding of social responsibility as fulfilling the obligation to construct codes of good practice and as charitable actions is often not sufficient today. A widespread debate, conducted with full respect for the positions of each party, is necessary. Such a role may be adopted by a broad concept of social responsibility. In this article, a genetic-historical method was used in order to achieve the proper understanding of the term “value,” as well as a case-study method, which deals with conglomerates of phenomena and not with their individual manifestations.

**Keywords**: value, social responsibility, free market, market society.

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1. Introduction

The aim of this article is to reflect on the questions posed by Michael Sandel in his book *What Money Can’t Buy: The Moral Limits of Markets* [Sandel 2012]. It is intended to be a presentation of the attitude of an economist and an ethicist, which is the result of many heated discussions, which are still waiting for a resolution. Similarly, M. Sandel does not give a definite solution for the pathological phenomena presented by him, observed in his cultural circle, but his desire is to stimulate discussion.
Examples of pathological phenomena of Polish social life, described in the article, are supposed to lead to a consensus of the economist and the ethicist: a consensus that would help us find such a plane of social co-existence on which the nineteenth-century (although it has its roots back in the Enlightenment) idea of the free market (from which it is impossible to escape) would function together with the inevitably developing market society, one of whose parents is what Zygmunt Bauman calls “liquid modernity” [Bauman 2000]. Such a goal of the article out of necessity poses a question about the sense of such disputes.

In 1997 the daily paper Rzeczpospolita published an article in which we can find the following sentence: “(...) one of the major reasons for the collapse of morality is the establishment of ethics by corporate actors of the social scene, institutions, authorities, political parties and the state. They are equipped with everything which is necessary for the efficient operating, with the exception of any moral authority, recognition of suffering, compassion or conscience. The creators of contemporary ethics are moral zombies” [Grzybowska 1997]. Today, 17 years later, moral zombies, for an ethicist, have only put on masking makeup; for an economist they may be the object of admiration and awe.

2. Values

It is possible to look at values in two ways: as a feature of a thing or as a virtue describing a man in the world and in relation to the world. In the first case, we are dealing with an economic reflection, in the second – an ethical one. It happens that these views are identical and then we are dealing with an ideal situation; it also happens otherwise.

In an opinion-forming journal Harvard Business Review, the President of the pharmaceutical giants describes the actions he has taken in order to develop the company after the expiry of patents on the blockbuster drugs [Jimenez 2012]. An expiry of patents means huge losses for a pharmaceutical company: it stops one’s monopoly in the production of the specific molecule and practically all other companies can produce it (so-called generic drugs). From the economic point of view, the article is a paean of praise to the development strategy adopted by Joseph Jimenez, changes in communication within the company (flattening the organizational structure), teamwork. It is true that nothing original was presented there, although the multiplicity of activities related to the management changes (known to economists) really deserves some respect. It is a pity that the world described by the President of the Novartis group was limited to the interior of the organization, overlooking the important company’s stakeholders – patients.

We find out that the blockbuster drugs generate enormous profits, which are exactly the point. Probably so – to maximize profit is considered by some to be the goal of an enterprise. However, one action described by the President of Novartis company is an example of violation of other values: those that long ago, before the Enlightenment way of thinking, were the relation of man to the world.
Ewerolimus, a molecule which Novartis spent a lot of time and resources researching, was supposed to be a drug for patients diagnosed with malignant neoplasm of kidney. The President of Novartis writes without any embarrassment that there was no economic use in the introduction of this drug for such a small group of patients, but it turned out that the substance can be a cure for women with advanced breast cancer. Profit maximization: introducing a drug to the market with an indication for the largest group of patients – women with breast cancer. A surprising argument: what is more profitable is the production of a drug for the largest group of patients, but not for the group for whom the molecule was developed and synthesized. Writing this, Joseph Jimenez has probably forgotten that “Doing business responsibly. This is a core part of Novartis. We care for our associates, strive it positively contribute to the communities where we live and work, and protect the environment. We conduct business ethically, Maintaining a Code of Conduct and governance system is the ensure our associates uphold our values.” The issue is not that the drug was introduced for a larger group of patients, but the argument: for profit, or actually to reduce the company’s losses due to the expiry of patents. Makeup of a “moral zombie” vanished in the argument: drugs are supposed to bring “huge profits.” The pursuit of profit often takes away the value from the qualities that not so long ago were considered precious: sincerity, honesty, fairness. Greek term for value – \( \eta \alpha \xi a \) (\( khe \ axia \)) – meant, \textit{inter alia}, “dignity,” “merit,” “moral value,” “appraisal.” In the antiquity, followed by the Middle Ages and especially the Renaissance, in “values” people looked for a possibility to participate in social and political life, pursue their passions for the public good. That was until the time when Benjamin Franklin said his famous line: “time is money.”

It seems that the change in the meaning of value is due to the belief in the omnipotence of reason. From the lofty ideals of a citizen serving his or her country, whose model of values we find already in Solon’s writings [Gajda 1992], we come to a model of values that does not meet the needs of a citizen, but simply a specific, individual human.

It is not the right time for reflection when the value ceased to be a quality of a human and became a feature of money, which in turn became the measure of value. It should be recalled that the primary area of M. Sandel’s interest is justice, which is undoubtedly the basis for proper social relationships [Sandel 1982]. In his deliberations on John Rawls’s book with a telling title \textit{Theory of Justice}, important for the theory of justice, M. Sandel distinguishes three currents of debate on politics and the state: according to one of them, the state should remain neutral, according to the second one, the state should conduct a policy of redistribution and the third is a confrontation between utilitarianism and liberalism. Parallel to these three currents of debate on justice and, in consequence, state policy, we can distinguish at least three major ethical attitudes: the ethics of duty, having its strongest resonance in the thought of Immanuel Kant, ethics of virtues, presented by A. MacIntyre and utilitarian ethics, which is represented by e.g. J.S. Mill. Among the multitude of attitudes regarding
ethics and politics of the state (and eventually the economy), it is difficult to reach a common ground. Therefore, one must agree with M. Sandel that “By putting the self beyond the reach of politics, it makes human agency an article of faith rather than an object of continuing attention and concern, and the premise of politics rather than its precarious achievement. This misses the pathos of politics and also its most inspiring possibilities. It overlooks the danger that when politics goes badly, not only disappointments but also Dislocations are Likely to result” [Sandel 1982].

3. Polish case study

As already indicated, corporate social responsibility programs, at least in the case described, can be very far from the motivations that guide corporate managers in their daily work. Often treated as necessary evil, they burden companies financially [Porter, Kramer 2011]. In turn, questions about the limits of the values which are put up for sale, posed by M. Sandel, are becoming increasingly popular. For what is responsibility if not respecting the law and moral norms, and particularly the common good? In 2006, the great Polish philosopher, Barbara Skarga, asked: “What happened to Polish society, why such a deep erosion of morality occurs, why the sense of value of our own, recently regained, country is disappearing, the authority of the state is being destroyed or usurped, by subjecting the common good to the narrow interests of political parties?” [Skarga 2007]. In turn, Leszek Balcerowicz wrote seven years earlier: “I believe that a profit achieved in fair competition with respect for human dignity deserves high moral judgment. A loss due to mismanagement, which is a burden to other people, should deserve moral reproach” [Balcerowicz 1999]. These two positions are quoted here intentionally: they reflect the general views of the authors. Based on them, we shall take a look at phenomena that have nothing in common with social responsibility.

3.1. Social (ir)responsibility in healthcare

The current healthcare system in Poland is so complicated that it is even difficult to describe how and why the ophthalmic ward of one of the major entities operating in the system of public financing of healthcare was deprived of the public funds in September 2013. The National Health Fund stated that violations of the law took place in the hospital: patients co-paid for medical services for which the NHF already paid. To make the issue more complicated, the Polish legal order does not consider co-payment by the patient, and in Poland there is no culture of medical practice standards. At the end of 2013, the hospital regained the contract by taking advantage of a legal loophole.

The patients were asked, usually immediately before surgery, whether they will co-pay for a better-quality intraocular lens, or they want the hospital to implant a “worse” one under the agreement with the NHF. It should be emphasized that
patients with a diagnosis of cataract in Poland are in most cases in advanced age and their awareness of medical procedures is very limited. So it is not difficult to convince them that the NHF does not pay for a better lens, which is not proper proceedings because of the above-mentioned lack of standards: the National Health Fund does not indicate the quality of a lens, and there are many types of lenses on the market.

Such behavior is quite common among the ophthalmic wards of non-public hospitals and caused a very heated debate: Can people co-pay or they cannot?

It is not important who and where, but why: charges for lenses were introduced for “the patient’s sake” and because the allegedly low level of the NHF funding for treatments. With regard to the first argument, one should ask whether the patient has agreed to co-payment while being well-informed; with regard to the second argument – the Polish valuation of the procedure was comparable to the German one and higher than the Czech one.

In 2000, at the beginning of the new, insurance-based system of healthcare, it was evident that the patient does not co-pay for any services – the system was introduced for that purpose. On the other hand, hospitals at that time were mostly public. What can we say about the development of social responsibility in the healthcare system in the given example? For an ethicist, the system is unclear, devoid of standards; moreover, patients are not properly informed about applicable procedures. As one of the leading Polish bioethicists wrote, “Doctors who have virtues, do not need codes, and doctors who do not possess virtues, will not be able to present genuine concern for the ideals of medical ethics...” [Łuków 2012]. This is what happens to codes of good practice: they cannot make a difference if recipients, especially those who have to observe them, will not be able to find in themselves the values that relate to a human being, not an object or phenomenon.

The economist’s attitude is a little different: a company generates a profit without demeaning a customer – a patient; therefore, in the absence of a standard, there is nothing wrong. A company pays taxes and employs staff, so it works properly. Nothing more, nothing less.

A similar problem does not occur in the United States: American doctors have probably the best constructed base of standards of medical practice and American patients have an army of lawyers, ready to sue a doctor for the slightest violation of the standards. However, there is something in the US healthcare system that outraged M. Sandel: the queues. The queue for a GP is several weeks or even several months of waiting for a ten-or-fifteen-minute visit, during which a doctor does not have much time to get to know their patient. As M. Sandel wrote, the solution to the problem of queues for GPs in the United States is concierge medicine, involving payment of a sufficiently high premium to insurance companies. What shocks the author of What Money Can’t Buy is the increasing impact of the market on those areas of life that used to be regulated by non-market norms [Sandel 2012].
3.2. Social (ir)responsibility in education

“They treat us like waiters: bring knowledge on a tray, because they’ve paid for it, and they put little effort into its acquisition” – the authors have often heard such an opinion about students who pay for their education and it is not completely untrue. Let’s go back to ancient Greece: the transfer of knowledge in exchange for money was considered an undignified occupation, as evidenced by the classical Greek word η μαθηματοπολική (khe matkhematopolike), which means trading knowledge, peddling knowledge. Maybe that is why to this day the term “sophist” is burdened with negative meaning, because the pre-sophists asked for money for tuition. On the other hand, in the Middle Ages, when universities were being born, there was no obligation for students to pay fees.

Just as “free” healthcare, so “free” education was supposed to be one of the main achievements of socialism; when the Polish economy stopped being a shortage economy, it turned out that it is good to have additional qualifications and above all, an appropriate college degree. Today it is likewise, although on a much smaller scale.

The description of the case will be short: two-semester postgraduate studies, a prestigious university, great Polish academics. The condition of graduation was to attend classes, take a final exam, and of course money. One student participated in twenty percent of the classes, did not take the exam, but he or she dutifully paid the tuition fee. When he or she asked if he or she could pass the final exam, he or she heard: “Is a four enough for you?” The answer was obvious: “Yes.” He or she did not have to take the examination... In such a way you can get your qualifications, at least to put them in your curriculum vitae.

This case would be an example of an exceptional insolence of a student and greed of a college, if not for the fact that today almost everything is for sale, even the social responsibility of universities.

3.3. Social (ir)responsibility in... the queue

M. Sandel devoted much space to “hopping” queues, a phenomenon that to us, brought up in the ancien régime, seemed fundamentally wrong and we enjoy the fact that there are no more queues for carp, sugar, chocolate or shoes. We remember a country in which – it sounds nice and smart today – the shortage economy did not allow us to breathe. “The Homeland is a nice word, but what it is for someone who doesn’t see any hope in their place of birth, even on the furthest horizon, who does not feel confident here for one’s property, or one’s health (...). What is the homeland for someone who does not feel at home, who has lost their faith that they can will build a home here?” [Śpiewak 1987]. This statement was published when we were taught about the certain future success of the three-stage economic reform of General Wojciech Jaruzelski.

The queues back then were a nightmare: the waiting list, social committees for queues, checking attendance. One could not jump a queue: the one who joined it had to wait their turn. The acquired goods were later re-sold – but the phenomenon of
hiring people to stand in lines was rather marginal: whatever was bought, could be sold easily, if one waited for the best opportunity.

Line standers were a sad picture of that time, but it also had something human, something worthwhile: the encounter of a human with another human. In queues people had conversations, got to know one another, made friends. A line formed a community waiting for something better.

Another example: people who form a specific group, typical for a car park in every big city in Poland. Free parking space is besieged by those who will be occupying it with their own bodies, and for a small fee they will let them to “drivers in need.” Car owners know well that not paying the fee may result in serious damage to the paintwork of your vehicle, so there is an obvious economic exchange, beneficial to both contracting parties.

It seems that the phenomenon of line standers from the Polish perspective has to be divided into three types:
1. line standers necessary due to the shortage economy: this phenomenon had a culture-creation element;
2. car park line standers;
3. professional line standers who act to somebody’s order or just do their job.

In the third case we are dealing with a deviation of the phenomenon that M. Sandel calls the ethics of the queue: “We’ve considered several ways of paying to cut in line: hiring line standers, buying tickets from scalpers, or purchasing line-cutting privileges directly from, say, an airline or an amusement park. Each of these transactions supplants the ethic of the queue (waiting your turn) with the ethic of the market (paying a price for faster service)” [Sandel 2012]. What’s wrong with that? After all, time is money.

But let us consider the car park line standers: usually these are people with visible signs of addiction, not being able to cope with the surrounding reality of the market society. What happened to a human – a value in itself? Where is today the side of values in which we may live socially, support each other to make our world a better place? Can we still speak of the development of social responsibility here? Which pharmaceutical company includes in its code of good practice some aid for those car park line standers? It is a rhetorical question.

The three demonstrated examples happening here and now: undue charges in hospitals, a diploma for money and the obviously socially excluded car park standers, clearly show that the unwanted child of the free market – the market society – is trying to cover its face of a moral zombie with a robe of the code or charity actions, because this is the easiest way to demonstrate their social responsibility. Such social responsibility in which values are people’s virtues and not features of objects, it is much harder to speak of and even harder to implement it. But the authors would like to believe that a profound debate on social responsibility in Poland will begin to rise. Just as in the USA M. Sandel stimulates questions and debates about the market and its relationship with ethics.
4. Conclusion

At the beginning of July 2014, Prof. Michael Sandel came to Poland. His lecture at the University of Warsaw and interviews which he gave, caused the authors to take the challenge posed by his latest book. The Professor has somehow renewed the discussion between the authors: free market or values and virtues coined in the Antiquity. The three cases of social pathologies mentioned above would have been unthinkable if the culture of honor or gentlemen’s agreement had not been replaced by a selfish desire of the people around us to maximize their property.

An economist and an ethicist will always be divided by their political views and outlook on the economy. However, M. Sandel pointed out the significant importance of what the authors have always tried to hold on to: to respect differences of opinion and learning a new outlook on the world around us.

The development of social responsibility takes place in free market conditions, in fact, in the market society; according to M. Sandel, the golden era of the free market and the boundless faith in its omnipotence began with the deconstruction of the socialist system in the eighties and ended with the financial crisis of 2008 [Sandel 2012]. That golden era of the free market was preceded by rejecting virtues for values as qualities of things and by the acceptance of reason as the ultimate determinant of phenomena around us. We were able to procure a market society, whom M. Sandel reminds today: “The question is how to get the best results from the market economy, but at the same time not to allow markets and market mechanisms to displace other, non-market values: in the family, in the society, in education, in health service, in civic activity. The point is to strengthen the non-market values that are important to us.”

The authors deeply believe that discussions in the context of deliberation on the role of social responsibility will help to restore awareness that there are values inexchangeable for time and money.

References

Values in the market society and valuation on the free market


**WARTOŚCI W SPOŁECZEŃSTWIE RYNKOWYM I WARTOŚCIOWANIE NA WOLNYM RYNKU**

**Streszczenie:** Po opublikowaniu książki Michaela Sandela *Czego nie można kupić za pieniądze* autory – ekonomista i etyk – docierają do źródeł terminu „wartość” i analizują zmianę jego znaczenia, jaka dokonała się w epoce oświecenia. Analizowane w tekście trzy przypadki zjawisk społecznie patologicznych stanowią podstawę do sformułowania poglądu, że tylko powszechna debata nad pogłębonym znaczeniem roli odpowiedzialności społecznej w przywróceniu humanistycznych aspektów wartości może zapobiec erozji moralnej społeczeństwa. Płytkie rozumienie odpowiedzialności społecznej jako dopełnienia obowiązku konstruowania kodeksów dobrych praktyk czy podejmowania działań charytatywnych jest dziś niewystarczające. Konieczna jest powszechna debata prowadzona z pełnym poszanowaniem stanowisk każdej ze stron. Taką rolę może przyjąć szeroko rozumiana koncepcja odpowiedzialności społecznej. W artykuł posłużono się metodą genetyczno-historyczną w celu dotarcia do właściwego rozumienia terminu „wartość” oraz metodą *case study*, której przedmiotem są konglomeraty zjawisk a nie ich pojedyncze przejawy.

**Słowa kluczowe:** wartość, odpowiedzialność społeczna, wolny rynek, społeczeństwo rynkowe.
THE PREMISES FOR CORPORATE SOCIAL RESPONSIBILITY IN INSOLVENCY PROCEEDINGS

Summary: Corporate social responsibility concept is frequently discussed in the literature in the context of its positive impact on the value creation and the company’s long-term development. However, it can also be applied with regard to companies facing bankruptcy. Perceiving bankruptcy as a social problem allowed formulating the objective of the research presented in the paper, which is to present the premises for CSR concept in insolvency proceedings. The analysis of the domestic and foreign literature on the subject together with appropriate legislative documents allowed stating that CSR is used in the insolvency proceedings practice. Such an approach is consistent with the idea of the institution of insolvency, which is based on the socially responsible distribution of losses between the stakeholders of a bankrupt company or on the verge of bankruptcy. The paper contributes to the scarce literature on the implementation of corporate social responsibility assumptions in insolvency proceedings. It also discusses the stakeholder theory and attempts to relate it to insolvency proceedings practice, as well as indicates the direction of changes which may have a positive impact on the socially responsible conduct of these processes.

Keywords: corporate social responsibility, bankruptcy, insolvency proceedings, stakeholder theory.

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1. Introduction

The model concept of corporate social responsibility (CSR) as proposed by Carroll [1979, p. 500] includes economic, legal, ethical and discretionary (volitional) responsibilities. This model assumes the need for doing business in the way that generates profits necessary for a company to continue operations and develop (economic responsibility) [Rojek-Nowosielska 2011, p. 33]. It can, however, be expected that
The premises for corporate social responsibility...

the CSR concept also applies when a company is not profitable or even on the verge of bankruptcy.

It should be stressed that the problem of CSR in relation to the companies at risk of bankruptcy is not common in literature where the concept is mostly discussed in terms of its positive impact on the value creation and company’s long-term development. Banasiewicz [2011, p. 79], referring to the ten phases of the organization’s life, clearly indicates that there are no manifestations of CSR at the tenth phase, death, which is a stage likely to “continue or occur suddenly.” Yet, according to the author, “it is to be hoped that organizations will realize that their socially responsible actions may help them to avoid the decline phase-death” [Banasiewicz 2011, p. 82].

It is important to note that in The Polish Bankruptcy and Reorganization Law the word “insolvency” means not only liquidation of debtor’s assets, but also bankruptcy with a possibility of making a settlement [Ustawa z 28 lutego 2003 r.]. The purpose of this type of insolvency proceedings is to restructure a company and restore its full ability to continue operating. Nearly 20% of the bankruptcy proceedings in Poland lead to the restructuring of a company. In addition, work is currently under way in Poland to change the bankruptcy law so that it facilitates settlement and restructuring of a company. This work is consistent with the European Union’s “second chance” policy. It means that insolvency restructuring proceedings could be more frequent in the future and the CSR idea implemented in this special case of the company’s life would become more important.

In the light of the above, it seems essential to identify the time frame (stages) preceding the final bankruptcy of a company and consider the occurrence of the CSR concept in its relations with stakeholders at this stage.

The purpose of this paper is to present the premises for CSR concept in insolvency proceedings. In order to do so, the authors analyzed domestic and foreign literature on the subject together with appropriate legislative documents. The analysis allowed them to determine the basic assumptions of the stakeholder theory, consider them in the context of the insolvency proceedings and indicate the direction of changes which may have a positive impact on the socially responsible conduct of these processes.

2. Stakeholder theory and corporate social responsibility

The stakeholder theory was popularized by R.E. Freeman. Stakeholders are all identifiable groups or individual entities which may affect the achievement of organization’s objectives or which may be affected by organization’s achievement of its objectives [Freeman, Reed 1983, p. 91; Rojek-Nowosielska 2006, p. 14]. The major stakeholders of a company therefore include shareholders, employees, creditors, suppliers, customers, banks, government, community, public interest groups and the general public [Ogan, Ziebart 1991; Tilt 2007]. Within the wide range of stakeholders it is possible to identify three groups, such as constitutional, contractual and contextual stakeholders [Paliwoda-Matiolańska 2009, p. 59]. Constitutional
stakeholders are indispensable for business to exist. Contractual stakeholders, as the name suggests, interact with an organization due to a formal contract. They include, above all, its business partners. A variety of communities, local, regional, national or global, are contextual stakeholders.

Other categories of stakeholders presented in the literature distinguish the following types: primary and secondary, internal and external, economic and social, environmental and process, strategic and moral, voluntary and forced [Rudnicka 2012, pp. 92–95].

All stakeholders, regardless of the group to which they belong, claim the right to affect the activities of an entity, which stems from the fact that they co-exist in a given economic environment. Therefore, an organization should also take into account the needs of its environment which have to be met, including compensation for any damages resulting from its operations.

Within the stakeholder theory there exist two branches: ethical (moral) also known as normative (prescriptive) and managerial (positive) [Deegan, Unerman 2011, pp. 348–355].

The ethical branch of the stakeholder theory implies that all stakeholders are entitled to be fairly treated by a company. A company is not perceived as a mechanism for generating profits for shareholders but as a medium which coordinates the interests of all groups. According to the ethical stakeholder theory, management should take into account all stakeholders’ interests in equal measure, and where interests conflict, business is managed so as to attain optimal balance among them.

The managerial branch of the stakeholder theory implies that a company identifies groups of stakeholders with whom relationships must be properly managed in its own interest. These relations are not limited to the desire to obtain financial benefits. The more important the group of stakeholders is to a company, the more effort it puts to manage the relations with them [Ullman 1985]. In the managerial stakeholder theory a company is still responsible for responding to the needs of stakeholders, but it does not try to satisfy them in equal measure (this is also difficult from the practical point of view), giving priority to the groups that have the greatest influence. The impact of stakeholders on management is seen as dependent on the degree to which they control the resources needed by a company. The higher the importance of the resources owned by certain stakeholders for company’s success, the sooner stakeholders’ needs will be met. An organization is considered successful if it meets often contradictory expectations of various influential groups of stakeholders. An organization will survive if it is effective. Its effectiveness is shaped by the manner in which it manages the expectations of the interest groups which are vital to its functioning.

The importance of various stakeholder groups for company’s operations changes over time. As a result, the greatest challenge that management has to face is constant adjustment of strategies and information policy to these changes. According to Evan and Freeman [1997, p. 82, as cited in Deegan, Unerman 2011, p. 354], the primary
objective of a company is to serve as a vehicle for coordinating stakeholders’ interests. Owing to this, each stakeholders group achieves benefits through a voluntary exchange with others.

3. Stakeholders in insolvency proceedings

The importance of different groups of stakeholders for a business unit changes also at bankruptcy risk. The opening of insolvency proceedings causes a significant challenge posed to a debtor and a court representative (court supervisor, administrator or trustee). This challenge is an appropriate adaptation of strategy and information policy to changes caused by declaration of bankruptcy.

Bankruptcy is a social problem, therefore according to Wessels et al. [2009, p. 1] “There is a tremendous need for comprehensive insolvency law to achieve such goals as protection of consumers against the consequences of over indebtedness in today’s credit society. (...) When insolvency law includes rules that foster discipline and honesty in financial management, it also protects creditors as such legislation increases their chances of at least a percentage of their claims will be paid.”

Not only in Poland, but also in most countries, namely the United Kingdom, Germany, Japan and Sweden, traditional bankruptcy procedures are “creditor-friendly” and the key objective of bankruptcy proceedings is to protect creditors’ interests [Smith, Strömberg 2004]. In Poland, the primary objective of insolvency proceeding is to satisfy the claims of creditors to the fullest extent possible, preferably in full. This means that in accordance with the idea of insolvency proceedings, the main group of stakeholders is creditors. At the same time, they are not the only group of stakeholders.

As a result of combining the stakeholder theory and insolvency proceedings rules, the following division of stakeholders can be made: based on the insolvency proceedings phase or based on the type of insolvency [Morawska, Roszkowska 2011, pp. 54–55].

In the initial proceedings on declaring bankruptcy stakeholders of an indebted company are:

a) internal stakeholders: managers, owners (shareholders) and employees;
b) external stakeholders: creditors, customers, suppliers, society, state, banks, the court conducting bankruptcy proceedings (see Figure 1).

The declaration of bankruptcy changes the approach of mapping stakeholders. The division into particular groups depends on the type of bankruptcy proceedings. In the case of bankruptcy by liquidation of debtor’s assets there are:

a) internal stakeholders: owners and trustee;
b) external stakeholders: creditors (among others: employees, suppliers, tax authorities, social insurance institutions), judge-commissioner, society, state (see Figure 2).
In the case of the bankruptcy with a possibility to make an arrangement, a stakeholder is a person representing a bankrupt and court supervisor (or administrator) and:

a) internal stakeholders: employees, owners;
b) external stakeholders: judge-commissioner, creditors, customers, suppliers, society, state, banks (see Figure 3).

Under the colloquial theory of Banasiewicz [2011, pp. 79, 82] and regulations of *The Polish Bankruptcy and Reorganization Law* [Ustawa z 28 lutego 2003 r.], bankruptcy with the possibility to make an arrangement is the final phase of an
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Creditors  
Suppliers  
Customers  
Judge-commissioner  
State  
Banks  
Society  
INTERNAL STAKEHOLDERS  
Employees  
Owners  
EXTERNAL STAKEHOLDERS  

**Figure 3.** Stakeholders of an indebted company – bankruptcy with a possibility to make an arrangement  
Source: own elaboration.

enterprise's life cycle. During this phase, organizations can become aware of the need for and undertake socially accountable actions to ensure survival of an enterprise on the market or even its development. Therefore, the division into groups of stakeholders at bankruptcy with the possibility to make an arrangement, is appropriate for the subject of the CSR conception in insolvency proceedings. Individual stakeholders' goals will differ during ongoing insolvency proceedings. Creditors, who without a doubt are affected the most as a result of bankruptcy, strive to recover as much of their debt as possible (optimally the full amount) from a bankrupting enterprise. Owners strive to survive on the market, make a settlement with creditors and afterwards regain their position on the market. The court and its representatives focus on protecting the public interest [Bauer 2009, pp. 58–59]. However, the regulations of the bankruptcy law foresee benefits for those who manage a bankrupt enterprise in the form of remuneration based on profits [Ustawa z 28 lutego 2003 r., art. 163].

The existence of many groups of stakeholders, who often have conflicting objectives, can lead to conflicts during bankruptcy proceedings. Therefore, an effective execution of bankruptcy proceedings is an extremely difficult task. Court representatives play an important role in this execution [Prusak 2011, pp. 97–100].

In reference to the stakeholder theory, two directions of interest can be highlighted as part of the bankruptcy process, that is ethical and managerial.

The ethical direction gives creditors the right to be treated fairly. This means that, as result of bankruptcy proceedings, losses should be divided equally and creditors needs fairly fulfilled. The court and its representatives should see to it that all parties are treated fairly.

At the same time the bankruptcy law during the proceeding on declaring bankruptcy sets the petitioner as a party of the proceedings [Ustawa z 28 lutego
2003 r., art. 26]. Next, upon declaring bankruptcy, according to art. 342, the bankruptcy law divides creditors into five groups and sets the order in which their claims will be fulfilled. This approach follows the managerial direction of interest, where the law defines the claims of creditors and sets the hierarchy of importance and does not attempt to fulfill claims evenly.

The actions of a debtor and a representative of a bankrupt follow the managerial direction of interest. It is based on identifying groups of creditors – court representatives, main creditors, maintaining relations in such a way as to achieve maximum gains in the form of anticipated court decisions (e.g. type of declared bankruptcy) and settlements with creditors.

To sum up, the managerial direction of interest is dominant during bankruptcy proceedings. There is a set hierarchy of importance of creditors as well as economical incentives which in turn lead to the development of hierarchy by a debtor and a representative of a bankrupt.

4. CSR in practice of insolvency proceedings

Lack of publications in reference to the application of CSR in insolvency proceedings leads to the conclusion that this concept has not been adequately identified, which can also have an effect on the practical aspect of insolvency proceedings. However, the lack of reference to the concept of CSR in insolvency proceedings does not mean socially accountable actions are not undertaken in the case of bankruptcy and bankruptcy threat.

The theory that some entities are “too big to fail” or “too important to fail” can indicate which social presumptions can have an influence on bankruptcy decisions. Publications and scientific research lead to the conclusion that the problem of dealing with “too big to fail” pertains to insolvency of banks and other financial institutions [e.g. Goldstein, Véron 2011; Demirgüç-Kunt, Huizinga 2013; Nosek, Pietrzak 2009]. According to this doctrine, when a large bank encounters financial difficulties, steps are taken in order to save it. This is because the system of guarantee of deposit, in any country would not be able to survive the bankruptcy of its biggest bank. These steps are taken to protect people’s savings [Iwanicz-Drozdowska 2007, p. 17].

Currently, references in literature to social effects of bankruptcy of entities other than financial institutions [e.g. Mączyńska (ed.) 2009] can indicate that the rule “too big to fail” can partially have an effect on insolvency proceedings of large enterprises. The basis for the court to rule in favor of insolvency with a possibility to make an arrangement is prima facie evidence that, as a result of this procedure, creditors’ claims will be fulfilled to a greater extent than in the case of liquidation of debtor’s assets. However, regardless of economic circumstances, creditors may decide to make an arrangement with an enterprise in debt. Agreement to restructure a large enterprise can positively affect future profits of owners but also save work positions. According to Verwijmeren and Derwall [2010, p. 956]: “Employees of
liquidating firms are likely to lose income and non-pecuniary benefits of working for the firm, which makes bankruptcy costly for employees.” Therefore, an attempt to save work positions in an enterprise at risk of bankruptcy follows the CSR concept.

The research on information management of companies in insolvency proceedings in Poland demonstrates that the trial documentation does not include clearly specified references to the CSR concept. Trial documentation does not include any citations that continuation of business activities by an enterprise at risk of bankruptcy is a social benefit [Bauer 2009]. However, empirical research carried out between 2011 and 2012 shows that steps taken to restructure entities at risk of bankruptcy can be considered compliant with the CSR concept. In the study sample the dominant restructure concept in reference to social accountability was an attempt to increase the effectiveness of operations carried out to ensure survival of an enterprise. The purpose of these operations was to settle liabilities towards the creditors, protect work positions, maintain positive relationships with contractors and cooperation with the economic environment. An enterprise which undertook environment friendly actions, that is the installation of eco-friendly devices, has been identified in the study sample. The purpose of these actions was reduction of operating costs, but at the same time they brought positive effects to the environment [Bauer 2014].

To sum up, it is possible to identify actions to restructure enterprises in insolvency proceedings which, despite the lack of clear references to CSR, ought to bring benefits to various groups of stakeholders. Therefore, they can be considered as part of organization’s social accountability.

5. Conclusion

Despite the large interest in the CSR concept and its continuous development, there is still no clarity in its definition or interpretation although the number of studies and publications on the issue by authors representing different disciplines is growing.

The concept of CSR in insolvency proceedings is virtually unrecognized in theoretical terms. However, the review of literature and the results of empirical research referred to in the paper prove that it is used in the insolvency proceedings practice. Such an approach is consistent with the idea of the institution of insolvency, which is based on the socially responsible distribution of losses between stakeholders of a bankrupt company or at risk of bankruptcy.

With respect to large entities in the insolvency proceedings, CSR manifests itself in well known “too big to fail” or “too important to fail” expressions. Regarding small and medium-sized enterprises, CSR can be seen in the European Union’s ”second chance” policy, which is a comprehensive system of support to counteract the negative effects of company liquidation. It refers to the entities at insolvency risk, pursuing a process of restructuring and entrepreneurs which experienced defeat
in business and want to start a business afresh. In Poland the European Union’s approach will be implemented as a change in the bankruptcy law.

According to Mączyńska, studies related to the bankruptcy of companies are still insufficient. At the same time, inadequate identification of risks related to economic activities and ways to counteract them can lead to the spread of bankruptcies wave [Mączyńska 2008, pp. 12–15]. Thus, in the authors’ opinion, further research concerning the current state and the possibility of wider use of the CSR concept in insolvency proceedings is justified.

References


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**PRZESŁANKI SPOŁECZNEJ ODPOWIEDZIALNOŚCI BIZNESU W POSTĘPOWANIU UPADŁOŚCIOWYM**

**Streszczenie:** Koncepcja społecznej odpowiedzialności biznesu jest często podejmowana w literaturze w kontekście jej pozytywnego wpływu na tworzenie wartości i rozwój przedsiębiorstw w długim okresie czasu. Jednakże może ona mieć także zastosowanie w odniesieniu do jednostek stojących w obliczu ryzyka upadłości. Postrzeganie upadłości jako problemu społecznego pozwoliło sformułować przedstawiony w pracy cel badań, którym jest wskazanie przesłanek koncepcji społecznej odpowiedzialności organizacji w postępowaniu upadłościowym. Analiza krajowej i zagranicznej literatury oraz aktów prawnych pozwoliła stwierdzić, że CSR jest stosowane w praktyce postępowania upadłościowego. Takie podejście jest zgodne z ideą instytucji upadłości, u której podstaw leżą działania na rzecz społecznie odpowiedniego rozłożenia strat pomiędzy interesariuszami przedsiębiorstwa, które zbuka-towało, lub znajduje się na skraju bankrutstwa. Praca stanowi przyczynek do ograniczonej literatury dotyczącej realizacji założeń odpowiedzialności społecznej przedsiębiorstw w postępowaniu upadłościowym. Omówiono w niej również teorię interesariuszy i podjęto próbę odniesienia jej do praktyki postępowania upadłościowego, a także wskazano kierunek zmian, które mogą mieć pozytywny wpływ na społecznie odpowiedzialne prowadzenie tego procesu.

**Słowa kluczowe:** społeczna odpowiedzialność organizacji, bankructwo, postępowanie upadłościowe, teoria interesariuszy.
THE INFLUENCE OF SOCIAL INNOVATION UPON THE DEVELOPMENT OF REGIONS AND ORGANIZATIONS

Summary: The paper presents the role and influence of social innovations upon the development of organizations and regions. Although social innovations contribute to economic growth and facilitate progress, they are the sphere where the source of innovation usually goes unnoticed. Social innovations constitute the field which ought to be credited with growth opportunities in numerous domains. Innovative changes pertaining to social matters have become the object of research and academic papers. The authors present a brief characteristic of social innovations, stages of their implementation and examples of social activities which significantly contributed to permanent changes in local societies.

Keywords: social innovations, development of organizations, region development.

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1. Introduction

Organizations operating in the modern world and wanting to achieve long-term benefits are faced with ever-greater challenges. As emphasized by M. Żemigała: “The objective of a company’s existence is not only financial gain but also serving the community which demands particular things from it” [Żemigała 2007]. (...) Companies receive a certain mandate of trust from the society, thus must react swiftly to changing requirements and meet growing expectations. (…) “Society expects the company will act in the public interest: creating new jobs, respecting human dignity, providing high quality products and services and becoming involved in education...
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and research” [Ryan, Gasparski, Enderle, 2000]. It can be stated that society expects
even more, i.e. it expects inspiration and cooperation as regards the introduction of
significant changes.

The impact of social innovations, i.e. novel solutions applied in order to satisfy
unfulfilled needs, can be observed in the immediate and distant surroundings. They
can be noticed in public institutions, such as hospitals or nursery schools, non-profit
organizations, businesses and even in daily life. Therefore, it can be said that the
impact of social innovations can be seen everywhere around us. Social innovations
can be treated like any new truth as understood by Schopenhauer: at first it is
ridiculed, then violent counteractions are taken against it and at the end it is embraced
as evident.

The paper aims at analyzing the phenomenon of social innovations, identification
of their main features and levels of their implementation, as well as indication of the
role they play in the development of regions and organizations.

The authors of the paper strive to find answers to the question of how to stimulate
and implement social innovations so that they allow regions and organizations to
undertake innovative actions and become more competitive. In order to find these
answers case research was implemented and various examples provided: beginning
with organizational behavior, environment protection, through ICT development and
activities connected with culture. By presenting the selected cases, the authors aimed
at indicating that actions connected with innovation carried out in the realm of social
matters, both internally and externally, translate into lasting changes, which in turn
influence the development of regions and organizations.

Social innovations are often understood as a result of the work of the brave
and the uncommon, such as Robert Owen, the author of a unique welfare program,
or Mahomet Yunus, the author of micro-credits concept [Mulgan et al. 2005],
sometimes occurring as a result of a greater movement or change, another time as
a result of market dynamics and organizational incentives.

Economists estimate that approximately 50–80% of economic growth originates
from innovation and new knowledge. Although there are no reliable indicators,
innovation seems to play a decisive role in social life also by generating progress.
Achievements in health care and development of novel technologies which foster
the development of new solutions, e.g. electric car and development of the Internet,
depend on social innovations in the same way as they depend on organizational and
technological innovations. At present, it can be stated that social innovations are
becoming more and more significant for economic growth [Mulgan et al. 2005]. This
is partly due to the fact that some of the economic growth barriers such as climatic
changes or aging of societies, may be overcome only by implementation of social
innovations, which reinforce human relations and well-being instead of straining
these. The key sectors of economic growth in 21st century are: health, education and
social welfare, as these amount to approximately 20–30% of GDP in the majority
of countries. Therefore, ignoring or disregarding these while implementing changes
may bring about numerous negative consequences.
2. The profile of social innovations

The literature of the subject features several definitions of the term “social innovations.” However, all these have two elements in common. These are:
- objective which holds social change and general well-being in high regard,
- joint participation of several entities which revolves around cooperation of numerous partners.

Theoretical, Empirical and Policy Foundations for Building Social Innovation in Europe defines social innovations as new solutions (products, services, models, markets, processes) which satisfy social needs and, at the same time, lead to novel or improved agency of the society and improved utilization of resources [Kroik, Skonieczny 2013].

Other authors indicate that social innovation is innovation in social relation as well as in meeting human need [MacCallum et al. (eds.), 2012].

On the other hand, M. Christiansen indicates that social innovations constitute a subset of disruptive innovations, i.e. those whose main objective is a permanent social change with a significantly greater effect and higher quality of activity [Christensen, Raynor 2003].

The simplest, but failing to render the essence of social innovations fully, definition of the term stipulates that innovation is an idea serving public good [Kaminska]. The public good can possess an internal and an external dimension. The external one can encompass among others:
- eradication of poverty and illnesses,
- development of civil society,
- growth of local businesses,
- struggle for compliance with human rights,
- promotion of health protection and sustainable growth,
- promotion of education,
- professional growth of various social groups.

Intraorganizational social innovations, on the other hand, may pertain to problems such as:
- improvement of work conditions and workplace safety,
- leadership,
- increase of co-determination,
- management of diversity,
- prevention of pathologies in organizational behavior,
- emphasis on ethics.

Social innovations are something more than mere entrepreneurship which takes into account social requirements. As a consequence, the innovation ought to be expressed in [Tidd, Bessant 2011]:
- objectives and motives, especially those which favor intentions and social tasks over individualism and accumulation of wealth;
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- time perspective: especially the long-term one where lasting achievements will be visible;
- means to an end: those whose objective is the execution of change in cooperation with partners.

The internal dimension gains in significance, especially in the context of development of organizations. If they want to pursue innovative solutions in social domains, organizations must exhibit two features: improved empathy and the feeling of social justice [Mair, Robinson, Hocketts 2006]. Empathy denotes simply the identification with feelings and needs of others, in this case those of employees. Obviously, the above are not the only conditions to be fulfilled. What is equally important is organizational spirit, strategies and methods of human resources management, creativity, embracing new ideas and competencies of management. However, without the two features, introduction of innovative solutions in the social domain of organizations will be hindered or even impossible. Certainly though, a long-term objective is the pursuit of a permanent change. Changes in the social domain of organizations demand coordination and cooperation of several departments and people. They also require an alteration in the way of thinking and acting, reshaping of strategies and business models, systems of communication and internal regulations.

Frequently the advocates of the old world order build barriers for them. Overcoming these barriers depends to some extent on the profitability of novel solutions.

G. Mulgan, S. Tucker, R. Ali, B. Sanders indicate 10 worldwide socially significant innovative changes. The following belong to the group [Mulgan et al. 2005]:

1. Open University and models pertaining to distance learning, which opened education worldwide and intend to promote it further.
2. Fair Trade: pioneered by the UK and USA. The idea is promoted globally.
3. Greenpeace and other environmental movements which operate actively and enable ordinary citizens to become directly involved in social changes.
5. Oxfam (originally Oxford Committee for Famine Relief) and popularization of humanitarian aid.
6. Linux software and other open sources, e.g. Wikipedia, changing many areas.
7. Participatory budgeting originally implemented by Porto Alegre and currently followed by numerous cities in the world.

3. Social innovations – stages of development

The implementation of social innovations encompasses a series of processes. These can run in six stages which do not necessarily follow one another in a sequence and feedback between these is not always present. However, these stages are extremely
useful when designing and introducing changes. The stages allow for a careful consideration of solutions and gaining support and assistance crucial in the process of their implementation [Mulgan, et al. 2005].

Stage 1. Inspiration: a stage at which the need for the introduction of change and novel solutions becomes apparent. A diagnosis of the issue and search for sources of inspiration occurs.

Stage 2. Ideas: search for particular solutions among available sources.

Stage 3. Prototypes: testing stage i.e. testing the feasibility of ideas.

Stage 4. Sustenance: ideas become daily practice. Introduced solutions are verified and improved. As regards businesses, this stage entails the provision of suitable conditions and people in order to ensure continuity.

Stage 5. Calibration and dissemination: infiltration to several interest groups.

Stage 6. System change: the ultimate objective of social innovations i.e. the introduction of a permanent change in thinking and behavior.

Entities introduce innovative changes for numerous reasons, the most important of which is the desire to develop an efficient and effective organization capable of competing with other entities, which in the end will translate into profit. However, it is noteworthy that even though social innovations do not generate direct profits, they are useful. E. Pol and S. Ville [Pol, Vill 2009] indicate that an inaccurate differentiation between social and economic innovations was included in an OECD report. According to the two authors, the differentiation is not appropriate because what characterizes social innovations is the fact that the idea which is the essence of innovation exerts qualitative and quantitative influence upon the life of a particular group of people.

4. Barriers and difficulties in social innovations implementation

The introduction of social innovations is met with resistance. Several main barriers hindering the implementation can be enumerated. The first group of barriers is connected directly with people and it encompasses features such as lack of flexibility, imagination and knowledge.

The second group encompasses the following elements:

- efficiency: people often resist even the most attractive reforms because they can lead to a swift reduction in efficiency. This is due to the fact that in any social arrangement, various elements have been optimized around one another over a long period of time and the system works correctly. Any change can distort the equilibrium.

- apprehension as regards human interest: in every organized social system, numerous individuals possess the feeling of stability. The change entails a risk of disrupting the status quo and loss of gained profits.

- productivity: sooner or later all systems become less optimized, they lose their effectiveness and a crisis can be felt on several levels. In businesses it can
translate into e.g. loss of profitability and on a national level it can take the form of a fiscal or legal crisis and for millions of citizens may cause stress brought about by fear or anxiety [Mulgan et al. 2005].

5. Examples of social innovations influencing organizations and regions

Several examples of social changes which influenced the success of enterprises are known. The first of these can be the idea of *carrotmob* also known as *BUYcott* (as opposed to the term boycott) applied by clients of companies which meet their requirements. The idea has become popular in recent years. The objective of BUYcott is the support of local service providers and assistance in introducing changes enabling providers to become recognized for their environment friendliness. A further example of the trend pertains to the citizens of Freiburg, Germany who wanted local businesses to reduce their contribution to climatic changes. A contest was organized asking local restaurants about the share of their day’s takings they would be willing to appropriate for eco-investments. Among applicants, as many as three declared their willingness to apportion all of the takings for the particular cause. After the results had been published, a citywide campaign was launched encouraging citizens to visit the winner on a particular day. On the set date, the bar was visited by more than 300 customers who spent almost EUR 1600. The next step of the campaign involved energy audit of the bar’s premises to identify the necessary investments and plan their implementation. Owing to the investment co-financed by the customers, the bar’s owners will save approximately EUR 800 per year on electricity bills emitting 3.3 tonnes of CO₂ less and saving 9 thousand litres of drinking water.

Another example can be seen in Tesco, which implements the “Twister” program. In the framework of the program, Tesco’s presidents and top management work on the floor for one day in a year. The objective of the program is to allow the management to test work conditions and analyze problems and difficulties occurring at particular workplaces.

“The Zielawa Valley”

An example of social innovations influencing a region can be seen in a unique partnership project implemented in Lublin Voivodeship of the Zielawa Valley. In 2007, self-governments of five communes: Wisznice, Sosnowka, Jabłoń, Rossosz and Podedwórze (located by the Zielawa River) decided to become partners. The main objective of the partnership was to obtain EU grants for the development of the partner communes. The following projects were implemented in the framework of the partnership:

1. “Clean Energy in the Zielawa Valley”: the project encompassed the installation of 925 solar installations used by 4000 home residents and 2200 citizens in public institutions.
2. Collective purchase of electric energy for the partner communes, including the city of Parczew, to make use of public procurement and lower the price owing to the group purchase.

3. “The development of 1.4 MW photovoltaic farm in the Zielawa Valley”: the objective of the project is the provision of energy security for the partnership region.

4. “The development of local roads in the tourist region of the Zielawa Valley”: as a result of the project, 20 road sections encompassing 18 km in total were created.

5. “A comprehensive system of nursery school education for northern Lublin region communes”: the project scheduled the development of new nursery school playgroups, assistance of a psychologist and speech therapist and a series of workshops aiming at the improvement of parents’ educational and upbringing skills. As a result of the project, 16 new playgroups were created, which provided care for 380 children.

6. **Promotion of culture and tourism in the partnership region and the development of “The Zielawa Valley” brand.**

Five information points and an internet portal containing information on tourist attractions in the partnership region, events, cycle routes and investment opportunities were created in the framework of the project. Partner communes are renowned for growing herbs e.g. chamomile, pepper mint, dandelions, St. John’s wort. The results of herb-growing practice was the establishment of “The Land of Herbs” brand and promotion of the region as such. An example of the promotion is periodic organization of “The Festival of Herbs” event during which local herbalists present the properties of plants and exhibit their culinary skills.

“The Gateway to Lublin Region”

The next activity carried out in Lublin Voivodeship involving social innovations is the widely understood computerization of the region. In the framework of the activity, individual projects are implemented, e.g. “The gateway to Lublin region computerization of administration” and “Lublin Virtual Library.” The first project encompasses the improvement of the quality of public administration services by means of IT tools (development of e-administration), development of the regional e-services platform and development of local structures of information society. In order to meet objectives of the project, modernization and expansion of the existing network infrastructure was decided upon. In addition, the purchase, installation and configuration of required devices (servers, computer hardware, peripheral devices, data processing centres) along with suitable software were scheduled. As a result of these activities, both administration and residents of the region gained benefits (see Table 1).

It is noteworthy that in order to ensure the development of information society of the region, 175 public access Internet hotspots were established. This fact significantly contributed to the increase in the number of residents using the Internet [www.wrotalubelszczyzny.eu].
Table 1. Benefits of “The Gateway to Lublin Region” project

<table>
<thead>
<tr>
<th>Main benefits of the project for:</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>administration</td>
<td>residents</td>
</tr>
<tr>
<td>• Improvement of information flow between individual public institutions</td>
<td>• Easier access to public services (collected in one place)</td>
</tr>
<tr>
<td>• Simplification of procedures</td>
<td>• Shortening of time to handle official matters</td>
</tr>
<tr>
<td>• Joint databases (reduction of archived data)</td>
<td>• Opportunity of handling and monitoring the progress of official matters, making payments from home</td>
</tr>
<tr>
<td>• Reduction in control costs</td>
<td>• No requirement of notifying individual institutions in case of change in personal data</td>
</tr>
<tr>
<td>• Increase in services provided online</td>
<td></td>
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<tr>
<td>• Reduction in redundancy of tasks</td>
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“Lublin Virtual Library”

Another example of social innovations introduced by means of IT was 2007–2013 “Lublin Virtual Library” project. The project was considered innovative on the national scale [www.bu.kul.pl/art]. The project scheduled the cooperation of libraries and cultural institutions in order to enable digital access to their resources. The city of Lublin is the leader of the project. The following institutions are partners: Catholic University of Lublin, Maria Curie Skłodowska University in Lublin, Medical University of Lublin, H. Łopaciński Voivodeship Public Library, H. Łopaciński Lublin Public Library, Brama Grodzka Teatr NN Center, the city of Zamość, Zamość Library. “Lublin Virtual Library” is a platform containing resources of the partners for users to be able to browse through literature, study and information resources. A feature whose significance cannot be disregarded is the fact of creating digital copies of the most valuable works archived in libraries, museums and regional archives [lbw.lublin.eu/informacje-o-projekcie/opis-projektu].

“Lublin Asbestos” [www.azbest.lubelskie.pl]

A further example of social innovations implemented with huge success is “The pilot project of asbestos waste management in Lublin Voivodeship.” The project was financed with grants from Swiss-Polish Cooperation Program. The main objective of the project was to improve the life and health conditions of residents and the condition of natural environment of Lublin Voivodeship by implementing the pilot system of asbestos waste management reinforced with monitoring the quantity of waste and its removal and utilization. The project mainly encompasses activities connected with the disassembly, transport and utilization of asbestos waste and information and promotion activities.

Detailed objectives are as follows:
- organization, implementation and successive improvement of asbestos waste management reinforced with the system for monitoring the quantity of waste and controlling its removal and utilization;
obtaining full control over the flow of asbestos waste from the moment the waste is produced up to the time of its elimination;

- speeding up the process of asbestos waste removal from Lublin Voivodeship;
- eradicating storage of asbestos waste in illegal dump sites;
- involving self-governments of the region in promotion of activities informing about safe methods of asbestos waste elimination;
- raising awareness of residents of the region as regards asbestos’ harmfulness;
- developing conditions for the region’s growth on the basis of high opportunities sectors (tourism, agricultural products processing, eco-food, technological innovations in construction sector, energy efficiency and renewable energy, medical and telemedical equipment).

The project encompasses the whole Lublin Voivodeship. Care for the rich natural conditions of the voivodeship (22.7% of the area constitutes protected areas) determines the reduction of present threats to the environment. Undoubtedly, using asbestos-containing products and their illegal storage may count among threats not only to the natural environment but also to the health of Lublin region’s residents. The voivodeship ranks second in Poland (right after Masovian Voivodeship) as regards the quantity of accumulated asbestos-containing products. When the quantity of asbestos per capita is concerned, Lublin Voivodeship ranks first in the country. The quantity of these products is estimated at over 2 million tonnes (in accordance with “2009–2032 National Programme for Asbestos Removal”).

The inventory of asbestos-containing products carried out by natural and legal persons for 2009 indicated that approximately 800 thousand tonnes of such products were accumulated in the voivodeship. The discrepancy between estimates and the inventory stems from the fact that a considerable part of such products has not been indicated in the inventory and is utilized against regulations and then accumulated on the premises. Such operation is motivated by high costs of removal, transportation and utilization.

The majority of asbestos-containing products was inventoried on the premises of natural persons (approx. 98%), mostly in rural areas. In addition, the examination of the condition of these products indicated the necessity of their immediate utilization.

Due to the fact that the greatest concentration of asbestos-containing products is observed in rural areas, it is foreseen that inhabitants of these areas will potentially become the main beneficiaries of the assistance offered in the framework of the project.

The project is consistent with the ultimate objectives of Lublin Voivodeship Self-government which outline the region’s development strategy. The objectives include the improvement of life and health of the residents, preservation of natural environment (limiting and ultimate elimination of asbestos-containing dust will translate into the improvement of health and environment’s conditions) and boosting economic activity (increase of land and real estate value, increase of investments, pro-ecological development of rural areas, development of eco-tourism).
The implementation of the project will translate into the expansion of ecologically clean areas, development of tourist infrastructure, which will lead to the emergence of attractive tourist offer both for tourists from Poland and abroad, including those from Switzerland. The project is also well placed in the broader context of the voivodeship’s promotion called “Lublin Ecopolis” which assumes the establishment of an open eco-region focused on the production of local eco-products, ecotourism and development of ecobusinesses. A perfect example of such a region is Switzerland, where high quality products are made in accordance with the highest standards, precision and with natural environment in mind.

6. Conclusion

Even though the above-mentioned examples encompass various activities, they clearly indicate the necessity of introducing social innovations in regions and organizations. In addition, innovations contribute to changes in the area they refer to. It can be said that they constitute a test field for evaluating novel solutions. In practice, they bring potential for a better adjustment to the needs of residents, employees or clients of different regions or organizations. As stated by A. Olejniczuk-Merta: “the content behind the term social innovations as well as its function and development reflect the complexity of socio-economic reality surrounding us, its dynamicity and the scope of changes. The content confirms their harmony with characteristics of a given society and economy the society functions in as well. The following characteristics ought to be considered in particular: mobility and activity of the society, its knowledge, level of globalization as regards culture, markets and consumption. (…)” and “(...) social innovations are becoming a requirement for all participants. The task is of particular, long-term importance for producers of goods, service providers and providers of other activities which influence the quality of life. The task is also realized in the conditions of significant competitiveness. Therefore, ‘lack of social innovations leads to death.’ For numerous social and business entities this may threaten their chances for survival” [Olejniczuk-Merta 2013].

Social innovations have taken a much more significant place in business strategies and regional policies. However, they are not particularly appreciated as a source of innovation, especially among SMEs. This may result from the fact that the majority of businesses focus their attention solely on economic gains disregarding at the same time criteria pertaining to e.g. ethics in business, environmental protection or activities influencing local communities, which all lead to the emergence of “new, innovative” solutions and contribute to the improvement of financial results, competitiveness and customer loyalty.
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Wpływ innowacji społecznych na rozwój regionu i organizacji

Streszczenie: Artykuł prezentuje wpływ i rolę innowacji społecznych na rozwój organizacji i regionu. Innowacje społeczne są tym obszarem, w którym nie dostrzega się źródła innowacyjności, chociaż to one w znacznym stopniu, przyczyniają się do wzrostu gospodarczego i napędzają postęp. W innych należy upatrywać szansy na rozwój w wielu dziedzinach. Innowacyjne zmiany obejmujące otoczenie społeczne stanowią w ostatnim czasie temat badań i opracowań naukowych. Autorzy artykułu przedstawiają krótką charakterystykę etapy wprowadzania oraz przykłady działań o charakterze społecznym, które w istotny sposób przyczyniły się do trwałych zmian w środowiskach lokalnych.

Słowa kluczowe: innowacje społeczne, rozwój organizacji, rozwój regionu.
Summary: The text elaborates on the growing significance of CSR discourse for constructing organizational identities and shows how CSR as a dominant business paradigm of last decades is capable of evoking behaviors, when it is used as a distinguishing feature of organizations. The paper starts with providing an overview of existing empirical evidence of the CSR-induced behavioral effects. Recent advancements in management and organization studies, including marketing, HR and identity literature are presented, showing that organizational stance towards CSR is critical for creating the patterns of company–consumer identification, loyalty, positive attitudes and perceptions and in consequence, purchase intent. The paper follows with the presentation of the concept of organizational identity and shows how the centrality of stakeholders remains a focal point in identity construction as well as in the CSR paradigm. In the remaining sections the paper discusses the role of perceptions and trust as key antecedents of purchase intent and posits that mechanisms of CSR-induced behavioral effects have a potential to create a real social change if they can foster reciprocity by setting the standards for social justice and fairness.

Keywords: CSR, organizational identity, stakeholders, perceptions.

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1. Introduction

Current state of art within the domain of corporate social responsibility (CSR) can be characterized by the complexity of definitions [Marrewijk 2003; Dahlsrud 2008] on the one hand and the heterogeneity of models [Pedersen, Neergaard 2009] providing conceptualizations on the structure of CSR [Pedersen, Neergaard 2009], on the other. The models often underline different aspects such as priority for economic rationale

* The project was financed by The National Science Center, Poland, decision no. DEC-2012/05/B/HS4/02505.
in the structure of goals, as in Carroll’s CSR pyramid [1979, 1991, 1999] or aligned interests and benefits for multiple stakeholders, as in the triple bottom line concept [Elkington 1998].

Those conceptualizations aim at making CSR easier to operationalize in the business context. Undoubtedly, thinking about CSR developed over the last few decades from initially skeptical views, as illustrated by Friedman’s claim that “CSR is improper philanthropy executed arbitrarily by managers who use shareholder’s money in order to satisfy their own needs” [Sacconi 2013], towards acceptance that it might actually reflect the preferences of consumers rather than managers. The latter is exemplified in Baron’s view that while CSR is done at the discretion of managers and uses a proportion of company’s profit, it does satisfy consumer’s need for doing good [Sacconi 2013].

Two views of company level CSR stem from that: the instrumental one, which does not imply any change to the objective function of a firm and assumes that CSR can be pursued within core business and a profit maximization paradigm and the one which assumes a differentiation of a product to accommodate socially oriented preferences of customers.

Given the above, CSR can be defined as such a way of running business which considers interests of different stakeholders to promote a sustainable development within three dimensions: economic, environmental and social [Henderson 2001].

Under such a stakeholder centered view, CSR policies depict a way in which organizational operations affect its stakeholders [Waddock, Bodwell 2004]. For that reason, the issue of CSR behavioral outcomes becomes critical for understanding how firms relate to their environment and shape markets. The following section describes a background of the contemporary empirical research on CSR.

2. The domains of CSR influence

Irrespective of an ongoing debate about legitimacy of businesses’ alleged responsibilities and obligations towards society [Crane, Matten 2004], literature is rich with studies on CSR’s impact on organizational as well as individual outcomes.

As for the organizational level, CSR was shown to influence financial results of firms [Rodriguez et al. 2006]. It is a source of competitive advantage [McWilliams, Siegel 2001] and an important component of strategy [Porter, Kramer 2006]. The latter can be clearly seen in the substantial increase of CSR reporting, which became a standard in the majority of organizations [The Economist 2005] and in general consensus that CSR is an important aspect of simply a good business, if done properly [Franklin 2008].

On the individual level, ability of CSR to generate behavioral outcomes is a domain of marketing literature, explaining issues such as purchase intent dynamics [Sen, Bhattacharya 2001; Mohr, Webb 2005], as well as HR literature, explaining why employees are attracted by organizations with solid CSR policies [Backhaus
et al. 2002; Bauer, Aiman-Smith 1996; Behrend et al. 2009; Greening, Turban 2000; Kim, Parke 2011; Gully et al. 2013; Tsai, Yang 2010].


CSR plays an important role in managing stakeholder relations and corporate values [Hughes, Demetrious 2006] and it might be looked upon as a signal sent out by firms in order to reduce uncertainty.

Firms communicate with their constituencies sending out various signals on their ethical competencies and value systems [Gurviez 1999]. Such communicates may become signals of trustworthiness if they include coded promises such as company’s commitment to societal goals. In such a way, CSR policies may serve as important antecedent of trust, which depends on the commonality of values between firms and their stakeholders. The discussion of the concept of identity as the framework for constructing relations with stakeholders follows in the next section.

3. The concept of identity and stakeholder relations

In the context of CSR communication, values could be defined as common beliefs on whether certain behaviors or goals are proper, important or good.

Values as well as corporate practices not only belong to the domain of organizational culture with its behavioral artifacts and rituals, but as such are fundamental for shaping organizational identities, “(…) in that they differentiate one organization from other organizations in the eyes of managers and stakeholders” [Scott, Lane 2000]. Understood this way, organizational identity is the “central, distinctive, and enduring characteristics of an organization.” [Albert, Whetten 1985] and a “set of beliefs shared between managers and stakeholders” concerning those characteristics [Scott, Lane 2000].

While at the individual level identity serves as a “cognitive image held by a member of an organization” [Dutton et al. 1994], at the organizational level it is a “collectively held frame, within which organizational participants make sense of their world” [Weick 1995]. Both individual and organizational levels of identity are reciprocally linked [Brown 1997; Elsbach, Kramer 1996]. This makes a construction of organizational identity a dynamic process based on “(…) reflection on the organizational events, policies and actions” [Scott, Lane 2000]. It is a sense-making and sense-giving exercise by nature. According to Gioia [1998], organizational identity “develop[s] over time in interaction with internal and external parties.” This is what makes it different from organizational image, which relates broadly to how others see organizations [Dutton et al. 1994] and is therefore a projected representation of a firm and from reputation, which becomes a reflected representation of organizations as seen by others.
Scott and Lane [2000] suggested that individual identity is constructed in exchange with others, so it can be said that it develops within a network of relations. Interestingly, both collective identity at the organizational level and a need for belongingness at the individual level are mentioned among corporate motives for engaging in CSR [Aguilera et al. 2007], thus implying that socially oriented values and in effect policies are a powerful tool, capable of providing a unifying environment through which strong organizational cultures are built.

Given the above, identity is mostly a relational concept grounded in the mechanisms of relating to other individuals with whom one works, communicates and interacts, based on the professional and social roles. Economically, such a relation towards others could be explained through the concept of other ─ regarding and acting on social preferences in accordance with a paradigm of maximizing utility. While this implies certain behavioral outcomes such as reciprocity, it does not allow for a full interpretation of a non-instrumental reciprocity.

Scott and Lane [2000] suggested that in order to make stakeholders more cognizant about organizational social identity, firms use various mechanisms. For example, managers reconstruct organizational identity on the basis of influence of stakeholders needs, beliefs and values; however, the strength of that influence depends on the perceived centrality of organization in the stakeholders network. That relational, stakeholder dimension of identity is very close to Brickson’s organizational identity orientation concept, which attempts to capture distinctions between different organizational stances toward stakeholders and looks at the assumed nature of association between an organization and stakeholders as perceived by members. According to Brickson [2005, 2007], organizations demonstrate individual, relational and collectivistic identity, when they exercise a one-way communication with stakeholders, engage in dual, bilateral exchanges with specific stakeholder groups or engage in a two-way dialogue with stakeholder communities, respectively. On theoretical grounds, the role of CSR in building the relations with stakeholders has been captured in the stakeholder theory [Freeman 1999].

Considering the embeddedness of organizational identity in relations, both between organizational members and between organizations and their stakeholders and the centrality of stakeholders relation in the CSR paradigm, one could expect the increase of communication on firms’ CSR activities to be the evidence that organizations construct their identities around CSR discourse in order to evoke certain reactions.

The following section elaborates on the detailed effects of CSR identity.

4. CSR behavioral outcomes

Ideally, CSR could be a good counterbalance for the information asymmetry, where stakeholders, specifically consumers, do not have sufficient or well-understood information to be able to make educated decisions of purchase or investment.
Nevertheless, there is a strong empirical evidence that mechanisms of CSR influence on individuals behavior and perceptions are very complex and often show a potential for distorting the stakeholders’ assessment of a firm if not merely for window dressing, especially that perceptions of companies’ CSR can be biased. For example, stakeholders extend their positive perception of a company on the basis of limited information about corporate engagements within one specific domain, which indicates that perceived CSR is prone to the halo effect [Smith et al. 2010].

Previous research shows that emphasizing certain corporate characteristics, such as CSR commitments and activity, can trigger positive attitudes among stakeholders [Lichtenstein et al. 2004], minimize reputational damage [Bhattacharya, Sen 2004] and protect a company from the negative impact of a crisis [Schnitz, Epstein 2005].

However, its impact on consumers’ behavior is mediated by a number of variables such as a mode through which it is communicated [Sen, Bhattacharya 2001] or attributions and meanings assigned by consumers to CSR engagements, which eventually impact on their attitudes [Walker et al. 2010].

According to the attribution theory, an observer assumes that a certain behavior is performed to achieve a desirable outcome and then assumes there are underlying motivations driving the behavior [Weiner 1990]. Because of this perceived self-interest, consumers often question the credibility of messages emanating from a company [Yoon et al. 2006].

Ellen et al. [2006] posited that consumers attribute multiple and specific corporate motives to CSR engagement, which include strategic-driven (e.g., a firm wants to increase sales or mitigate harm), stakeholder-driven (e.g., CSR is enacted because of stakeholder pressures), and values-driven motives (e.g., a firm believes CSR is the right thing to do). Her research [Ellen et al. 2006] supported the predictions that values-driven and strategic-driven attributions would positively affect purchase intentions, while stakeholder-driven attributions would negatively affect purchase intentions. These predictions were contingent on the idea that consumers respond favorably to inherently altruistic (i.e. values-driven) corporate activities. Consumers also largely accept the notion that a core strategic goal of firms is to attract and maintain customers. Thus, consumers appear to accept CSR initiatives that are enacted to support the strategic goals of a firm (i.e., strategic-driven); however, they respond negatively when CSR efforts are enacted by pressure from stakeholders (i.e., stakeholder-driven) because such actions are perceived as forced and insincere.

Both purchase intent [Ellen et al. 2006] and attitudes towards a company [Groza et al. 2011] can be elicited by proactive CSR activity, although which types of CSR are more appealing depends largely on the individual characteristics of stakeholders. For example, the influence of local CSR activities on purchase intent is mediated by the level of global citizenship demonstrated by stakeholders [Russell, Russell 2010].

Specifically, individual’s level of global citizenship behavior moderates the relationship between the location of a firm’s CSR activities (e.g., domestic vs. foreign) and purchase intent. Individuals low in global citizenship behavior will
identify with their home nation to a greater degree than individuals who are high in global citizenship. In consequence, location of CSR activity is less important to an individual who is high in global citizenship behavior. This has important implications for designing CSR policies in the context of local communities. Even though intuition suggests that small communities may be dominated by individuals high in the local citizenship scale, as opposed to big cities, where one may expect global citizenship to dominate, this is far from obvious. Global versus local citizenship is an individual-level feature; therefore, the effectiveness of CSR policies and their perceptions in accordance with what was intended may depend on a detailed knowledge of the structure of a targeted stakeholder group. More interestingly, there might be strong local differences in the very perceptions and attitudes towards business responsibilities and its role in a society. Research showed that dependence of business responsibility perceptions on demographic variables such as age, gender or education may be geographically specific, i.e. it shows only in some communities and is not universal [Fryzel 2011].

The influence of CSR on purchase intent has a number of antecedents such as enhanced brand image or consumer–company identification. Interesting empirical evidence for CSR identity generated outcomes is provided by experiments’ based studies, where in most cases CSR identity was evoked through manipulated press releases or other forms of communication.

Auger et al. [2003] run a choice experiment to analyze how consumers value ethical features of a product when making a purchase and found that consumers are willing to pay a significant proportion of the value of a product for the specific ethical features a product contains. Perez et al. [2009] showed the complexity of previously confirmed effect of CSR image on brand attractiveness by demonstrating that CSR first magnifies the brand prestige and distinctiveness leading to a greater perceived attractiveness. Lee et al. [2012] investigated the efficacy of three corporate social responsibility initiatives – sponsorship, cause-related marketing (CRM), and philanthropy – on consumer–company identification and brand attitude and, in turn, consumer citizenship behaviors. CSR reputation is the moderating variable in this case that affects the relationship between CSR initiatives, C–C identification, and brand attitude.

Interestingly, the CSR induced distinguishing characteristics of a brand point towards the embeddedness of the relation between CSR activities and outcomes in organizational identity. A discrete choice modeling experiment was used by Marquina and Morales [2011] to test consumers’ intention to purchase and establish their willingness to pay for specific social features. They also showed that consumers from various cultural backgrounds value CSR features differently.

Irrespective of complexity of the effects of CSR on consumer decisions, it seems obvious that perceptions mediate most of them. Groza et al. [2011] studied the effects of CSR initiatives on attributions and showed that proactive initiatives generate more favorable attitudes towards a company and in consequence stimulate
purchase intent. It was proposed that attributions play a mediating role in that relation, specifically that consumers perceive proactive CSR initiatives as more value- and strategic-driven rather than stakeholder-driven.

They also showed that attributions are influenced by the source of information, that is consumers perceive CSR initiatives as more value-driven when information comes from the internal source of a company.

In summary, CSR induced identity fosters purchase behaviors through a better perception of a company, stronger consumer-company identification and more positive attitudes towards a firm, although the strength and exact form of this influence is moderated by individual characteristics of consumers, such as their global citizenship and specific features of the communication process, such as a source of information (i.e. internal, firm generated source of information versus external, independent source of information such as press or NGOs).

Among the mediators of CSR influence on company behavior, such as stronger loyalty towards a firm or reduced risk perception, trust remains the one of a particular interest, given that its mechanism is not purely cognitive but is subject to emotions and can even be influenced by substances such as hormones [Kosfeld et al. 2005]. The following section discusses the role of trust as the antecedent of behavioral outcomes in recent empirical models of CSR and how it relates to perceptions.

5. Reputation, trust and role of perceptions

Trust is built on the basis of reputation. It depends on whether there are values common for both consumers and firms, which determine which forms of behavior are important, proper and good. Reputation can be looked upon as contingency factor in the models which link CSR with behavioral outcomes such as attitude, purchase intent and loyalty [Bhattacharya et al. 2008] or trust and identification [Du et al. 2010].

It has been shown that communication of CSR activities minimizes reputational damage [Bhattacharya, Sen 2004] and prevents a company from the consequences of an anticipated crisis situation [Schnietz, Epstein 2005]; however, intensifying the CSR communication once the crisis already occurred is known to create adverse effects [Ferguson 2010].

Reputation is vulnerable to inconsistencies between communicated CSR and actual CSR as stakeholders see them as a proof of a hypocritical corporate conduct [Wagner, Lutz, Weitz 2009].

One of the key factors in economic exchange, such as perceived risk is a result of perceived reputation and trust [Stanaland et al. 2011].

King-Casas et al. [2005] used multi-round trust game to predict trust and found that reputation building can be probed, as players develop models of one another through iterated exchange.
The increasing role of trust is seen in particular in the situations in which the number of possible choices increases [Blomqvist 1997]. Trust reduces transaction costs [Dyer, Chu 2003], specifically the *ex-post* costs, i.e. those of monitoring and execution. It is a key variable in relational marketing and one of the determinants of brand loyalty [Bibb, Kourdi 2004].

Swaan and Chumpitaz [2008] demonstrated that perceived CSR influences the level of trust in a company through various intermediaries such as perceived quality and satisfaction. They indicated that CSR is a determinant of perceived quality and that CSR activities make people trust that a company will fulfill the terms of an exchange and perform as expected. Interestingly, they show that particularly in product categories where competition is intense and rivals propose very similar products and services, CSR activities might be used to differentiate a company’s product offer in customers’ eyes and strengthen its relationship with them, which might be the case for example in financial investment products, where competition is fierce and more importantly, a vast number of customers operate under uncertainty and with limited expertise, often acting on advice.

Similarly, Pivato et al. [2008] suggest that trust is a key mediator capable of measuring and explaining success (or failure) of CSR policies adopted by a company.

Socially oriented companies can achieve competitive advantage in those business areas where trust is crucial in determining consumer choices. Consumers who perceive a retailer as socially oriented, demonstrate more trust towards it, which results in an intention to purchase a product [Pivato et al. 2008].

To sum up, a general level explanation of the described phenomena is that it is moral behavior that establishes trust. The above-mentioned empirical evidence makes trust directly or indirectly responsible for shaping stakeholder’s behavior and indicates implicitly that it is sensitive to socially and ethically loaded constructs, of which CSR paradigm is a prime example.

6. Conclusion

Last few decades saw a fundamental shift in paradigms, governing both theoretical thinking about the ways business should be done and management practice. Changing balance between the private and the public sector and strong patterns of interrelatedness between various market actors spark a heated debate about the legitimacy of social claims towards firms between proponents of shareholder versus stakeholder value. As organizations succumb to growing social pressures from various stakeholders obliging them to adopt socially responsible policies, they also learn how to innovate on corporate policies and strategies by using CSR to stimulate certain outcomes and, quite effectively, as the recent empirical evidence shows.

The magnitude of discussion stimulated by CSR as well as the quickly building body of evidence of its influence on markets and individuals, makes it a powerful paradigm, often used by firms to differentiate itself from others. Organizations
CSR, organizational identity and behavioral outcomes…

are more than social collectives and in many respects are treated as if they were individuals with powers to act and with assigned responsibilities [Scott 2003]. Thus specific identities formed with CSR messages and policies as building blocks become a natural consequence of strategy which forces firms to accommodate multi-stakeholder interests in their core business. The significance of CSR-based identity relates to the fact that using a socially loaded terminology it appeals to emotionally embedded needs for doing good and shapes perceptions and in consequence behavior of market actors. If one can agree that “(…) organization’s CSR efforts define its level of social justice” and as such become a “(…) heuristic for fairness” [Aguillera et al. 2007], one could see the economic significance of such a mechanism, which by stimulating reciprocity can make a true social change.

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CSR, TOŻSAMOŚĆ ORGANIZACYJNA A ZACHOWANIA.
ROLA PERCEPCJI I ZAUFANIA

Streszczenie: Tekst rozważa rosnące znaczenie dyskursu o społecznej odpowiedzialności przedsiębiorstw (CSR) jako podstawy tworzenia tożsamości organizacyjnych. CSR jako dominujący paradygmat organizacyjny ostatnich kilku dekad jest pokazany jako czynnik stymulujący określone zachowania oraz pozwalający na wyróżnienie się przedsiębiorstwa z otoczenia. Tekst rozpoczyna się prezentacją istniejącej wiedzy na temat efektów behawioralnych generowanych przez CSR. Omawiane są badania empiryczne z obszaru studiów organizacyjnych, zarządzania, marketingu oraz literatury dotyczącej tożsamości, które wskazują, iż podejście firm do CSR ma kluczowe znaczenie dla kreowania wzorców identyfikacji konsumentów z firmą, lojalności, pozytywnego nastawienia do firmy, a w efekcie intencji zakupu. W dalszej części przedstawiany jest koncept tożsamości organizacyjnej z centralną rolą interesariuszy. W końcowej części artykułu dyskutowana jest rola zaufania oraz percepcji jako istotnych determinant intencji zakupu. Myślą przewodnią prezentowanych poglądów jest teza, iż mechanizm tworzenia określonych zachowań i postaw aktorów rynkowych, dzięki stosowaniu paradygmatu CSR w zarządzaniu, ma potencjał wykrowania rzeczywistej zmiany społecznej, jeśli dzięki temu wzmacnieniu ulegną relacje wzajemności oparte o standardy sprawiedliwości społecznej.

Słowa kluczowe: CSR, tożsamość organizacyjna, interesariusze, percepcje.
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ACTIONS FOR PROMOTING WORK–LIFE BALANCE AS AN ELEMENT OF CORPORATE SOCIAL RESPONSIBILITY

Summary: Enterprises can undertake socially responsible activities towards many stakeholders. Company employees are certainly among the most important groups of strategic supporters of a firm. It is employees who, to a large extent, shape the success of an organization as well as its competitive position and image. CSR activities towards employees apply to all the spheres of human resources management: from the moment employees start their job until they leave their firm. Companies might take advantage of various schemes aimed at helping their workers maintain a balance between professional and private life. The purpose of this paper is to shed some light on the nature of such schemes and to prove that nowadays it is of particular importance for companies to pursue this kind of activity.

Keywords: corporate social responsibility, stakeholders, work–life balance.

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1. Introduction

Social responsibility is a concept based on the assumption that enterprises do not function in isolation. They are part of networks of interdependent entities and must build intra-organizational relationships. Consequently, the activity of an enterprise has a tremendous impact on a number of related entities. That is why a socially responsible firm must strive to achieve a balance between its own interests and those of other participants of the market play. Additionally, it should support their stakeholders in the pursuit of their aspirations and goals.

Socially responsible activity of every enterprise must, however, begin from an identification of the needs of those interested. Only after the aims, aspirations and motivations of the personnel members are identified, is there a basis for any socially responsible HR practice. Therefore, a socially responsible enterprise is first and foremost observant of the needs of its employees and then ready to respond to those needs.
Such responsiveness to the needs of employees is observed in companies which implement work–life balance policies. Growing problems with reconciling these two spheres, which lead to negative consequences both for firms and employees, have prompted many companies to become interested in this field of social responsibility, which did not use to be regarded as a labor relations issue.

The purpose of this paper is to investigate the problem of work–life balance from the point of view of corporate social responsibility. The aim of the article is to illustrate the essence of these actions and present examples of good practice in this area, based on the efforts carried out by selected firms operating in Poland. The thesis which the author has set out to prove is that work–life balance is an important field of the entire concept of social responsibility, and that at present it is particularly urgent that each company puts its recommendations into practice. The paper makes use of the available literature on the subject as well as Internet sources.

2. Responsible labor relations as part of corporate social responsibility

Corporate social responsibility has become a very popular concept, discussed by experts in many different fields. In spite of this, no common definition of CSR exists as yet. The definition included in the ISO 26000 standard was an attempt at finding a uniform interpretation of the notion, but failed to be accepted by all the theoreticians and practitioners of CSR. This is due to the fact that each author seeks a definition that would be relevant to discussed problems, whereas corporate social responsibility is such a wide and multifaceted term that it is indeed difficult to arrive at a consensus.

Also the definition adopted in this paper is divergent from the one found in ISO 26000. Here, corporate social responsibility is understood as a concept at whose core is dialogue between a company and its environment, and shaping its relationship with stakeholders in such a way that makes it possible for all the parties to realize their justifiable aspirations [Gołaszewska-Kaczan 2009]. This approach emphasizes the importance of dialogue, communication and recognition of needs in order to fully satisfy the demands of particular groups of those concerned.

If dialogue and need identification are to be the starting point, it is first necessary to define the wishes of stakeholders who participate in the dialogue. The present paper focuses on employees since they are the fundamental group of stakeholders without whom no enterprises can function. In various classifications, employees are described as first degree stakeholders, basic stakeholders or internal stakeholders. The ISO 26000 standard places employee-related issues under the heading of labor relations [ISO 26000 Odpowiedzialność społeczna], but some of them can also concern other areas such as, e.g., organizational governance or human rights.

The relationship between employers and employees has been analyzed by many theories of management, which, however, focused mainly on employers’ objectives,
treating employees instrumentally, as a tool for accomplishing certain tasks. Recently, a change of perspective has taken place: it is employees with their knowledge, skills, involvement, and values that are becoming a key resource of every company. For this reason, it is vital that the relationship with this group of stakeholders is constructed in a way that is consistent with the idea of social responsibility.

The increase in the importance of human resources is caused, among other things, by [Lewicka 2010]:

– strong influence of workers on productivity and innovation, which determines the competitiveness of companies and their market position;
– growing belief that the creative capabilities of workers should be adequately utilized;
– greater sensitivity of employees to improper treatment and heightened awareness of their own rights;
– influence of HR practices on the shaping of organizational culture and organizational strategies in firms.

The staff of each company plays a pivotal role in its development, survival and further success. A. de Geus looks at this question from an interesting angle. He claims that the only enterprises with a chance to exist and prosper are the “living” ones, i.e. those which are sensitive to the surrounding world, conscious of their identity, tolerant of new ideas but, at the same time, financially conservative. Additionally, firms of this kind: value people more than material assets, reduce the degree of control and supervision, and place emphasis on learning and organizing community relations [Kotler, Caslione 2009].

Because of the great significance of human resources for the development of a company, the efforts at shaping the relationship with this group of stakeholders are crucial. In fact, socially responsible policies towards employees should be a point of departure of all CSR activities. Involvement in other issues but ignoring those directly concerning the staff makes pro-social activity of a company inauthentic, or even provokes the resistance of both employees and business environment.

The significance of correct relationships with workers is confirmed by research conducted by PARP (Polish Agency for Enterprise Development). As many as 72% of the surveyed firms indicated these relationships as important for their development. Among large companies, this indicator reached 79%, in small firms – 78%, micro-firms – 68%, and medium-sized ones – 72% [PARP 2011]. Also 80% of surveyed Poles confirmed the association of social responsibility with the problem of labor relations, according to a 2009 study entitled “Corporate social responsibility as an element of the positive image of entrepreneurs” [GFK Polonia 2009]. Moreover, a 2012 pilot study on internal communications and corporate social responsibility conducted by Akademia Kalitero among the members of trade unions demonstrated that as many as 89% of them regarded the adoption of CSR by employers as necessary (2% of the respondents believed it unimportant, another 2% – redundant in times of crisis, and 6% had no opinion on the matter) [CSR w oczach pracowników…].
How to understand corporate social responsibility in this respect? According to ISO 26000, labor relations comprise not only the relationships with workers but also with, broadly understood, co-operating entities. However, as far as employees are concerned, the following areas of activity should be mentioned: working conditions and social welfare, health and safety standards, social development (professional training), the need for constant social dialogue, as well as open and honest relations with employees, of course exceeding the scope of existing legal obligations [ISO 26000].

The approach represented by ISO 26000 actually confirms the to-date interpretations of the issue under discussion. Back in the 1990s, G. Johnson and K. Scholes claimed that corporate social responsibility towards workers should consist in: employee welfare (health care, assistance in debt management, sick leaves), working conditions (workplace environment improvement, above-standard social benefits) and designing the responsibilities of employees in such a way that they are oriented towards greater satisfaction of workers and not merely towards increased economic efficiency [Johnson, Scholes 1993]. As far as the Polish literature of the subject is concerned, S. Sudoł assumes that internal social responsibility towards employees involves creating appropriate working conditions and ensuring fair remuneration as well as the satisfaction of other legitimate needs of workers. Enterprises should attempt to strike a balance between the interests of owners and employees [Sudoł 2002].

It is worth mentioning that, for instance, the reports by Forum Odpowiedzialnego Biznesu (Responsible Business Forum) discuss labor relations practices under the following headings [Raport odpowiedzialny biznes w Polsce 2013…2014]:
- dialogue with employees,
- employee participation,
- parent-friendly firm,
- work–life balance,
- employee health,
- employee training and development,
- recruitment and adaptation,
- integration of employees,
- employee support,
- corporate volunteering.

Having analyzed the particular approaches, one can conclude that the issue is extremely broad. It seems important that, in fact, all the aspects of HR management require close attention: beginning from recruitment to departure of employees, require close attention.

As J. Męcina aptly sums up, social responsibility in labor relations should involve strict compliance with the obligations prescribed by the labor law and implementation of voluntary practices which are beyond the scope of legal obligations, but are based on constitutional values and international soft law norms [Męcina 2011].
The complexity of the question of responsible practices towards employees makes it necessary to focus on only one selected aspect of the problem. Therefore, the focal point of this paper will be what is commonly referred to as work–life balance.

3. The nature of work–life balance

Changes in the environment, including advancements in knowledge, technological progress, cultural and social evolution or growing competitiveness, force companies to search for suitable workforce capable of facing these challenges. Apart from possessing specific competences, experience, willingness to learn, and appropriate motivation, employees are expected to be fully committed and dedicated to the goals of their company. Unfortunately, in order to earn the approval of their superiors, staff members have to work overtime, forgo their holidays and other days off, prioritizing work over personal and family life. Many firms even create an organizational culture based on absolute sacrifice of personal interest for the benefit of a company, where unpaid overtime is the norm, while leaving work on time, as specified in the employment contract, is a departure from the norm.

In their book, W. Cascio and J. Boudreau remark that people used to believe that spending 60 hours a week at work was a road to glory; whereas these days this seems to many persons but a part-time job. The time one can devote to one’s family, friends, prayer and sleep, indispensable for a sense of well-being, has been shrinking, as ever longer working hours have become a priority [Cascio, Boudreau 2011].

This situation gives rise to negative consequences, not only for employees themselves, but also for their firms, and even for society as a whole. As regards employees, the lack of work–life balance affects their professional and non-professional roles, increases the risk of substance abuse, and lowers the overall sense of security. This takes its toll on companies: the costs of absence and fluctuation of workers rise, productivity and quality of work decline (due to diminished motivation), involvement of employees in their tasks becomes lesser, relationships with customers deteriorate, creativity and innovation dwindle, inclination to unethical behavior grows, which consequently decreases the value of human capital and competitive capability. As for the social aspect of work–life imbalance, the downsides include: unemployment, deepening social inequalities, higher rate of illness and related social costs, increasing number of divorces, dropping birth rates, difficulty in providing child and elderly care, the occurrence of social pathologies [Pocztowski 2008].

It is therefore crucial that companies undertake actions to restore a balance between work and private life. The law, however, does not oblige them to do so. Such activities are part of the idea of corporate social responsibility. As T. Schwartz stresses, the success of each firm depends on whether they realize that it is their duty to foster the energy of employees and create conditions in which it can be recovered [Jak zyskać na odpowiedzialności... 2012].
W. Cascio and J. Boudreau present very interesting results of interviews conducted with CEOs of companies listed in the Fortune 500 ranking. And namely [Cascio, Bodreau 2011]:
- 84% of the interlocutors wished their working conditions allowed them to both fulfill their professional aspirations and devote time to non-professional pursuits;
- 55% declared they would gladly sacrifice part of their income in order to have more time for non-job related activities;
- 73% believed that it was possible to rearrange their work in a way that would increase workers’ productivity and, at the same time, allow them to spend more time outside the office;
- 87% claimed that employees who would make such changes possible would gain competitive advantage by attracting talented persons to work in their companies;
- 98% admitted that they were sympathetic to their employees’ requests associated with work–life balance;
- 70% of American workers were convinced that the balance between work and private life was completely askew.

Does the problem of work–life imbalance occur in Poland as well? The results of a study conducted by Regus prove that it does. According to the research, in 2013 the indicator for work–life balance in Poland stood at 115. The result for 2012 amounted to 136, the global average being 120 (the highest indicator was recorded in Mexico – 149, India – 138, and Brazil – 137). The indicator for Poland’s business owners reached 113, while for the surveyed representatives of generations X and Y (born after 1965), it equaled 121 [Polskim pracownikom coraz trudniej… 2014]. We are thus lagging behind the rest of the world when it comes to the ability to maintain the equilibrium between personal life and career.

The purpose of implementing the idea of work–life balance is to enable people to achieve self-fulfillment in all the fields of human activity. This requires a perfect harmony of all the aspects of life. S. Borkowska believes that an equilibrium between private and working lives happens when one’s work does not encroach on one’s private time, and particularly the recreation time; and, conversely, when non-job related activities are not pursued during working hours [Borkowska 2010]. According to A. Pocztowski, work–life balance means that a person successfully handles the potential conflict between the demands of their job commitments and the fulfillment of other roles which give one a sense of well-being and fulfillment [Pocztowski 2008]. It should be stressed here that this does not only apply to the most frequently indicated work–family balance, but also to the balance between work and personal interests, time for friends or recreation time. The work–life balance philosophy advocates seeking a “golden means” and maintaining a healthy distance to each sphere of life. According to V. Rama Devi and A. Nagini, “Work–life balance is defined as a state of equilibrium achieved by an employee when he or she is able to meet the demands of both his or her job and personal life comfortably. Nowadays with increasing demands in the workplace employees are experiencing more stress
which is invading their personal life. In this context, finding an appropriate balance between work and daily life is a challenge for the employees” [Rama Devi, Nagini 2013/2014].

“Phrases and words serve as cultural signposts to explain where we are and where we are going. The term work/life balance was coined in 1986, although its usage in everyday language was sporadic for a number of years. Interestingly, work/life programs existed as early as the 1930s. Before World War II, the W.K. Kellogg Company created four six-hour shifts to replace the traditional three daily eight-hour shifts, and the new shifts resulted in increased employee morale and efficiency. (...)

In the 1980s and 1990s, companies began to offer work/life programs. While the first wave of these programs were primarily to support women with children, today’s work/life programs are less gender-specific and recognize other commitments as well as those of the family” [Lockwood 2003].

What specific actions are undertaken to address the problem of work–life imbalance? According to researchers from Worklifebalance.com Inc., companies usually introduce: flexi-time working systems, teleworking, job-sharing, child care and elderly care schemes, access to leaves, aid programs and fitness schemes [Żemigała 2013].

Generally speaking, the programs cover five broad areas [Cascio, Boudreau 2011]:

– benefits for children and other dependants,
– flexible conditions of employment,
– leaves,
– information services and HR policies,
– issues related to organizational culture.

In various firms, the practices concerning the particular areas can be combined into firm-specific solutions. This depends on the needs expressed by employees, which obviously can only be identified through dialogue and consultation.

In the first of the mentioned areas, enterprises can, e.g., offer additional benefits or subsidies for childcare, increase maternity benefits or adoption payments, establish workplace nurseries or other employer-provided childcare facilities. As far as the second area is concerned, women are offered flexible working arrangements after their maternity leave, e.g. the opportunity to work part-time or, if the nature of the job allows that, to work from home, telecommute or work flexi-time. The question of additional days off and leaves is an important one. Employers can grant their staff extra, paid or unpaid, family leaves, parental leaves (on the same conditions as maternal ones), additional leaves for parents of pre-school and early school-age children. Also those persons who are not young parents, provided they have a sufficient length of service, can take advantage of additional leaves in order to look after elderly or disabled family members [Balcerzak-Paradowska 2008].

Activities regarding information services and HR policies include: programs for developing parental skills, health education programs, professional and personal
counseling schemes, or cafeteria remuneration packages. In terms of organizational culture, it is possible to undertake actions to foster the development of culture favorable to balancing work and private life, to promote mutual support in these efforts, etc. [Cascio, Boudreau 2011].

Companies which implement work–life balance programs gain numerous benefits, which include [Król, Ludwiczyński (eds.) 2006]:

- prevention of excessive fluctuation of workers,
- increase in productivity,
- higher level of creativity and commitment,
- enhanced satisfaction with employee performance,
- better financial results and stronger competitive advantage.

Efficient work–life balance programs facilitate daily life and reduce stress, thanks to which employees are healthier, more resilient and more productive. Another advantage is boosted morale and greater resourcefulness of workers. Research reveals, moreover, that balancing personal and working lives helps redefine one’s attitude to both areas of life, has a positive impact on the way in which employees perform their duties and is beneficial for their attitude to an employer and organization. The financial indicators published by leading American companies ranked in the Fortune lists (e.g. Abbott, Allstate, IBM, Deloitte & Touche, Johnson & Johnson, Texas Instruments, Pricewaterhouse Coopers) prove that the work–life balance programs they implement are a useful, and economically justified, instrument of strategic management [http://www.grupatempo.pl/pl/czytelnia/drukuj/87].

M. Żemigała provides a number of specific examples to confirm the benefits of supportive policies that nurture the work–life balance of employees. It should be pointed out that [Żemigała 2013]:

- firms which offer work–life balance programs earn higher dividends, while their workers are more motivated if they can work from home at least one day a week;
- potential for maintaining work–life equilibrium is a key criterion for choosing an employer by the most talented candidates;
- in firms where there is a time pressure culture and which do not undertake work–life balance practices, the creativity and innovative performance of employees considerably suffer;
- flexible employment time, family care assistance and extra employee benefits improve the relationships between staff and employers and have a positive influence on labor quality.

The findings of J. Blazovich, K. Taken Smith and L.M. Smith suggest that there is a link between the success and financial stability of a company and being employee-friendly. The authors analyzed a selection of firms from Fortune’s “100 Best Companies to Work For” ranking and discovered that employee-friendly businesses compared favorably to the control group in terms of performance, where they surpassed the latter in three out of four tested criteria (market value of equity, return on assets, return on equity). The employee-friendly companies also had better
risk measures (current ratio, leverage level and Altman Z-score) [Blazovich, Taken Smith, Smith 2014].

According to S. Borkowska, the extent to which work–life balance schemes benefit companies and their employees depends on the choice of instruments used since they must be selected according to the reasons for the imbalance [Borkowska 2011]. That is why the identification of the needs of employees is so essential.

4. Work–life balance practices in selected firms in Poland

When analyzing the question of work–life balance activity, it is worth taking a look at some of the companies where measures in the field are adopted. The first among these is Tchibo.

In order to implement the idea of work–life balance, Tchibo Warsaw has launched a program entitled “Balance Work Family.” It has a wide scope and the employees can select those features that best suit their individual needs. They can choose from the following:

– employment and working hours: part-time work, job-sharing, telecommuting;
– family care: additional special leave days, the “2 Hours for Family” scheme, a training-counseling program to help employees develop personal competences useful in both private and professional life, baby layette sets, social benefits, unpaid leaves;
– fringe benefits: additional medical care, fitness packages, preventive medical schemes, seasonal fruit and juices;
– organizational culture reinforcement: good employee and managerial practices.

The company believes that these measures combine the perspectives of the employee with that of the employer. The benefits which the firm gains from these policies are numerous, e.g.: greater commitment and loyalty of the employees, higher labor efficiency, reduced rotation and strengthening of the employer’s image. The above-mentioned activities also help to improve the state of health of the firm’s workers, allow them to make rational use of their working time and increase their own and their families’ sense of security [Raport odpowiedzialny biznes w Polsce 2013... 2014].

Another company, BASF bases its work–life balance philosophy on the premise that working in a large organization brings challenges which might be difficult to handle. The multitude of duties and hectic pace of events, make employees forget about the need for healthy eating or physical activity or make it difficult for them to wind down after a stressful day. The firm is aware of the fact that contentment and well-being are important factors which enhance not only labor efficiency but also the entire corporation culture, atmosphere in the organization and integration among employees. The BASF Company launched a project called “Work–Life Balance Days.” Within its framework, the entities comprising BASF Polska undertake initiatives to promote healthy lifestyle and encourage their employees to discover
new activities and interests. The purpose of the scheme is to improve the well-being of the firm’s workers. The meetings are held once a month. In 2013, 12 meetings took place, attended by about 150 staff members [Raport odpowiedzialny biznes w Polsce 2013... 2014].

NIVEA is yet another firm which undertook similar measures. The project was entitled “WFB (Work Family Balance)” as it was largely focused on the equilibrium between professional and family obligations. The company noticed that women who became pregnant, quickly started to take advantage of sick leaves lasting up to several months. Return to work after such long periods was for them a major challenge and source of extra stress. The company resolved to find a comprehensive solution to the problem. Responsibilities began to be allocated on an individual basis, pregnant women were allowed to phone in sick (for 1–3 days without having to provide a doctor’s verification), the working hours for expecting mothers were reduced and interns were invited to stand in for them, the return to work after maternity was phased to help women re-adapt gradually to professional activity after the significant change in their personal situation. Young parents, including fathers, were given the option to take additional days off after they had used the statutory limit. They were allowed to work from home (so-called home office). The company kindergarten is a flagship of the firm’s WFB policy: it has existed since 2009 and can look after of 75 children. It is worth mentioning that in the German headquarters of the firm, a similar kindergarten for employees’ children has been functioning for over 70 years [Mazur 2014].

As can be seen, companies seek individual solutions that would meet the needs of their staff. What specific steps are taken to address the reported needs and problems only depends on the creativity and resourcefulness of an organization.

5. Conclusion

It was stated in the introduction to this paper that work–life balance is a crucial sphere of corporate social responsibility and that nowadays all business entities should pay special attention to the realization of its demands. The hypothesis can be regarded as confirmed. The changes in the environment influencing the nature of work and the attitude of employees to professional commitments cause an imbalance between working and private lives. This, in turn, forces companies to take measures to restore the balance. These measures do not stem directly from legal solutions, but rather from the initiative of responsible employers, conscious of the importance of the matter, being therefore a tremendously important field of socially responsible entrepreneurship.
References


DZIAŁANIA NA RZECZ RÓWNOWAGI PRACA–ŻYCIE JAKO ELEMENT SPOŁECZNEJ ODPOWIEDZIALNOŚCI PRZEDSIĘBIORSTWA

Streszczenie: Przedsiębiorstwo może podejmować działania społecznie odpowiedzialne w stosunku do wielu interesariuszy. Z pewnością jedną z najważniejszych grup kierujących firmą są pracownicy firmy. To od nich w dużej mierze zależy sukces organizacji, jej pozycja konkurencyjna, a także wizerunek w otoczeniu. Działania CSR w stosunku do pracowników związane są ze wszystkimi obszarami zarządzania zasobami ludzkimi – od momentu pozyskania pracownika po jego odejście z firmy. Jednym z instrumentów, które wykorzystują firmy w tym zakresie, są programy mające na celu równoważenie zaangażowania w pracę i życie prywatne. Celem artykułu jest naświetlenie istoty tych działań i dowiedzenie, że w chwili obecnej aktywność przedsiębiorstwa na tym polu jest szczególnie ważna.

Słowa kluczowe: społeczna odpowiedzialność przedsiębiorstwa, interesariusze, równowaga praca–życie.
Summary: This article deals with the question how to shape a compensation system which will promote socially responsible behaviors towards both internal and external stakeholders. Internal stakeholders are understood as shareholders, managers, employees, whereas external stakeholders are perceived especially as customers and suppliers. As the problem seems to be complex, there is a need for a multilevel analysis that will concentrate on the intra-organizational relations between managers and employees’ obligations to achieving organizational goals. It is also important to examine the impact of a compensation system, performance standards and assessment criteria on the fulfillment of external stakeholders’ expectations for the value provided by a company. We face two perspectives on the process of rewarding employees: from HRM (human resources management) and CSR (corporate social responsibility) view. The first one concentrates on the policies, procedures and effective practices due to high performance results, whereas the second on stakeholder’s expectations, ethical behavior and sustainability of outcomes. Both CSR as well as HRM stress the importance of the integrity between employee’s needs and organizational goals. Therefore, we extend the view by analyzing the instruments that are components of the total reward due to the impact they might have on the fulfillment of shareholders’ and stakeholders’ expectations for organizational outcomes.

Keywords: rewarding employees, corporate social responsibility, compensation systems evaluation.

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1. Introduction

Firms increasingly face demands by consumers, governments and non-governmental organizations as well as the general public to conduct their business in a more socially responsible manner. This trend can be also observed in human resources management and especially in reward management. The process of rewarding employees is an important HRM function, because of its impact on and support of
responsible employees’ behaviors. Armstrong [2010] defines reward management as “the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organization, departmental and team goals is recognized and rewarded” [Armstrong 2010]. From this definition it is assumed that a compensation system is strongly connected with achieving organizational goals. A compensation system consists of rewarding policies and practices within a company. The main goals of this system are to attract, motivate, develop and retain the best people in the workplace as well as bring forward the best of their talents and passion [Smith 2013]. Depending on the strategy and specific goals, employers use adequate components (instruments) of total rewards that will help to fulfill their goals and support their strategy. A closer look on the definition of a rewarding system shows that it includes different kinds of wages forms (time-, task-, bonus system, piecework, etc.) conditions and criteria for evaluations, promotions and degradation, the linkages between organizational units funds and performance of those units, the division of power, duties and responsibilities of individuals in an enterprise, techniques and procedures associated with the operation of a system, such as counting and control of remuneration, payments, complaints, etc. [Kozioł (ed.) 1997]. A rewarding system is then a complex category where adequate combination of both tangible and intangible (financial and nonfinancial performance) instruments motivate employees to achieve various organizational goals.

From the HRM point of view, it can be said that a compensation system should be “an effective instrument for creating desired employee behavior and positive attitudes within the organization” and “properly designed and adapted to the organization, should significantly help the organization achieve its objectives and increase its competitiveness” [Beck-Krala, Scott 2014]. The character of organizational goals differs depending on the role of a company within the societal and economic environment that is perceived by executive managers or supervisors. Thus, the design of a compensation system also differs across organizations. What is more, it may cause many contradictions and counterproductive behavior if it meets conflicting goals of managers, shareholders or owners and employees.

The aim of the paper is to underline the importance of socially responsible and conscious designing of a reward systems within organizations that will drive ethical and desirable behavior of all organizational stakeholders and will support their sustainable development at the multidimensional level.

In this article we are wondering how to design an effective rewarding system which will promote socially responsible behaviors towards both internal and external stakeholders. Internal stakeholders are understood as shareholders, managers, employees, whereas external stakeholders are perceived especially as customers and suppliers. As the problem seems to be complex, there is a need for a multilevel analysis that will concentrate on the intra-organizational relations between managers and employees’ obligations to achieving organizational goals. It is also important to examine the impact of a compensation system, performance standards and
assessment criteria on the fulfillment of external stakeholders’ expectations for the value provided by a company.

We look at the rewarding system from the two perspectives: the HRM one, which concentrates on policies, procedures and effective practices due to the high performance, and the corporate social responsibility (CSR) and business ethics perspective, which concentrates on stakeholders’ expectations, ethical behavior and output sustainability. Both CSR and HRM approaches stress the importance of the compatibility between employees’ interests and organizational goals. We extend the view analyzing the instruments of a compensation system through the impact they might have on fulfilling stakeholders’ expectations.

2. The role of rewarding systems

In the literature there are many research studies that explore the influence of executives’ compensation on corporate social performance. Porter and Miles [2013] examine linkages between CSR longevity and the internal governance factors of executive compensation and taxes paid. Their findings support the notion that “firms committed to socially responsible behavior for an extended period […] seem to restrain executive compensation and increase tax contributions, while also exhibiting better financial performance” [Porter, Miles 2013]. Several other studies concentrate on the question of how executives’ compensation can be used to initiate firms to act due to societal and environmental objectives [Mahoney, Thorn 2006; Rekker, Benson, Faff 2014; Cai, Jo, Pan 2011; Callan, Thomas 2011; Kane 2002; Johnson, Greening 1999]. Mahoney and Thorn [2006] found significant positive relationships between CEO salary and CSR weaknesses as well as between bonuses and CSR strengths. According to their findings, “the importance of the structure of executive compensation is important in encouraging socially responsible actions” [Mahoney, Thorn 2006]. Those and other studies concentrate on the manager’s role in encouraging or discouraging CSR initiatives and actions, its inputs on shareholder value as well as corporate impact on society. Many of those studies rely on the agency theory [Jensen, Meckling 1976], which explains the behavior of managers towards organizational goals and agency problem, which occurs when the interests of managers are contradicting shareholders’ interest. Some studies [Cai, Jo, Pan 2011; Pandher, Currie 2013; Madsen, Bingham 2014] represent a broader perspective and introduce also the stakeholder dimension. For example, Cai, Jo, and Pan [2011] test two hypotheses – the first one is based on the agency theory and the second one – on the stakeholder theory. They find out that “the lag of CSR adversely affects both total compensation and cash compensation – an increase in CSR is followed by a 4.35% (2.78%) decrease in total (cash) compensation” [Cai, Jo, Pan 2011]. In recent years these two views on CSR – the agency theory and the stakeholder theory were intensively discussed [Shankman 1999; Rojek-Nowisielska, Szczepaniak 2003], although the difficulties in reaching a consensus [McWilliams, Siegel,
Wright 2006] in CSR definition encourage researchers to use mixed approaches. Madsen and Bingham [2014] for example propose a theoretical approach based on the integration of the stakeholder theory and the human capital theory. They also find support for their framework in the empirical research showing a positive relation between the initial compensation of executives and firm CSP strengths and concerns [Madsen, Bingham 2014]. The great amount of studies done on the connection between manager’s compensation and CSR output supports the idea of Basu and Palazzo [2008] on CSR. According to these authors, CSR is a “process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioural disposition with respect to the fulfilment and achievement of these roles and relationships” [Basu, Palazzo 2008]. They stress the important role of effective leadership and managers in shaping CSR polices. Managers however are not the only “element” of the chain value that contributes to stakeholder value creation. According to Wood [1991], “the basic idea of corporate social responsibility is that the business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behaviour and outcomes” [Wood 1991]. Following Wood’s point of view, we agree that it must be considered how to shape the whole compensation system rather than only the CEO compensation due to the impact which promoted employee’s behavior has on society. There are many examples which show the influence of unsustainable assessment criteria on employee’s behavior. For example, the encouragement of selling only one kind of services/product when offering banking products prepared for a specific group of customers. From the company’s point of view, it may be the strategy of expanding its business through reaching a new group of customers with an offer responding to the main needs of this group of clients. From the employee’s point of view, it may be encouragement to sell this product to any kind of customer, without reflecting on the real needs and possible negative impact that this product may have on a customer. This kind of situation may happen if a rewarding system concentrates only on quantitative measures (like quantity or average value of sold products) without taking into account the real interest of customers.

Despite the importance of a broader look at the compensation system and its impact on the social environment of a company literature review does not show a great interest in the analysis of linkages between organizational strategic goals, performance criteria, and forms of compensation, employees’ behavior and the impact on stakeholders. Theoretical papers concentrate mostly on building frameworks, but seldom provide support with an empirical analysis or even a deep analysis of compensation instruments. Kolk and Perego [2014] indicated that “comprehensive implementation of bonus systems has been lacking until recently” [Kolk, Perego 2014]. The authors investigated the setups and the elements of bonus programs used, in terms of performance criteria, their link to specific stakeholders, type and size of bonuses, target levels and transparency. Their findings showed that
sustainable bonuses are not a sign of corporate responsibility, but rather another mechanism to keep up bonus levels. Contrary, Faleye and Trahan [2011], who were studying labor-friendly corporate practices, showed that top management does not benefit from labor-friendly practices. According to the authors, “[i]t appears that the benefits of labor-friendly practices significantly outweigh the costs and that what is good for employees is good for shareholders” [Faleye, Trahan 2011]. These contradicting results show that this area of study needs more attention and deeper analysis. Therefore, in the next part of this article we provide a theoretical analysis of assumptions for a rewarding system and an analysis of chosen instruments of total reward (instrument’s goals, performance criteria) as well as the expectation that stakeholders might have for these instruments.

3. Rewarding system vs. stakeholders’ expectations

In the literature on CSR there are many works, standards or guidelines on HRM (e.g. SA8000, Standard “Zatrudnienie Fair Play” [Employment Fair Play]), where it is possible to find the most important values and rules which should be the base for creating an HRM system which contributes to the main assumption of CSR idea. Moreover, many international standards, such as the OECD, Global Sullivan Principles, United Nations Global Compact, Caux Round Table, International Labor Organization (ILO), AA100, GRI or ISO 26000 deal with the basic assumption for HRM. When analyzing the values promoted by those standards, it can be seen that most of them concentrate on such issues as: child labor, freedom of associations, elimination of all the forms of forced or compulsory labor, discrimination and equal treatment, health, safety and work environment, transparent communication and information, fulfillment of basic needs and employees development, unemployment and promoting professional ethics standards. Most of those issues are directly connected with compensation and provide some guidelines for rewarding employees as it is shown in Table 1.

<table>
<thead>
<tr>
<th>Standard</th>
<th>Guidelines on a compensation system</th>
</tr>
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<tbody>
<tr>
<td>Global Sullivan Principles</td>
<td>“Compensate our employees to enable them to meet at least their basic needs and provide the opportunity to improve their skills and capability to raise their social and economic opportunities.”</td>
</tr>
<tr>
<td>Caux round table</td>
<td>“Provide jobs and compensation that contribute to improved living standards; Ensure that all executive compensation and incentives further the achievement of long-term wealth creation, reward prudent risk management, and discourage excessive risk taking.”</td>
</tr>
<tr>
<td>SA8000</td>
<td>“Respect right of personnel to living wage; all workers paid at least legal minimum wage; wages sufficient to meet basic needs &amp; provide discretionary income;”</td>
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Responsible rewarding systems…

<table>
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<tr>
<td>deductions not for disciplinary purposes, with some exceptions;</td>
<td>Design of a compensation system should include principles of job</td>
</tr>
<tr>
<td>wages and benefits clearly communicated to workers; paid in</td>
<td>classification, job evaluation, transparent rules of rewarding</td>
</tr>
<tr>
<td>convenient manner – cash or check form; overtime paid at</td>
<td>and promoting employees, which reflect contribution and</td>
</tr>
<tr>
<td>premium rate; prohibited use of labor-only contracting, short-</td>
<td>performance of employees. The system should not lead to any</td>
</tr>
<tr>
<td>term contracts, false apprenticeship schemes to avoid legal</td>
<td>discrimination against particular groups or individuals.</td>
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<td>obligations to personnel.”</td>
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<tr>
<td>“Employment Fair Play”</td>
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<tr>
<td>“Wages are undoubtedly among the most important conditions of</td>
<td>“Wages are undoubtedly among the most important conditions of</td>
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<td>work and employment at the enterprise level. Being a cost for</td>
<td>work and employment at the enterprise level. Being a cost for</td>
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<td>employers as well as the main source of income for workers,</td>
<td>employers as well as the main source of income for workers,</td>
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<td>wages may be a potential source of conflict and have thus</td>
<td>wages may be a potential source of conflict and have thus</td>
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<td>become the major focus of collective bargaining all over the</td>
<td>become the major focus of collective bargaining all over the</td>
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<td>world. At the same time, wages can represent a major source of</td>
<td>world. At the same time, wages can represent a major source of</td>
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<tr>
<td>discrimination and deprivation if no decent floor is guaranteed</td>
<td>discrimination and deprivation if no decent floor is guaranteed</td>
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<td>to the workers.”</td>
<td>to the workers.”</td>
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GRI Performance Indicators

LA3: “Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.”

LA14: “Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.”

EC5: “Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.”


The analysis of different standards shows that most of the rules and principles on a compensation system are formulated from the employee’s point of view. Here we can indicate such values as fairness and justice also in terms of equal opportunities that are often stressed in standards requirements and widely discussed in the literature. To broaden the perspective, we provide an analysis of different compensation instruments from the internal and external stakeholders’ point of view (see Table 2).

Table 2 shows the complexity of different needs that stakeholders might have for the inputs and outputs of work which are influenced by a rewarding system. We can recognize several potentially conflicting or contradicting expectations. For example, when considering a base pay, it is hard to reconcile the costs optimizing (shareholder view) with competitive and fair base pay (employee view) and with a good price for a good quality product or service (external stakeholders’ view). Another example applies to the form of wages. In terms of time pay there occurs a question of low quantity of work and low employee effort, which contradicts to shareholders’ expectations. On the other hand, piece-work pay may result in low quality of work if the quantity surpasses the desired performance. Next example is overtime pay that
Table 2. Objectives of rewarding instruments

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Performance criteria (values) and internal stakeholders’ expectations</th>
<th>External stakeholders’ expectations (customers/suppliers)</th>
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<tbody>
<tr>
<td>1</td>
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<tr>
<td>Base pay</td>
<td><strong>Performance criteria:</strong> job content, job difficulty, employee effort, work environment, competence. <strong>Shareholder expectations:</strong> optimizing costs, fulfillment of duties, obtaining organizational goals, quality of work, attracting best employees, individual’s engagement, employees’ loyalty. <strong>Employees expectations:</strong> income stability – safety of the incomes received systematically on an appropriate level, job status, appropriate wage grades, competitive base pay, fairness and transparency, equal opportunities.</td>
<td>Good quality of products and services, transparent information and communication process, good price for good quality, delivering just in time, protection from harmful environmental impacts of products and services (health and safety).</td>
</tr>
<tr>
<td>Time pay</td>
<td><strong>Performance criteria:</strong> job content, job difficulty, employee effort, competence. <strong>Shareholder expectations:</strong> high quality of work, high competencies, employees’ loyalty. <strong>Employees expectations:</strong> income stability, competitive base pay, fairness and transparency, equal opportunities professional development.</td>
<td>Good quality of products and services, continuity of contact and cooperation (e.g. after sales service).</td>
</tr>
<tr>
<td>Piece-work pay</td>
<td><strong>Performance criteria:</strong> job content, job difficulty productivity, disposability of employees. <strong>Shareholder expectations:</strong> cost optimizing, quality and quantity of work. <strong>Employees expectations:</strong> additional incomes, effort that is rewarded, fairness and transparency, equal opportunities.</td>
<td>Good quality of products and services, concentration on customer/suppliers needs, punctuality of service, reasonable good price.</td>
</tr>
<tr>
<td>Task pay</td>
<td><strong>Performance criteria:</strong> job content, job difficulty, competence, various criteria depending on a task. <strong>Shareholder expectations:</strong> cost optimizing, quality and quantity of work. <strong>Employees expectations:</strong> rewarding of contribution to work, fairness and transparency, equal opportunities.</td>
<td>Good quality of products and services, proper cooperation, concentration on customers'/suppliers’ needs.</td>
</tr>
<tr>
<td>Overtime pay</td>
<td><strong>Performance criteria:</strong> productivity additional work time. <strong>Shareholder expectations:</strong> Flexibility depending on organizational needs. <strong>Employees expectations:</strong> the right to voluntary decide, additional incomes, fairness and transparency, equal opportunities.</td>
<td>Flexibility depending on customers'/suppliers’ needs, punctuality of service.</td>
</tr>
<tr>
<td>Short-term incentive pay (individual level)</td>
<td><strong>Performance criteria:</strong> desired employee behavior, increased employee productivity. <strong>Shareholder expectations:</strong> employee effort, desired employee’s behaviors, e.g. engagement, better individual performance, retention of best employees.</td>
<td>Products and services is are characterized by appropriate quality and reasonable good price.</td>
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Responsible rewarding systems…

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<tr>
<td><strong>Employees expectations</strong>: appreciation, additional engagement, additional effort and specific behavior will be appreciated and rewarded, incentive criteria are well established – procedural and distributive justice, individual contribution to work results.</td>
<td>Short term bonuses (team/organizational level) <strong>Performance criteria</strong>: team and organizational results. <strong>Shareholder expectations</strong>: integration of organizational and individual goals, employees will understand organizational goals and learn strategic thinking, better cooperation between teams and individuals, better performance. <strong>Employees expectations</strong>: additional effort and specific goals achievement will be appreciated and rewarded.</td>
<td><strong>Product and service are characterized by appropriate quality and reasonable good price.</strong></td>
</tr>
<tr>
<td><strong>Long-term incentive pay</strong> <strong>Performance criteria</strong>: individual, team and organizational performance, seniority. <strong>Shareholder expectations</strong>: integration of organizational and individual managers goals, retention of best managers. <strong>Employees expectations</strong>: additional effort and specific goals achievement will be appreciated and rewarded, best managers will own company shares, additional incomes depending on organizational results, job challenge, autonomy, prestige.</td>
<td><strong>Products and services are characterized by appropriate quality and reasonable good price, good and lasting relations.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Benefits (non-financial compensation (medical, social, cultural, recreation, training, etc.)) Performance criteria</strong>: to equip employees with instruments and resources needed to do their job (like computer, telephone, car, etc.), retaining talents, developing competencies, cost control; special employee groups will receive prestige, employees will appropriate represent their employers, employees will receive support from employers. <strong>Shareholder expectations</strong>: employees loyalty, professional development of employees, optimization of compensation costs, positive image of a company, employee disposals, employee integration. <strong>Employees expectations</strong>: support from an employer in balancing professional and family duties, support in developing competencies, additional advantages from working for an employer, sociability, pension.</td>
<td><strong>Products and services are characterized with appropriate quality and reasonable good price, good and lasting relationships, positive image of a company.</strong></td>
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Source: own elaboration.

allows the fulfillment of customer needs. However, at the same time, it may cause employee tiredness and may result in lower quality of goods and additional costs for an employer. Then salesmen working on high provisions (aggressive incentive pay system) take tremendous risk because of the external factors that influence market which determine effects of their efforts. What is more, it may conceivably engender
a variety of negative organizational consequences, such as reduced employee job satisfaction due to the extra effort that performance pay may generate [Artz 2008]. Short-term incentive pay on the individual level may cause employee’s rivalry. Short-term incentive pay depending on team or organizational performance may be very subjective when assessing the contribution of team members and distributing bonuses. It may cause undesired employee behaviors. On the other hand, long-term incentive pay may also encourage unethical managers’ behavior that will lead to groundless increase of their incomes dependent on organizational profit or share values. And finally, the use of benefits (non-financial compensation like medical, social, cultural, recreation and training) may also lead to unethical employee behavior (e.g. firm’s cars used for personal purposes) or unethical owner’s behavior (e.g. abusing of integration meeting for unethical purposes).

4. Challenges to shaping a responsible rewarding system

An improper rewarding system which is incorrectly configured can lead to counterproductive work behavior (CWB). Counterproductive work behavior consists of intentional acts by employees that harm organizations or their stakeholders [Spector, Fox, Domagalski 2006, p. 30]. Such workplace deviant behaviors include actions that violate accepted norms. Counterproductive work behavior includes acts directed against an organization as, for example: destruction and misuse of organizational property, doing work incorrectly or failing to notify superiors about mistakes and work problems as well as withdrawal [Spector, Fox, Domagalski 2005; Gruys, Sackett 2003]. Moreover, CWB also includes acts of physical violence against people and milder forms of aggressive behavior, such as harassment, verbal abuse, bullying, endangerment, gossiping, blaming others, etc. [Robinson, Bennett 1995; Spector, Fox, Domagalski 2005; Gruys, Sackett 2003].

The examples of controversial rewarding practices that cause unethical behavior of employees or other stakeholders of a company are present in every society. For example, the managers of Enion, who inflated the price of shares to receive higher dividends; top managers in banking who despite the crisis and dismissals in the sector raised their annual rewards; or China employees who added specific chemicals to baby milk to increase the level of proteins to receive higher price of milk. In the literature there are examples of such problematic rewarding systems. A recent one concerns insurance brokers who sell insurance to high-risk customers because the high-risk customers may prefer to buy more insurance, which means that more sales compensations can be earned [Lu-Ming Tseng, Yue-Min Kang 2014]. Therefore, it is important to create responsible practices in rewarding that will fulfill needs of all stakeholders, balance behavior of all stakeholders and bring positive outcomes to stakeholders.

It is not an easy task to design and implement responsible reward systems, as there is little literature on this matter. However, a responsible rewarding system is supposed
to motivate employees as well as other stakeholders to socially responsible behaviors. Moreover, it must be an effective tool for an organization, which means that it should support business strategy and help to gain a competitive advantage by attracting and retaining talented people and effectively impacting their attitudes and behavior in a company. According to the authors, responsible rewarding is a selection of the total reward philosophy, processes, procedures and tools that integrate the interests of all stakeholders, especially employees and employers, and which recognize human subjectivity in an organization and human as a “whole” and creates favorable conditions for further sustainable development of an organization and its people (and all the other stakeholders of an organization). This sustainable development is supposed to be considered at different levels. In the case of an organization there are three perspectives: economic (profit), social and environmental. When considering human development there is a professional and a personal perspective. Responsible rewarding considers processes and objectives in the long term; therefore, it leads to the development of professionalism, ethical behavior of all stakeholders, supports employees in balancing professional and personal life. Monitoring of this processes will help obtain cohesion and sustainable development of all stakeholders.

In general, responsible and sustainable rewarding must be characterized by some important features which are as follows:1

- the system must balance contradictions between stakeholders;
- it must be compliant legally as well as internally equitable and fair;
- it must be consistent: convergent with business strategy and required values, skills and behaviors;
- it is supposed to be effective: both cost effective and affordable as well as efficient to operate and maintain;
- it must be motivating for employees and customized to different needs of employees;
- it must be externally competitive to recruit and retain good employees;
- it must be continuous and flexible to react to change;
- it must be care giving to preserve various resources (not only environmental resources or financial ones but also mental resources).

When analyzing these features, one can see that the emphasis is placed on both the motivation to socially responsible behaviors of all stakeholders as well as on the high effectiveness of the rewarding process. That is why, when considering responsible and sustainable rewarding the continuous evaluation process of rewarding programs should take place. In the literature on the subject there are some examples of good monitoring practices and evaluation processes of rewarding systems as more and more companies stress the necessity of this process and the benefits it brings to all

1 Based on the following literature: Brown [2008] and discussions from the 4ERMC (4th European Reward Management Conference) and 13th IHRM (13th International Human Resources Conference) International Conference.
stakeholders [Armstrong, Brown, Reilly 2011]. However, it is possible only if the evaluation of rewarding systems is done from various perspectives and relies on different measures – both quantitative, like the HC ROI or productivity factors, as well as qualitative, such as an employee satisfaction survey.

5. Conclusions

In periods of economic slowdown, most employers look for savings and improved profitability. In such times, rewarding systems are crucial as effective tools to achieve desired employee behavior and engagement at work. Moreover, they can be vehicles for better performance and competitive advantage in the future. However, at the same time some systems may give a lot of space for unethical and pathological behaviors that cause a lot of material and non-material losses to an organization (waste of mental and physical resources, deteriorated image, etc). This happens when employers focus too much on one aspect of their goals and they do not consider needs of other stakeholders or simply do not predict what employee behaviors’ they may expect in return.

To monitor and prevent such incidents, one needs to establish a responsible rewarding strategy which is based on the organizational strategy and includes specific objectives of an organization. Objectives of a rewarding system must consider important needs and expectations of all stakeholders, although objectives of various stakeholders are not always coherent. In fact, they stay sometimes in opposition. Therefore, it is important to compose the elements of total reward in such a way as to fit best the expectations and needs of all specific stakeholders groups. Elements of the total reward must complement one another and amplify their effect. That is why, the percentage ratio of each element within the total reward package is also very important, as inadequate proportions, like too high or too low bonuses, may cause undesired behaviors of internal stakeholders. Then the key issue is to set up appropriate rewarding procedures and tools, such as the distribution process of bonuses or the adequate criteria of incentive pay, etc. These reward procedures should be established according to some motivation principles to ensure high level of justice, fairness and effectiveness of a reward system, which is not always easy. Furthermore, employers should provide suitable training for employees, managers and HR forces who will first of all benefit from the system and secondly be responsible for the usage of a system. Understanding and acceptance of a rewarding system, its philosophy, procedures and instruments will help employees to behave in a desired way [Scott, McMullen, Sperling 2006]. What is more, it may also prevent from unethical behaviors, such as unfair distribution of bonuses, etc. Providing an evaluation process of a rewarding system may prevent many problems and side effects of incorrect construction of the rewarding process. The effectiveness of compensation is a complex category that must be understood and measured from various perspectives. It should be considered not only in terms of proper design,
convergences with strategic goals or economic rationality, but also in terms of the external competitiveness, achievement of objectives of a compensation system, and benefits that it brings to all stakeholders. Moreover, it must be a systematic and deep analysis that gives some suggestions for the future and helps develop both organization’s and its stakeholders’ socially responsible behaviors. That is why, there is a great challenge to provide analysis and instruments which enable a systematic evaluation of a rewarding system due to sustainable criteria of both: work input and output. Such a system should respect not only the view of internal stakeholders but also should take into account the expectations of external stakeholders.

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ODPOWIEDZIALNE WYNAGRADZANIE – PIERWSZE KROKI W KIERUNKU OKREŚLENIA OBSZARU BADAŃ


Słowa kluczowe: wynagradzanie pracowników, społeczna odpowiedzialność przedsiębiorstw, ewaluacja systemów wynagrodzeń.
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THE USE OF BUSINESS MODELS  
IN FORMING CORPORATE SOCIAL RESPONSIBILITY

Summary: The social responsibility of a firm has a strategic dimension. From an analysis of the literature in this field, one may distinguish between classical and innovative approaches to corporate social responsibility (CSR). In the opinion of the authors, the classical approach places stress on practical actions leading to the implementation of the ISO 26000 norm. In contrast, this innovative approach, whose representatives are corporate shared value (CSV) and hybrid value chain (HVC), uses practical business models and value chains in order to create shared (economic and social) value. Several business models described in the literature (separation, long tail, multifaceted platforms (free and freemium) and open) are assessed based on eight criteria. This evaluation helped to define the relationship of complementary and compensatory business models to an innovative approach to CSR. Two of them (separation and open) show high similarity (complementary relationship) with the assumptions of this approach.

Keywords: corporate social responsibility, shared value, hybrid chain value, business models.

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1. Introduction

The subject of the strategic approach to the social responsibility of a firm has been considered in many academic articles. The main research field of the authors of this article is investigating strategic approaches to corporate social responsibility (CSR) [Kroik, Skonieczny 2011, pp. 193–206; 2013, pp. 70–83; Malara, Kroik 2012, pp. 11–22]. Based on a study of the literature, two schools of strategic approaches to CSR may be distinguished. The first, the classical approach, assumes that the strategic value of CSR lies in the day to day practical activities of a firm, e.g. implementing the ISO 26000 norm, and, in the long run, the direct effects of these activities lead to financial benefits to a firm. Hence, one important task for socially responsible firms is supporting the new society of organizations [Drucker 2010, pp. 214–216] and measuring their social sensitivity [Wachowiak 2013, p. 117]. The second type of approach, called the innovative approach, is based on creating a business model
The use of business models in forming CSR

and/or a value chain in which economic and social values come together to create shared value. In their interpretation of corporate shared value (CSV), M. Porter and M. Kramer argue that firms should “(…) create positive feedback between the prosperity of the firm and the well-being of local society, which results in long-term profits,” as well as “(…) follow legal and ethical norms, and minimize the negative effects of the activities of the firm” [Porter, Kramer 2011, p. 53]. On the other hand, V. Budinich and S. Serneels define shared value as the construction of a hybrid value chain (HVC), which in their opinion symbolizes the combination of two forces – a business model and a social model [Budinich, Serneels 2012, p. 8].

Both of these approaches to creating values shared by both business and society require building bridgeheads of trust within local society, which according to the CSV approach take the form of clusters. In our opinion, both of these approaches (classical and innovative) give results in the upper part of an imaginary graph in which the axes correspond to economic benefits to a firm and value added to the well-being of society. Studies of Polish firms have shown various approaches to CSR. It has been noted that many firms take a reactive approach to this problem, that is deny the importance of CSR and only satisfy general and legal requirements or only use cosmetic solutions. However, many examples of proactive behaviour have also been observed, that is to say: strategies striving to achieve effective actions and implement sustainable development, or creating new business models based on the concepts of CSR [Makuch 2012, p. 14].

The application of a business model and/or value chain in the field of social responsibility requires an understanding of the complexity and variety of resources generated according to various systems and the potential of values created by different strategic instruments in practice. The road to understanding such complexity and variety can be expressed by a detailed assessment of the types of business models considered in the literature. In addition, it can be stated that in recent years thinking in terms of business models has become a sign of a new form of strategic thinking [Duczkowska-Piasecka (ed.), Poniatowska-Jaksch, Duczkowska-Małysz 2013; Duczkowska-Piasecka (ed.) 2012]. The range of business models proposed in the literature means that an assessment of their potential for creating economic and social value (and/or harmonizing these values within a chain) is a very difficult, if not almost impossible, exercise. To illustrate these difficulties, it should be noted that there are at least several dozen business models described in the literature and in practice it is very difficult to distinguish between some of these models. In such a situation, the problem of harmonizing social responsibility with the goals of a firm using a business model should be solved using a more general approach. One possible approach is to classify business models. A. Osterwalder and Y. Pigneur classify business models so that the models in a class share many common characteristics and tend to lead to similar types of behavior [Osterwalder, Pigneur 2012, p. 59]. Several dominant classes of business models can be distinguished from the literature. Five of these will be described in this article and analyzed from the point of view of the
strategic dimension of CSR. Hence, the goal of the article is to assess the potential of harmonizing economic and social values within these classes of business models. This analysis aims to conclude which of these classes are most favorable from the point of view of the innovative approach to CSR.

2. Assumptions, tasks and constraints in the innovative approach to CSR

In describing the tasks and constraints inherent in the innovative approach, we refer to the concepts of CSV and HVC, which are of a very similar nature and hence we do not make a strict distinction between them. Firstly, a fundamental goal in the activities of a firm is to continuously find innovations resulting from the ability to make profits which lead to an increase, rather than decrease, in social value. Secondly, closer inspection enables us to distinguish a range of traits and tasks, some of which are described in Table 1.

The tasks involved in the innovative approach to corporate social responsibility within the process of creating socio-economic value similarly correspond to the tasks involved in creating a business model, understood as a strategic tool aimed at realizing the vision, mission and values of a firm. In the opinion of the authors, when socio-economic values are the driving force behind business activities, then businesses become social organizations (institutions). Other authors have expressed a similar opinion that the distinction between commercial and non-commercial organizations is becoming blurred. For example, R.M. Kanter states on the basis of her research, lasting more than 20 years and covering four continents, that the institutional approach (as she calls it) is a characteristic of effective firms which are resistant to changes in fortune and also admired for practices through which they become vehicles for realizing social goals [Kanter 2012]. Such firms are by definition social institutions. It is clear that the strategic approach begins by a firm adopting a vision, mission and fundamental values. For a social institution, these concepts are a major determinant of long-term success, as well as defining standards and operational practices. In order for a strategy to be successful, employees should be allowed to work in a flexible environment, which gives them the freedom to build social networks that allows the exchange of ideas and resources. Giving a firm the status of a social institution may lead to reservations of a formal nature if the role of a firm in society is understood in a narrow way. However, when the social role of a firm is understood in a wider context, such a status is justified. R.M. Kanter suggests that in order to harmonize the production and sale of goods with activities resulting from the social responsibility of a firm, the activities of a firm must become embedded in local society. Hence, there is no doubt that in order to achieve the standards and operational practices resulting from the vision, mission and fundamental values of a firm, there must first be a clearly formulated strategy and business model.
The use of business models in forming CSR

Table 1. Tasks involved in the innovative approach to corporate social responsibility in the process of creating shared economic and social values

<table>
<thead>
<tr>
<th>Type of task</th>
<th>Rationale</th>
<th>Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defining new contexts for a business strategy</td>
<td>The appearance of new demands, products, clients</td>
<td>Not possible in some fields</td>
</tr>
<tr>
<td>New ways of configuring the value chain</td>
<td>Achieving a competitive advantage that is longer lasting than the traditional approaches of lowering costs and improving quality</td>
<td>The need to answer questions of a very complex nature</td>
</tr>
<tr>
<td>Cooperation and coexistence with actors of various characters</td>
<td>The effects of formal and informal social contracts favoring the development of clusters</td>
<td>Inertia acting against the initiation of cooperative action, the requirement of many actors, and sometimes rivals, to cooperate</td>
</tr>
<tr>
<td>Social and institutional pressure</td>
<td>The ever deepening realization in society that resources are becoming more and more limited</td>
<td>The limited abilities of decision makers to harmonize economic and social goals</td>
</tr>
<tr>
<td>Transforming products and markets</td>
<td>The greater potential of commercial firms than of government and NGOs to attract clients to products which create social value</td>
<td>Unclear divide between commercial and non-commercial organizations</td>
</tr>
<tr>
<td>Widening the horizons of a conventional business model</td>
<td>Intensification of business activities requires harmonization of business and social goals</td>
<td>The need to change the way in which managers think and development of education programs in business</td>
</tr>
<tr>
<td>Adapting to legal regulations</td>
<td>Benefits of investments in socio-economic value together with the formulation of clear and measurable social goals, achievement of effectiveness targets, the measuring and reporting of results</td>
<td>The imposing of specific practices which hinder innovation and induce costs</td>
</tr>
<tr>
<td>Ending the thinking of zero sum options in decision making</td>
<td>The need to accept that markets are shaped through social needs and not via purely economic forces Social costs may be positively correlated with the level of production</td>
<td>Following the mind-set of improving one’s reputation means that one sees action as a necessary evil that induces costs</td>
</tr>
</tbody>
</table>

Source: [Kroik, Skonieczny 2013, pp. 70–83].

Considering in turn the concepts of A. Osterwalder and Y. Pigneur, who highlight nine elements (fields) of a business model, we note that a firm can express its role as a social institution in each of these fields. For example, in the field of client groups, in order to achieve its goals, an enterprise must take social dimensions into
account (as can be seen in the description of several tasks in Table 1). Another field, expressed values, provides a framework in which goods and services are presented to client groups. The field of key partners does not refer just to suppliers or economic partners, but also to cooperation with society and the expectations resulting from such cooperation. Two standard elements key resources and activities result from the hybrid value chain. Also, two classical elements used to classify the business models described in the literature which are elements in the set defined by A. Osterwalder and Y. Pigneur, the means of generating revenue and cost structure, can be reformulated to take the social context into account. This is reflected in the comments on social costs, the existence of synergy effects between clusters, or support via legal regulations in Table 1. The two final elements: means of building relations with clients and channels (e.g. information and distribution) are by definition of a social nature and from the point of view of consumers’ demands and social groups are key areas in the creation of shared values. Several of the comments in Table 1 highlight this. These factors confirm that the classification of business models may be treated as a step towards the description of innovative approaches to CSR.

3. Classes of business models and innovative approaches to CSR

A. Osterwalder and Y. Pigneur distinguish between five classes of business models: separation, long tail, multifaceted platforms (free and freemium) and open [Osterwalder, Pigneur 2012, pp. 58–123]. In the light of the analysis carried out below, their role in the formation of the social responsibility of a firm varies.

3.1. The separation class

Such a model is followed when there exist differing economic, competitive and cultural realities in separate fields of an organization which are expressed in the business model. This variation leads to separating an organization into departments, which may result above all from the characteristics of maintaining relations with clients, the innovative nature of products and the specific conditions resulting from the principles behind business activities (model) aimed at its infrastructure (its maintenance and improvement). In practice, the activities of one department affect the activities of others, but by separating them, the level of conflict is lowered and there is no need to find difficult compromises within an organization.

The introduction of social values according to the CSV concept often results from product innovation and/or the need to manage relations with clients. A key question in the area of customer relations is how clients can become collaborators in the processes occurring in the value chain. In practice, the existence of multiple business models in firms adopting the CSV approach seems to be unavoidable. However, this does not stop a firm from carry out its own activities developing infrastructure. The fundamental business plan of financial institutions lies in carrying out varying
transactions, although they often stress their pro-social aspects. It has been noted in various reports of the Forum Odpowiedalny Biznes (15+15) (Responsible Business) that the social action of firms is very often separated from their core activities. Most commonly, social action is coordinated by a separate unit (a foundation or completely different renowned social organization). However, such firms do not tend to take an innovative approach to social responsibility, but rather a traditional approach (ignoring the question of whether such practices constitute a strategic approach to CSR). On the other hand, although direct social action is organized by a separate entity, this does not stop firms from using their own resources and internal processes in achieving social goals. It seems likely that even if they wish to switch from the traditional to the innovative approach to CSR, firms using a model based on separation will continue to do so.

3.2. The long tail class

This approach is characterized by offering a large range of low volume products. Such an approach is adopted by a firm active in a large number of niche markets. However, the overall profitability of such a firm may be greater than a firm following the concept of separation. Niche markets give firms the opportunity of obtaining larger profit margins, which translates into large total profits when a large assortment of products is produced. Analysis of the applicability of such business models leads us to the conclusion that they are well adapted to niche clusters of clients and maintaining good relations with them. For these reasons, the Internet plays a key role in the majority of firms adopting such a strategy. There are many examples of Internet sites dedicated to highly segmented markets, e.g. publishing and music, where authors and artists use self-service sites and tools to promote their work.

From the point of view of approaches to CSV, such business models seem to be very open to an innovative approach, due to the natural tendency of firms to be able to interact with clusters of clients. The value chain of such firms is very short, similarly to firms working in information technology. However, it seems that firms adopting the CSV approach will use the long tail model as a useful tool to strengthen strategic areas. The common reliance of such an approach on the Internet indicates that long tail models share common features with multifaceted platform models.

3.3. The multifaceted class, including the free and freemium subclasses

As the name of this class implies, this approach involves building contacts between two or more related groups of clients (by linking e.g. demands, interests or solutions). The value of such a platform results from an enterprise playing the role of an intermediary and enabling contact between groups. The larger the number of participants attracted to a platform, the greater the value of the platform (the so-called network effect). Platforms have been present on the market for a long time.
However, the development of the Internet has led to a rapid expansion of the use of this approach. An obvious example of such a platform is Google, which sends adverts to specifically targeted users based on their profile. The advertisers pay for such a service according to the value of the key words related to the contents of an advert (e.g. the AdWords service). At the same time, internet surfers and the creators of texts receive payments from a platform provider. Such an approach is common, e.g. the free newspaper “Metro.” It should be noted that this class of business plans can take several different forms and when a client group can always make use of a service for free, then such an approach is termed “FREE.” Other business models use the so-called *bait and hook* approach, where the initial payment is often symbolic, but following payments ensure a profit margin. The “FREEMIUM” approach should be mentioned here, where certain basic services are provided for free, but it is necessary to pay for more advanced services. Skype and the Flickr service (which enables the publication of photos on the Internet) are examples of such an approach. They use *open source* programs, together with more advanced versions, which must be paid for. Without going into details regarding variants of such schemes, payments are normally small, but enough to cover costs.

The characteristics of this class enable us to conclude that such business models can be useful sources for developing a concept of CSV. Social values may be harmonized with accessibility, as well as broadening the consciousness and abilities of clients. However, whether these are a derivative of the assumptions of CSV depend on the real life context. Such accessibility may promote CSV or be purely a marketing tool.

### 3.4. The class of *open* business models

This type of business models is based on searching for collaborators and partners in the surrounding environment (hence the term *open*). In general, two subclasses can be distinguished, *out to in* (OI) and *in to out* (IO). In the first case, a firm uses ideas from outside the organization and in the second case a firm transfers ideas that it does not use itself to other organizations. One characteristic of both of these options is their approach to innovation (closed and open innovation). Procter & Gamble and GlaxoSmithKline are clear examples of the IO approach. GlaxoSmithKline is described in a list of examples given by the *Odpowiedzialny Biznes* (“Responsible Business,” 15 examples by Kuraszko, Augustyniak [2010, p. 88]), which describes their “flagship” program in Poland educating society on the threats of cancer. This is an example of a firm which possesses knowledge and intellectual property rights in a certain area and spreads this knowledge by enabling access to preventative and therapeutic treatment in a specific group of clients. The OI option is more commonly associated with the development of a form of platforms which enables groups of clients to cooperate with each other. The firm InnoCentiv, which acts as an intermediary between inventors/scientists and firms looking for innovative solutions,
is an example of such a business model. A feature that distinguishes such an approach from the multifaceted platform approach is the context of innovation and on the clear orientation towards cooperation. From the point of view of innovative approaches to CSR, open business models may be a natural way to create socio-economic value. In particular, the IO approach shows great potential to generate and maintain value chains. One certain constraint on business models of this type is the need to adopt a similar approach to the one described in the section on multifaceted platforms. However, these constraints become less binding when the vision and mission of a firm is based on cooperation with various partners and functioning in a social environment.

4. An assessment of the classes of business models – complementary and substitutional relations with the assumptions of the innovative approach to CSR

Innovative approaches to CSR are naturally associated with the possibilities given by the Internet. It should be stressed that modern packages for analyzing databases enable firms to closely follow the behavior of clients or use technology based on Heidegger’s existential understanding of humanity [Drake 2014, p. 57] to support marketing strategies. This leads to new discoveries regarding preferences and dependencies, which are of great use for business purposes. Such an action, however, is not necessarily a complementary means of supporting social responsibility. Many of the areas highlighted in Table 1 may not be automatically associated with marketing technologies. It seems that such technologies also constitute a substantial threat, since they may take the place of the CSV concept and create values related purely to the image of a firm and not strategic values. If that were to occur, the classical approach based on the ISO 26000 standards would be a safer and longer lasting way of achieving CSR. An example of such a threat is given by the practices of different firms in the field of advertising. Competitive battles for the tastes of customers take place in other competitive areas than quality and the winner on the market is most commonly a firm which sells their products most effectively. The innovativeness of an enterprise, in this situation, is the result of pressure from two directions – the demands of customers and advertising within the market. This affects future margins, investments and workplaces, which means that advertising expenditure indirectly affects the unemployment rate [Salik 2014].

Based on the arguments regarding the way in which the classes of business models discussed above promote or hinder in achieving the strategic goals of the innovative approach to CSR, one may talk about being complementary to (supportive of) CSR or substitutive (compensatory) to CSR. This is summarized in Table 2.

The description of the influence of the class of a business model on the implementation of the innovative approach to CSR presented in Table 2 is the subjective opinion of the authors. It should be interpreted as the degree to which
the class of a model can support (through complementarity) or hinder (through compensation) the implementation of CSR based on the hybrid value chain (HVC).

Table 2. The degree to which classes of business models are complementary and substitutive with respect to the innovative approach to CSR

<table>
<thead>
<tr>
<th>Class of a business model</th>
<th>Degree of complementarity to the innovative approach to CSR</th>
<th>Degree of substitution with respect to the innovative approach to CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEPARATION</td>
<td>High</td>
<td>Minimal</td>
</tr>
<tr>
<td>LONG TAIL</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>MULTIFACETED PLATFORM</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>OPEN</td>
<td>High for the IO subclass, medium for the OI subclass</td>
<td>Low, but could be higher depending on the characteristics of a platform</td>
</tr>
</tbody>
</table>

Source: author’s own work.

Based on this analysis, it can be stated that the separation and open classes of business models can provide strong support to implementing the concept of CSR. Combining the nature of these two classes, which would lead to synergetic effects in the implementation of the innovative approach to CSR, is possible to some degree. By nature, the long tail class of models does not particularly promote (nor hinder) the implementation of the innovative approach to CSR. In the case of the multifaceted platform class, although the use of information technology supports the innovative approach, there exists a threat that the opportunities given by this technology lead to CSR becoming of secondary importance. Hence, the authors suggest that such a class of business models is as much a hindrance to the innovative approach to CSR as it is a support.

It may be possible that these classes of business models can be used to classify the level of social responsibility of firms. The actions of the firm Nestlé, which have introduced an initiative of an undoubtful socio-economic nature, are an example of this. Due to the high level of unemployment among young people, Nestlé have set the goal of employing ten thousand young workers in Europe over the next three years and help the same number in the form of work practice and professional training. This goal is the result of a vision to increase market share through innovation, which is an economic goal. On the other hand, new healthy food products and modern solutions regarding the preparation of meals, innovative coffee machines and products for animals, etc. may be defined as social goals. Moreover, Nestlé intends to influence partners (suppliers) in such a way as to promote the employment of young people. It plans to form an open alliance with 10 firms in each country where it has a production base and at the European level with its 15 largest suppliers. Poland will be a beneficiary of this program, called “The Youth Employment Initiative,” in which it is stated that “sustainable development is not just ecology and socio-
-economic sustainability is based on employment, which is a key to solving other problems” [Nowy sojusz Nestlé... 2014]. The classes of business models supporting these socio-economic goals are separation and open, which supports the arguments given in Table 2.

5. Summary

The arguments presented in this paper serve to note the relation between different classes of business models and the requirements of social responsibility as understood by the concept of CSV. In the opinion of the authors, there is a clear relation between the class of business models used and the implementation of CSR. By analyzing these relations a deeper understanding of the practical value and implementation of the concept of CSV may be achieved.

References

WYKORZYSTANIE MODELI BIZNESOWYCH
W KSZTAŁTOWANIU SPOŁECZNEJ ODPOWIEDZIALNOŚCI
PRZEDSIĘBIORSTWA

Streszczenie: Społeczna odpowiedzialność przedsiębiorstwa ma wymiar strategiczny. Analiza dostępnej literatury umożliwia wyróżnienie klasycznego i innowacyjnego podejścia do CSR. W ocenie autorów podejście klasyczne kładzie nacisk na działania polegające na wdrażaniu normy ISO 26000. W przeciwieństwie do tego podejście innowacyjne, których przedstawicielami są CSV i HVC, posługuje się praktycznymi modelami biznesowymi i łańcuchami wartości w celu tworzenia wspólnej (ekonomiczno-społecznej) wartości. W oparciu o osiem przesłanek oceniono schematy modeli biznesowych (rozdzielanie, długi ogon, platformy wielostronne (free i freemium) i otwarte) opisanych w literaturze przedmiotu. Ocena ta pozwoliła na zdefiniowanie relacji komplementarnych i kompensacyjnych schematów modeli biznesowych wobec podejścia innowacyjnego CSR. Dwa z nich (rozdzielany i otwarty) wykazują dużą zbieżność (relacja komplementarna) z założeniami tego podejścia.

Słowa kluczowe: społeczna odpowiedzialność przedsiębiorstwa, wartość ekonomiczno-społeczna, hybrydowy łańcuch wartości, modele biznesowe.
LIFE CYCLE MANAGEMENT AS A CRUCIAL ASPECT OF CORPORATE SOCIAL RESPONSIBILITY

Summary: The article presents a general concept of life cycle thinking and life cycle management (considering three dimensions of assessment: LCA, S-LCA and LCC) as well as its compatibility with so-called “triple bottom line” – three pillars of sustainability: environmental, social and economic. In relation to corporate social responsibility and stakeholders relations management, the authors presented 6 RE- philosophy: potential of reduction of resource consumption and improvement of products performance at each life cycle stage. An example of environmental and social responsibility of enterprises is discussed on the basis of the life cycle of bioplastics, especially compostable packaging material made from production waste – Biotrem.

Keywords: life cycle management, corporate social responsibility, sustainable development, biobased materials, Biotrem.

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1. Introduction

The concept of a life cycle includes three elements: life cycle thinking, management of a life cycle and practical tools of life cycle assessment: environmental, social and economic. It should be emphasized that this concept is compatible with the so-called “triple bottom line” – three pillars of sustainability: environmental, social and economic (see Figure 1). Life cycle thinking and management as a whole approach can play a significant role in corporate social responsibility of enterprises and in the management of their stakeholders relations.
2. From life cycle thinking to CSR through assessment methods and sustainable development

The life cycle thinking (LCT) model provides its users with comprehensive information about environmental, social and economic impacts of products and services. For that reason, it is an important and useful decisions tool. Those features can be used in businesses to demonstrate sustainability and corporate social responsibility, not only on declarative levels [UNEP, SETAC, Life Cycle Initiative 2012a]. Tools and methods connected with the life cycle concept on all the levels – from actual assessment to management systems resulting in sustainability – are presented in Figure 2.

Life cycle thinking is connected with awareness that materials are extracted from nature, converted into process materials, combined with other materials to make product elements, assembled into finished products, shipped to customers who use products and finally disposed in a certain scenario. Along the value chain, energy and other natural, social and economic resources are used; waste is generated, and related impacts, both positive and negative, are distributed across societies to varying degrees around the globe levels [UNEP, SETAC, Life Cycle Initiative 2012a].

Life Cycle concept was originally developed as a way of measuring nuclear power plant environmental impacts. It was then implemented into FMCG markets by Coca-Cola Company [Kuzincow 2013] – life cycle thinking introduced the concept of focusing beyond production facilities. It takes into account environmental, social and economic impacts of a product over its entire life cycle from raw material extraction through materials processing, manufacturing, distribution, use, repair.
Life cycle management as a crucial aspect of CSR

and maintenance, to disposal and/or recycling – in so-called “from cradle to grave perspective levels” [UNEP, SETAC, Life Cycle Initiative 2012a; McDonough, Braungart 2002a].

Figure 2. Sustainability framework supported by life cycle thinking and connected approaches
Source: [UNEP, SETAC, Life Cycle Initiative 2012a].

Product life cycle thinking is essential in the path to sustainability by expanding the focus from the production site to the whole product life cycle. This facilitates the links between the economic and environmental dimensions within a company. Life cycle thinking is about widening views and expanding the traditional focus on manufacturing processes to incorporate various aspects associated with a product over its entire life cycle. The producer becomes responsible for products from cradle to grave and can, for example develop products with improved performance in all the phases of the product life cycle.

The main goal of product life cycle thinking is to reduce resource use and emissions to the environment as well as improve the social performance in various stages of a product’s life. In this way, companies achieve cleaner products and processes, a competitive advantage in the marketplace, and an improved platform to meet the needs of a changing business climate [UNEP, Life Cycle Initiative 2006].

Life cycle thinking is based on the principles of pollution prevention, where environmental impacts are reduced at the source, and where closed-loop materials
and energy is being used. These principles have so far been implemented internally in organizations via cleaner production, environmental management and eco-design programs. LCT expands the general – fashionable, but not always fully ethically implemented and communicated – concept of pollution prevention to include the whole product life cycle and sustainability. Such a way of thinking has been called 6 RE- philosophy (see Figure 3) [UNEP, Life Cycle Initiative 2006].

Figure 3. 6 RE- philosophy: potential of resource consumption reduction and improvement of products performance in each life cycle stage
Source: own work based on [UNEP, Life Cycle Initiative 2006].

Entrepreneurs can decide to integrate sustainability and life cycle thinking into everyday management and decision making by using several types of environmental and economic approaches, concepts and tools connected with the life cycle. Obviously, actual companies can also deploy each tool in different ways. The introduction of LCM in a company is a top management decision and has to be in accordance with company policies and strategy. The entry gates of LCM in a company typically corresponds to a function within an organization, such as manufacturing, procurement, marketing, research and development (R&D) or environmental health and safety.
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It often happens that a company’s department of environment or sustainability initially suggests the implementation of an LCM system. What is especially important in the corporate responsibility context is that interactions with stakeholders (both internal and external) create a basis for the priority setting and provide inspiration for the integration of environmental, social and economic thinking. Figure 4 presents a comprehensive overview of decision levels and policies, systems, concepts, tools and data as a background for a company LCM system [UNEP, Life Cycle Initiative 2006]:

EMAS = environmental management and audit system;
EFQM = European Foundation for Quality Management;
LCA = Life cycle assessment;
MFA = mass flow analysis;
SFA = substance flow analysis; I/O = input-output analysis;
ERA = environmental risk assessment;
CBA = cost-benefit analysis;
LCC = life cycle costing;
TCO = total cost of ownership;
EIA = environmental impact assessment.

Figure 4. All the levels of the life cycle management system that can be implemented in an actual company setting
Source: [UNEP, Life Cycle Initiative 2006].

An operational step of the life cycle scheme – life cycle management – signifies the application of life cycle thinking to actual businesses and real enterprises. It is aimed at managing the total life cycle of products (or in another way, as shown in Figure 5, other elements of activities like processes, general ideas or solutions) and
facilitates more sustainable consumption and production. LCM is about systematic integration product sustainability, e.g. in company strategy and planning, product design and development, purchasing decisions and communication programs [UNEP, Life Cycle Initiative 2006].

Figure 5. Two dimensions of a life cycle: product and process life cycle lines
Source: [UNEP, Life Cycle Initiative 2006].

2.1. Life cycle assessment

Classic life cycle assessment, called also environmental life cycle assessment (LCA or E-LCA, depending on the source) is a technique that aims at addressing the environmental aspects of a product and their potential environmental impacts throughout the whole life cycle. The term product is used here in a marketing meaning and refers to both goods and services. A product’s life cycle includes all the stages of a product system, from raw material acquisition or natural resource production to the disposal of a product at the end of its life, including extracting and processing of raw materials; manufacturing; distribution; use; re-use; maintenance; recycling; and final disposal (i.e. cradle-to-grave) [UNEP, SETAC 2009].

The technique was originally developed in the late 1960s and throughout the 1970s to address the desire of enterprises and policy makers to understand the relative environmental impacts of alternative packaging options. The scope of environmental impacts grew with time as more studies were performed for more audiences emerged. Initially, the impacts of interest were limited to energy consumption and the production of solid waste; thus, the inventory data focused on these impacts as
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well. Emissions of regulated air pollutants were soon added, as were releases of water pollutants [UNEP, SETAC 2009].

LCA implementation standards were developed as part of ISO’s standards system of environmental management. Four ISO standards (ISO 14040-14043) were published in 1997–2000, all of which were replaced in 2006 with two standards, ISO 14040 (2006) and ISO 14044 (2006). Those documents – due to the lack of specific standards for social and economic assessment – are also a general basis for all LCM tools.

2.2. Social life cycle assessment

Environmental LCA, itself, does not provide all the information necessary to make intelligent decisions in a sustainability perspective. Social life cycle assessment (or S-LCA) can provide a more comprehensive picture of products impact on the society level, which can be applied on its own or in combination with environmental LCA. It is a social impact (and potential impact) assessment technique, aiming to assess the social and socio-economic aspects of products and their potential positive and negative impacts along normal life cycle including [UNEP, SETAC 2009]:

- raw materials extraction and processing,
- manufacturing,
- distribution,
- use,
- re-use,
- maintenance,
- recycling,
- final disposal.

S-LCA assesses social and socio-economic impacts along the life cycle (supply chain, including the use phase and disposal) using generic and site specific data. It differs from other social impacts assessment techniques by its subject matter: products and services and its scope: the entire life cycle. Social and socio-economic aspects assessed in S-LCA may directly affect stakeholders positively or negatively during the life cycle of a product. They may be linked to the behaviors of enterprises, to socio-economic processes or have an impact on social capital. Depending on the scope of the study, indirect impacts on stakeholders may also be considered [UNEP, SETAC 2009].

S-LCA neither has a goal nor pretends to provide information on the question of whether a product should be produced or not. S-LCA documents product’s utility but neither has the ability nor the function to inform decision-making at that level. It is correct that information on the social conditions of production, use and disposal may provide elements for thoughts on the topic, but will, in itself, seldom be a sufficient basis for a decision [UNEP, SETAC 2009].

Although in theory S-LCA may be conducted on any products, even those somehow knowingly harmful to society, it should be emphasized, in the context of
corporate social responsibility and shareholders relations, that it is recommended to use it ethically and it is assumed that peer review will prevent using the methodology inappropriately. For that reason, socially responsible enterprises should provide a list of product categories excluded for ethical reasons. If the product category studied is listed, it is recommended to detail, in the goal and scope phase of the study, the reason why it is ethical and reasonable to conduct a S-LCA of this particular product. Documentation of product’s utility and assessment of the use phase should generally reflect the unethical or harmful nature of an actual product [UNEP, SETAC 2009].

S-LCA provides information on social and socio-economic aspects for decision-making, instigating dialogue on the social and socio-economic aspects of production and consumption, in the prospect of improving performance of organizations and ultimately the well-being of stakeholders [UNEP, SETAC 2009]. Stakeholders categories and company impacts that are important when analyzing a life cycle from the social perspective are presented in Figure 6.

2.3. Life cycle costs

The third assessment method related to the life cycle model is connected to widely understood economic dimension. The life cycle costs (LCC) method is a compilation
Life cycle management as a crucial aspect of CSR

of all the costs related to a product in its whole life cycle – from production through use, maintenance to disposal. Similarly to LCA, it was first developed in the United States in the 1960s, but first used by the US military in order to assess the costs of long living goods, like different purpose vehicles. Till now, there have been developed a number of industry guidelines and references according to LCC, but, as previously mentioned, no ISO standard has existed so far [UNEP, SETAC 2009].

Starting point of LCC is the fact that for many objects (material products and services) the purchase price reflects only a minority of the whole costs that will be incurred. It is therefore crucial that cost categories, cost measurement procedures and modeling decisions, such as setting of system boundaries and of possible discount rates, are defined for the LCC. LCC can address the economic impact of a product whose environmental performance is scrutinized in a E-LCA. Since both LCC and classic environmental LCA build on a network of interlinked material flows over the whole life cycle of a product, such a combination is inviting. However, it bears particular modeling pitfalls in order to obtain as good as possible result and consistent assessment, without double counting [UNEP, SETAC 2009].

To ensure this system, boundaries of the environmental LCC need to be equivalent to those from the environmental LCA. They will often not be identical, since research and development, planning and managerial overhead will have decision-relevant costs (and will therefore be considered) even without a significant share of environmental impacts.

Figure 7. Basic approach in LCM

Source: [UNEP, Life Cycle Initiative 2006].
Because of the general novelty of the two methods: LCC and S-LCA, no formal relations between the two techniques exist [UNEP, SETAC 2009]. This should therefore be the object of further development by United Nations Environmental Program, which created general principles of life cycle thinking, International Organization for Standardization, as well as scientist researching more appropriate tools of CSR and shareholders relations management with quantitative evaluation.

2.4. Life cycle management advantages

An organization can benefit from adopting life cycle management strategy in many ways and in different dimensions. LCM can result in the following benefits presented in Table 1.

Table 1. Corporate benefits of life cycle management strategy

| Reputation and image | • Improvement of public image and general relations with stakeholders  
|                      | • Shareholders value increase and steadiness  
|                      | • Green branding of products  
|                      | • Working towards a sustainable business and being at the forefront of competitors |
| Sustainability       | • Sustainable manufacturing processes in all the elements of the business chain  
|                      | • Extended product life time and technological efficiency  
|                      | • Low environmental impacts in the product life cycle (measured by e.g. LCA)  
|                      | • Lowest possible health impacts in the product life cycle  
|                      | • Improvements of occupational safety and health conditions in the whole life cycle  
|                      | • Lowest possible use of non-renewable resources in the whole life cycle  
|                      | • Lowest possible economic costs to consumer and society in the whole life cycle (measured by LCC)  
|                      | • High eco-efficiency (measure of relation between environmental impacts and economic costs)  
|                      | • Design of disassembling and reuse/recycling  
|                      | • Preferable usage of renewable and recycled materials  
|                      | • Preparation for “take back” systems  
|                      | • Best social conditions for workforce (social responsibility)  
|                      | • No child labor |
| Proactive behavior   | • Being prepared for present or future legislative developments, e.g. introduction of integrated product policy and “take back” legislation |
| Focusing on sustainability and looking beyond the production boundary | • Product stewardship programs  
|                      | • Programs for development and design of new products  
|                      | • Supply chain management, supplier evaluation  
|                      | • Communication in the value chain  
|                      | • Environmental product declarations |
Life cycle management as a crucial aspect of CSR

| Advanced national and international programs | • Corporate social responsibility programs  
• Marketing activities  
| • Being prepared for different eco-labeling schemes (increased visibility, image and sale)  
• Being ready to join a Dow Jones sustainability index (higher shareholders value)  
• Being ready for green public procurement programs (increased sales) |

Source: [UNEP, Life Cycle Initiative 2006].

2.5. Life cycle management in a socially responsible enterprise

It seems that these days the theoretical basis of corporate social responsibility should be analyzed in two dimensions. First of all, as a scientific question: the very first and still valid four-stages CSR model has been created by well-known theoretician of CSR – Archie B. Carroll. So-called Carroll’s pyramid includes subsequent levels of responsibility: from traditional-economic, through legislative, ethical and philanthropic level [Carroll 1979]. Profit should therefore be only a baseline responsibility of an organization, followed by adherence to law, acting in accordance with ethical values and by fulfilling civic duties. A modern approach to Carroll’s model was formulated, i.a. by Magdalena Rojek-Nowosielska (see Figure 8) [Rojek-Nowosielska 2011]. According to this kind of interpretation, strictly legal responsibility is required rather by the external environment, but ethical responsibility – even though not codified – is expressly expected by stakeholders.

Figure 8. Carroll’s model – the modern approach considering social expectations

Source: [Rojek-Nowosielska 2011].
The second, very interesting in this context, dimension is all guidelines concerning the responsibility of business for the impact on external social environment – stakeholders – and natural environment, like Green Paper: Promoting Framework for Corporate Social Responsibility of Commission of the European Communities. Its authors see corporate social responsibility as a process that can give the ability to manage relationships with groups of stakeholders having a real impact on their activities. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing “more” into human capital, the environment and the relations with stakeholders [Commission of the European Communities 2001].

With reference to Rojek-Nowosielska analysis [Rojek-Nowosielska 2011], it should be emphasized that the legal level is required, but very often social expectations and desires go far beyond it. This means that law not always can be a good tool to measure CSR: real corporate social responsibility starts only where the law is obeyed and that is why it is important to demonstrate to stakeholders all the elements of enterprise’s activity not covered by the law. And an appropriate way to obtain this is accurate, comparable data expressing and confirming all declaration, provided by scientific research methods like $^{14}$C content measurement or life cycle management. Especially the latter, based on the cradle-to-grave perspective and all enterprise’s impacts.

3. Life cycle of bioplastics and Biotrem technology

Bioplastics is a whole family of materials which are, according to European Bioplastics Association, biobased, biodegradable or both (see Figure 9). Biobased means that a material or a product is (partly) derived from biomass (plants). Biomass used for bioplastics stems from e.g. corn, sugarcane or cellulose. The term biodegradable refers to a chemical process during which micro-organisms that are available in the environment convert materials into natural substances such as water, carbon dioxide and biomass. The process of biodegradation depends on the surrounding environmental conditions (e.g. location or temperature), on the material itself and on the application [www.europeanbioplastics.com].

In the case of bioplastics their life cycle analysis should focus on the first and last stages: raw materials extraction and reuse and recycling (see Figure 10). As already mentioned, the main goal of product life cycle management is reduction of resources and emissions to the environment. Bioplastics are designed not only to reduce the petrochemical sources consumption, but also to improve environment conditions – as renewable feedstock materials are able to absorb carbon dioxide. At the end of their life, those materials can often be composted, thus becoming a valuable natural resource themselves.

One example of bioplastics is Biotrem, an innovative compostable bran-based packaging material produced from wheat bran, a by-product of milling industry. By utilizing 90%–100% of wheat bran, no depletion of natural resources takes place and it can be considered as an endless resource. Global bran production is estimated
at 87 million tons annually and Biotrem expects its maximum demand at 150,000 tons annually. Finally, bran-based packaging reduces the demand for traditional packaging materials [Żakowska, Ganczewski 2011].

In addition to this, benefits of Biotrem are visible at all life cycle stages [Żakowska, Ganczewski 2011]:

1. Feedstock:
   - bran is plentiful and seasonal economic fluctuation is observed (up to 40% change in price),
   - bran steady demand helps in stabilizing prices,
   - long term demand will positively affect the milling industry.

2. Production:
   - bran based products manufacture will create jobs around mills and rural areas with good infrastructure.
   - risk of bran packaging production relocation to cheaper labor countries is small due to increased weight of bran – economically unfeasible.

3. Use:
   - unsold food products that are past their due date, can be disposed with their packaging,
   - creation of a new sustainable lifestyle.

Figure 9. Bioplastics features matrix
Source: [Zakowska 2014].
4. Disposal:
   - legal aspects,
   - promotion of compostable and biobased packaging.

**Figure 10.** General product life cycle and the life cycle of Biotrem technology

Source: [UNEP, Life Cycle Initiative 2006; Żakowska, Ganczewski 2011].
Biotrem technology is also in line with current trends of packaging production due to its bio-based nature. LCA is very favorable in comparison with other packaging materials and carbon footprint of feedstock material is zero as the carbon used in Biotrem is biogenic. Biotrem is an example of full value chain based in nature [Żakowska, Ganczewski 2011].

The application of bran-based materials is expected to have major beneficial effects on various environmental and social factors. The expected beneficial effects are as follows [Żakowska, Ganczewski 2011]:

- limited depletion of fossil fuels and saving of natural resources, such as forests;
- reduction of greenhouse gas emissions and meeting Kyoto agreement targets;
- reduction of the volume of municipal waste that is disposed via landfill sites or incineration plants and the concomitant pollution;
- reduction of the volume of non-degradable and persistent roadside litter;
- supporting and strengthening of the currently weak financial position of the wheat milling industry and wheat growers.

It is important to clarify some issues related to the acquisition of raw materials. According question of social responsibility, which actually means going beyond legislation, there remain numerous questions regarding entrepreneurs’ ethical behavior and so-called “greenwashing” – conscious or unconscious unauthorized communication of non-existent facts. The claims of biodegradability and compostability are widely used by companies as a part of image and competitive advantage building, but claims without quantitative and scientific data cannot be regarded as appropriate. If a material or a product is advertised as biodegradable, further information on the timeframe, the level of biodegradation and the surrounding conditions should be provided [www.european-bioplastics.com].

Moreover, data should be made available to interested parties for verification. For example, substantiation of biobased claims should be based on the $^{14}$C content measurement which includes assessment of the overall carbon contained in a material or a product and expresses the biobased carbon content as fraction mass or percent mass [European Bioplastics].

<table>
<thead>
<tr>
<th>No. of sample</th>
<th>Sample description</th>
<th>Carbon $^{14}$C content (AMS) [pMC]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cellulose film Natureflex</td>
<td>108.33 ± 0.43</td>
</tr>
<tr>
<td>2.</td>
<td>Polyethylene film PE-LD</td>
<td>&lt;0.22</td>
</tr>
<tr>
<td>3.</td>
<td>Expanded polystyrene EPS</td>
<td>0.27 ± 0.07</td>
</tr>
<tr>
<td>4.</td>
<td>Polyolefin film with calcium carbonate</td>
<td>0.82 ± 0.08</td>
</tr>
<tr>
<td>5.</td>
<td>BIOTREM</td>
<td>109.65 ± 0.35</td>
</tr>
<tr>
<td>6.</td>
<td>PLA granules 2002D</td>
<td>105.73 ± 0.35</td>
</tr>
</tbody>
</table>

$pMC$ – percent modern carbon, modern carbon: pMC > 100

Source: [Żakowska 2014].
For Biotrem such carbon content determination by radiocarbon $^{14}\text{C}$ technique has been carried out as a part of project co-financed by The National Center for Research and Development “Support for research and development on a demonstration scale” at Polish Poznan Radiocarbon Laboratory, using the accelerator mass spectrometry (AMS) technique with the accelerator mass spectrometer. Its results are summarized in Table 2 [Żakowska 2014].

4. Summary

As confirmed by the obtained data shown in Table 2, column 3, samples no. 1, 5 and 6 (cellulose film, Biotrem and PLA granulate), contained organic carbon was assimilated from the atmosphere in the last decades of the 20th century or recent years [Kuzincow, Frydrych, Wróblewski 2014].

![Figure 11. Life cycle assessment mid- and endpoints](source: [UNEP, SETAC, Life Cycle Initiative 2012b]).

It seems that in the case of Biotrem itself two out of three life cycle management dimensions are especially important:
Life cycle management as a crucial aspect of CSR

- LCA: environmental assessment in impact categories of land occupation, but also global warming potential, non-renewable energy or mineral extraction (see Figure 11).
- S-LCA: crucial question of using food resources for other purposes than consumption, impact on local community and society in dimension of health and safety and socioeconomic repercussion (see Figure 5).

References


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Żakowska H., Ganczewski G., 2011, Biotrem, Innovative Polish Packaging Material from Bran, and Its Environmental Impact, BioBased Chemicals Europe: Building the Value Chain, Milan, Italy.
cym trzy obszary zrównoważonego rozwoju: środowisko naturalne, społeczne i gospodarcze. W nawiązaniu do społecznej odpowiedzialności biznesu oraz zarządzania relacjami z interesariuszami, zaprezentowano także tzw. filozofię 6 RЕ-, związaną z potencjałem redukcji zużycia zasobów i poprawą wydajności produktów na każdym etapie cyklu życia. Jako przykład praktyk dotyczących ochrony środowiska i społecznej odpowiedzialności przedstawione zostały cykl życia biotworzyw oraz kompostowany materiał opakowaniowy z odpadów produkcyjnych Biotrem.

Słowa kluczowe: zarządzanie cyklem życia, społeczna odpowiedzialność biznesu, zrównoważony rozwój, biotworzywa, Biotrem.
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IMPLEMENTING THE WORK–LIFE BALANCE AS A CSR TOOL IN POLISH COMPANIES

Summary: The aim of this article is to assess implementing the WLB concept in Poland. There is a following hypothesis set in this article: implementing the WLB solutions as a CSR tool offers a variety of benefits to both employers and employees but the level of their application in Poland is unsatisfactory and low. In order to meet the article objective and verify the set hypothesis, two research tasks have been determined: (1) to describe the main aspects of the WLB concept crucial in implementing by entrepreneurs; (2) to analyze the implementation of the WLB concept in Poland in the light of international and domestic studies. This article has been divided into two sections. The first one describes the WLB concept and applied solutions on the basis of available literature as well as the difficulties in implementing the concept together with the benefits from applying the WLB solutions and consequences of lacking a balance between work and private life. The second section analyzes multiple aspects of implementing the WLB concept in Poland and also – for comparison – concept implementation in other countries on the basis of secondary sources, reports and own study carried out by the author of this article. The analysis of available literature, secondary data, own studies, reports allowed achieving the set research tasks and the article objective.

Keywords: work–life balance, corporate social responsibility.

DOI: 10.15611/pn.2015.387.09

1. Introduction

Socially responsible organizations take steps to enable their shareholder inner „employee” to keep the work–life balance (WLB). Socially responsible companies should pay attention to the fact that individuals are not only employees, but they also play a number of social roles, e.g. a role of a wife, a husband, a parent, a child, a friend, a local community member. Hence, except for the time devoted to work, an individual also has to find time to foster personal relationships, regeneration and self-development.

The companies’ focus (it is mainly the focus of HR in large organizations) on the relations between work and other life spheres of an individual results mainly from
the ongoing changes in the picture of a typical family, employee and values cherished by them. Spouses that both work are more and more common at present. They are forced to combine their careers with bringing up children or taking care of their elderly parents. Moreover, the younger employee generation (so-called Y generation in particular) is far less eager to sacrifice their private life for the company’s sake than their older colleagues. They are ready to change their workplace to the one providing greater comfort of private life at any time. Hence, particularly attractive companies for them are the ones offering the opportunity of combining their career with non-work duties or activities, hence offering the work–life balance.

Therefore, this article pays a special attention to the assessment of implementing the WLB concept in Poland which is the main aim of the article. There is a following hypothesis set in this article: implementing the WLB solutions as a CSR tool offers a variety of benefits to both employers and employees but the level of their application in Poland is unsatisfactory and low. In order to meet the article objective and verify the set hypothesis, two research tasks have been determined: (1) to describe the main aspects of the WLB concept crucial in implementing by entrepreneurs, (2) to analyze the implementation of the WLB concept in Poland in the light of international and domestic studies.

The present article has been divided into two sections. The first one describes the WLB concept and applied solutions on the basis of available literature as well as the difficulties in implementing the concept together with the benefits from applying the WLB solutions and consequences of lacking a balance between work and private life. The second section analyzes multiple aspects of implementing the WLB concept in Poland and also – for comparison – concept implementation in other countries on the basis of secondary sources, reports and own study carried out by the author of this article.

2. Work–life balance concept – an introduction

Work–life balance is simply keeping the balance between the professional and private life without restricting self-development as well as paying attention to multiple aspects of such a balance. In this context, the need of personal fulfilment should be also translated to life aspects other than professional ones. The WLB concept is not, however, about separating completely private life from professional one but rather about combining both of them swiftly and merging them so that work, family and hobbies create a harmonious whole.

When implementing the work–life balance concept in an organization, it is important to remember that there are two parties involved: employee and employer. For employees their priorities, work significance, family and private life are important. Moreover, it is also crucial that an individual has a hobby, plans and how employee is motivated.
Implementing the work–life balance as a CSR tool…

There are many WLB programs to which two approaches may be adopted: the wide approach – employment and family policies implemented by the authorities are taken into account or the narrow approach which focuses on steps taken by employers only. The tools applied in both approaches may be broken down into four main groups [Ratajczyk 2010]:

- a variety of work and time arrangement; they are frequently called non-standard employment: flexible working hours, part-time, telework, agreement for performance of specific work, commission contract, working from home and jobsharing;
- available holiday leave and time when an employee is not required to report for duty due to their family responsibilities; in this case it is important to retain the right to benefits when not performing work and right to remuneration;
- fringe benefits for employees taking care of dependent family members (children, elderly or disabled people);
- employee benefits granted when an employee has to combine work with family responsibilities in the event of high employer requirements.

Naturally, certain tools should be adapted to given conditions. It happens that in various conditions a number of combined tools may be applied. But they all have a common objective to support an employee who may face problems in finding the work–life balance. It happens that applying the aforementioned tools aimed at certain beneficiaries results in accusing an employer for discrimination against other employees. It is a signal to propagate widely fundamental premises and assumptions related to striving to find the work–life balance. By definition, such programs prevent discrimination, thanks to them equalization of opportunities is possible as well as supporting those who need help [Ratajczyk 2010].

Naturally, even the best programs or applied tools may fail if the approach towards them is not appropriate. In this case, special attention is paid to such a crucial issue as employer and employee’s approach towards the separation of the work life from the private one. Both employee and employer have to be aware of the fact that the workplace cannot replace private life or family. Without such an approach, any tools will not keep the discussed balance.

Undoubtedly, there is a huge potential in development of work–life balance programs. The mentioned development, however, encounters many barriers. The most important barriers are as follows [Giemza et al. 2010]:

- lack of common awareness that the steps taken under the work–life balance are beneficial to both parties, i.e. employers and employees (win–win strategy);
- insufficient knowledge of possible solutions, methods and results produced by them;
- bad work organization, employees have too many duties;
- focus on the economic indices when assessing results of company operation;
- employers do not understand that there is a strong relationship between the assessment of life standard including family life and employee efficiency and engagement.
It also happens in practice that an employer offers support programs implementing the work–life balance concept and employees are not interested in them. This is caused most frequently by financial issues as drawing parenthood benefits means in many cases earning less money. Therefore, people who cannot afford to earn less money will not benefit from proposed work–family solutions although they feel conflict in this area. Additionally, it is worth mentioning that taking holiday leaves or special childcare leaves affects negatively gaining future pension rights.

When companies implement the WLB programs, everything depends on the approach of supervisors towards exercising the rights related to keeping the work–life balance. They may e.g. not consent to some solutions or discourage the interested parties to enforce the solutions in a formal way. In consequence, an employee is frustrated and stressed with such a situation and in many cases he or she has to choose between two options: to maintain good relationship with a supervisor or exercise his or her rights. It also happens that an employee using work–life balance programs is excluded from getting promoted or taking part in trainings, in some extreme cases employee may be even laid off. The above practices are socially irresponsible and they are not the part of the CSR concept in a company [Ratajczyk 2010].

A conscious employer knows that applying work-life balance programs is beneficial for both parties involved: employer and employee (see Table 1).

Table 1. Benefits from implementing work–life balance solutions

<table>
<thead>
<tr>
<th>Benefits for an employer</th>
<th>Benefits for an employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>• stable employment,</td>
<td>• mitigation of the conflict: work– private/</td>
</tr>
<tr>
<td>• reduced costs of recruiting new employees,</td>
<td>family life,</td>
</tr>
<tr>
<td>• increase in employee engagement and motivation for working,</td>
<td>• facilitated combining work with family,</td>
</tr>
<tr>
<td>• increase in productivity,</td>
<td>• reduced stress,</td>
</tr>
<tr>
<td>• protected investment in employee,</td>
<td>• limited anxiety about losing a job,</td>
</tr>
<tr>
<td>• decrease in employee absence,</td>
<td>• increase in motivation for working,</td>
</tr>
<tr>
<td>• mitigation of difficulties with work stoppage due to personal reasons,</td>
<td>• acquired qualifications are protected,</td>
</tr>
<tr>
<td>• facilitated recruitment of new employees,</td>
<td>• increase in productivity,</td>
</tr>
<tr>
<td>• building a positive company image</td>
<td>• impact on a salary</td>
</tr>
</tbody>
</table>

Source: [Balcerzak-Paradowska 2008, p. 24].

Lack of the work–life balance leads to a number of negative consequences faced by employees, their families and organizations. The studies show that the main consequences of disturbing the work–life balance for an employee are as follows: higher stress level (comparing with those employees who keep the balance), higher risk of burnout [e.g. Netemeyer et al. 2004; Noor 2002], as well as a general increase in so-called life stress [e.g. Frone et al. 1997]. While, keeping the work–life balance creates favorable conditions for family life, more effective functioning as a family member [Allen et al. 2000; Frone et al. 1997]. Disturbing the work–life balance
produces a number of negative consequences for an organization. The most visible are as follows: decrease in work engagement [Netemeyer et al. 1996], decrease in job satisfaction [Kossek, Ozeki 1998], decrease in employee productivity and efficiency [Frone et al. 1997].

3. Implementing WLB – study analysis

Solutions to keep the balance between professional and private life are applied worldwide; however, their perception is different depending on a country. The survey conducted by WFD Consulting in collaboration with WorldatWork involved two groups of countries, namely: developed and emerging countries.¹

The research showed that the employees in emerging countries reported much higher work identity scores than the employees in developed countries. In emerging countries personal/family identity scores were correlated with an employee (i.e., higher levels of personal/family identity were associated with higher levels of engagement [Linkow, Civian, Lingle 2011, p. 8]). This suggests that in these countries investments supporting employees’ personal/family lives may translate into outcomes related to engagement, such as higher productivity and retention.

According to the respondents, the most considerable work–life challenges are “financial stress” and “finding time to spend with family.”

The survey showed that the employees in emerging countries used workplace flexibility at greater rates than the employees in developed countries. In emerging countries, women reported higher use of telework, remote work, compressed workweek and reduced hours than men. This is a pattern unseen in developed countries. Men use telework and remote work at higher rates, while women are more likely to reduce their hours of work [Linkow, Civian, Lingle 2011, p. 9].

The employees were asked if they had experienced any repercussions for using WLB programs. Half or more employees in emerging countries and a quarter or more employees in developed countries directly experienced or perceived they would experience repercussions for using work–life programs [Linkow, Civian, Lingle 2011, p. 9].

Interesting information is provided by the research carried out by Accenture.² It showed that the work–life balance is most frequently cited definition of professional success. Only in four countries, including Poland, salary was more frequently cited as an equivalent to professional success (see Figure 1). The survey showed that as

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¹ Survey was carried out from November to December 2010 on the sample of 2312 employees from six countries: Brazil, China, India, Germany, the United Kingdom and the United States of America. Respondents were employees from large organizations (above 500 employees).

² The survey was carried out among 4100 business executives from medium to large companies across 33 countries all over the continents. The survey included the equal number of women and men, they have been divided into three almost the same age groups: Baby Boomers (1946–64), X and Y generation.
many as 70% of respondents believed they could achieve professional goals without sacrificing personal needs. For many respondents the work–life balance is the main criterion for choosing a job. More than half of respondents (52%) declared that they turned down a job due to concerns about its impact on the work–life balance [Sawicka, Cesarz-Kwietniak 2013, p. 23]. In the majority of countries, professional success defined from the salary perspective was ranked second. The survey shows that the role of money decreases with age, money is crucial to 51.1% of respondents from Y generation (they also significantly more frequently, above 60%, accessed their success through their pay rise) but it was true for people born before 1964 only in 38.1%.

Figure 1. Definition of professional success

Source: [Sawicka, Cesarz-Kwietniak 2013, pp. 23–24].
Figure 1b shows that Poles attach significantly more attention to money as opposed to other nations; however, they appreciate the work–life balance. There is a major difference between men and women. As many as 30% of the surveyed men said that money is the most important factor in defining professional success while no less than 41% of women in Poland said that the work–life balance is the most important factor. What is interesting, Polish respondents' opinion on the role of money was different by more than 10 percentage points while Polish women were ahead of the whole world by the same percentage citing the work–life balance.

Also the survey provided by “Philips Index for Health and Well-being of Poles: 2010” shows that money is the most important to Poles. As many as 78% of the respondents claimed that the amount of money has a definite impact on how they feel. Unfortunately, at the same time only 18% of the respondents said that their salary is satisfactory. The comparison of the results provided by “Philips Index for Health and Well-Being: 2010” showed that Poland is ranked in the top in this respect (after Japan, Taiwan, Brazil and Korea).

The study carried out by Accenture showed that striving to find the right balance between work and spare time in Poland is possible mainly thanks to finding time to spend with family and friends (84% respondents), flexible work arrangements (77%) as well as finding time for personal hobbies (71%). Also in other studies spending time with family and friends (90%) was ranked first [Sawicka, Cesarz-Kwietniak 2013, pp. 2–25]. It is also confirmed by the study provided by Philips, which shows that family happiness and good relationship with relatives are far more important to Poles than professional success. The relationship with family was important to 97%, with friends to 95% and with a spouse or a partner to 80%. While relationship with a supervisor or co-workers was important to 61% of the respondents [Philips Index: 2010, p. 10].

The survey carried out by the Public Opinion Research Center (CBOS) showed that Poles spend on average 46 hours a week on working. That is more than the statistics provided by GUS and Eurostat which show that Poles are one of the busiest nations in Europe. The biggest group of respondents (41%) declared that they spent 40 hours a week on work. Every fourth respondent claimed 41 to 50 hours a week and 12% of Poles declared working for more than 60 hours a week. Less than 10% of the respondents spent 20 to 39 hours a week on working, almost the same percentage declared that they worked for 51 to 60 hours a week [Kowalczyk 2012, pp. 2–3].

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3 Philips Index for Health and Well-being of Poles: 2010. The survey was carried out in the form of OMNIMAS with the use of CAPI (Computer Assisted Personal Interview) at respondent’s house, N = 983 of interviews with the Poles aged 18 and above. The survey was carried out from 24 to 27 June 2010.

4 The survey was carried out from 14 to 20 June 2012 on the sample of 1013 respondents chosen randomly; they were adult and lived in Poland. CBOS emphasized that data on job activity concerns only those who work, even temporary, i.e. 52% of respondents and people aged 18–64 as the oldest age group were excluded from the survey.
The Central Statistical Office of Poland under the Study of Population Job Activity (BAEL) surveyed another crucial aspect of WLB concept, namely: combining flexibly the time spent on professional duties and private life in Polish companies in 2010. Provided data shows that over 87% of the surveyed employees (employment relationship in a state or private company) have fixed working hours. This leads to no flexibility in establishing working hours and consequently adapting family duties to work. Almost 6% of the respondents declared working a fixed number of hours a day with a possibility to shift slightly working hours. Working a fixed number of hours a month without determining a number of working hours on an individual day is considered a more flexible solution. Using a solution that allows employees for autonomy in scheduling work duties is declared by 4.6% of employees. The GUS analysts considered determining own work schedule by an individual without any formal restrictions from employers to be the most flexible employment solution. The said category also included working under civil-law contracts. The survey results show that 1.6% of the respondents determine individual work schedule. The results relate to full-time employees. As to part-time employees, no less than 30% applies one of the flexible employment forms. Another issue raised in the GUS study concerned changing working hours due to family reasons. As many as 40% of the respondents said that changing working hours is not possible and 38% declared it is possible but only in emergency situations. 14% of employees cannot take a day off, use worked overtime, make up for a day off in another time or exchange a shift with another co-worker [Główny Urząd Statystyczny 2012].

Therefore, the study results provided by Regus are not surprising at all. Regus determines the work–life balance index on the basis of responses to the questions on working overtime, satisfaction from spending time with family. In 2013, Regus work–life balance Index for Poland was 115 points (while in 2012, it was 136 points) with world average index at 120 points. Half of the Poles surveyed in 2013 believed they spent more time on working than previously. The same percentage of respondents said it was mainly due to the economic slowdown.

This is confirmed by the results of the survey carried out under the 2012 Best Employers Program. The study shows that 55% of those employed in companies under study managed to keep the right work–life balance. Among those hired by “The Best Employers” the percentage was higher and amounted to 66%.

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5 In 2013, Regus carried out a survey on work–life balance among 26,000 employees across 90 countries.

6 The Best Employers has been organized in Poland by Aon Hewitt for 10 years now and for over 22 years worldwide. It is mainly aimed at those organizations that want to achieve higher business results by building better and more engaging work environment based on strong leadership, high results, reliable employer brand and stability. Moreover, these companies ambition is to be the first-choice employer and gain good brand on the labor market.
Implementing the work–life balance as a CSR tool…

The Regus survey also showed that baby boomers struggle to find their work–life balance. For generations X and Y (75%) work is more satisfactory comparing with baby boomers (53%) and they are also more satisfied with their efficiency (80% as opposed to 57% of baby boomers).

It is also important to pay attention to the relation between keeping the work–life balance and employees’ engagement. The data provided by the 2012 Best Employers Study shows that the engagement index in the group of those who managed to keep the work–life balance amounts to 59%, while the average index in Poland is 48%. Among those who definitely agreed or agreed that they do not keep the work–life balance, the engagement index was significantly lower and amounted to only 19%, while among “The Best Employers” stuff it was 12%. There is also a relation to be observed: people who managed to keep the work–life balance generally assessed better the environment created by their employers and felt engaged in their work. The results also show that those employers assessed higher keeping promises by employers, competences of their supervisors, efficiency of processes and procedures implemented by an employer (see Figure 2).

![Figure 2: Selected aspects of work environment assessed by employees](image)

Source: [Hewitt 2012].
The study also showed, which aspects of work environment had the most considerable impact, both positive and negative, on the work–life balance. Its results are shown in Table 2.

Table 2. Impact of selected factors on the work–life balance

<table>
<thead>
<tr>
<th>Detailed list</th>
<th>Positive impact</th>
<th>Negative impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Areas with the most positive impact</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processes and procedures implemented in a company make my work more effective.</td>
<td>19%</td>
<td>−10%</td>
</tr>
<tr>
<td>Important employees are retained in our company.</td>
<td>18%</td>
<td>−8%</td>
</tr>
<tr>
<td>The management board regards employees as the most valuable resource.</td>
<td>17%</td>
<td>−10%</td>
</tr>
<tr>
<td>My salary reflects my contribution to work.</td>
<td>17%</td>
<td>−5%</td>
</tr>
<tr>
<td><strong>Areas with the most negative impact</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I deal with work-related stress.</td>
<td>12%</td>
<td>−24%</td>
</tr>
<tr>
<td>My work position/place is adapted to performed work.</td>
<td>11%</td>
<td>−19%</td>
</tr>
<tr>
<td>The subordinates are required by my supervisor to be responsible for better work results.</td>
<td>6%</td>
<td>−16%</td>
</tr>
<tr>
<td>I understand how my goals are related to the company goals.</td>
<td>10%</td>
<td>−15%</td>
</tr>
</tbody>
</table>

Source: [Hewitt 2012].

It is worth paying more attention to the said factors in an organization and look for inefficiency reasons that may be caused by too long or complicated procedures, red tape or inefficient systems. What is worrying, the stress among Polish employees is very much visible due to mainly difficult economic standing of a company, physical conditions of work environment which get worsening, changes in result management (supervisors are less oriented to employee results and the relation between the employee and company goals is less clear).

It is proved by previously mentioned study on Health and Well-being of Poles, according to which apart from financial issues work itself was the main stress causing factor for Poles (42%). Supervisors (43%) and co-workers (40%) are believed to be the source of stress by the majority of respondents. It may be examined from the perspective of work quality and standards (when a supervisor organizes work well, it will not be stressful) or manner of communication (supervisor who shows too often who is the boss here) ([Philips Index 2010…, p. 30]. What is typical, the study shows the most stressed people fell into age group 35–44.

Studies carried out by Aon Hewitt show it is worth to take care about employees’ proper work–life balance as it is beneficial to employer. Employees who share effectively work and private life are also ready to meet their goals successfully and achieve better results what leads to improved company performance.

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7 The analysis was based on all the companies surveyed in 2012.
Implementing the work–life balance as a CSR tool…

The study carried out by the author of this article concerning the WLB issue in companies of the West-Pomeranian voivodeship confirmed the already discussed trends. Only 46% of the companies surveyed implemented work–life balance solutions. The main reasons behind such solutions included being perceived as an attractive employer on the market, hiring employees from Y generation, for whom private life is very valuable (see Figure 3).

![Bar chart showing reasons behind implementing WLB](image)

**Figure 3.** Reasons behind implementing WLB

Source: own compilation.

The most frequently used form was flexible work arrangement (67%), then working part-time after maternity leave (47%) and telework (45%).

The problem of keeping the work–life balance is a crucial component in human resources management. It is also a very significant issue in the economic practice, both Polish and international, due to the increasing share of Y generation on the labor market and C generation entering it. Therefore, carrying out a more detailed study on the WLB issues is very important, such a study should not be limited to the size of an organization, but it should also include its location. It is also important to focus on benefits, cost, barriers, opportunities and threats posed by implementing the WLB concept in companies with regard to both employers and employees. Undoubtedly, the author of this article is going to carry out such a study in the future.

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8 The survey carried out in 40 companies belonging to SMEs in the West-Pomeranian voivodeship from September to December 2013. The questionnaire was aimed at employers; it contained open and semi-open questions.
4. Conclusion

The analysis of available literature, secondary sources, own studies and reports allowed achieving the set research tasks and the article objective. The hypothesis set in this article was positively verified.

The analysis based on available literature and studies allowed drawing specific conclusions. As the study shows, employees are interested in the WLB solutions. Implementing such solutions intentionally will be beneficial to both company and employees as it reduces the stress level among staff and the risk of burnout, contributes to family life and employees’ satisfaction which influences positively professional life: increase in commitment to work, productivity and efficiency of an employee (employees are aware that their more efficient family life is possible thanks to the opportunities created at work).

The Polish are one of the busiest nations in Europe. Additionally, they are more focused on salary comparing to other European nations. It is important for them to value the work–life balance. Such a phenomenon will intensify due to the generation shift on the labor market, more and more employees from Y generation are on the labor market and also C generation starts to enter it. Keeping the work–life balance is for Y and C generations one of key components of staying on the labor market.

It is important for Polish employers to apply more WLB solutions but the ones tailored to employees’ needs. Then, the WLB solutions will become one of the factors retaining employees in a company and increasing their commitment to work.

Implementing the WLB solutions by employers and, at the same time, discriminating employees already using proposed solutions (excluding them from getting promoted or taking part in trainings) will influence employers negatively if not immediately, surely in the long-term perspective.

Let us hope that we will observe the increasing interest in the WLB among Polish entrepreneurs, which should contribute to rapid progress in the WLB concept in Polish companies. Unfortunately, in the majority of companies most employees are doomed to permanent conflicts between work and private life. Employers, on the other hand, regard the procedures aimed at finding a balance in those areas as an unnecessary burden for a company.

References


REALIZACJA WORK–LIFE BALANCE JAKO JEDNEGO Z NARZĘDZI CSR W POLSKICH PRZEDSIĘBIORSTWACH

Streszczenie: Celem artykułu jest ocena realizacji koncepcji work–life balance (WLB) w Polsce. Artykuł składa się z dwóch głównych części. W części pierwszej, wykorzystując literaturę przedmiotu, przedstawiono istotę WLB, rozwiązania stosowane w ramach tej koncepcji, jak również zwrócono uwagę na trudności w ich wdrażaniu. Przedstawiono także korzyści ze stosowania rozwiązań WLB oraz konsekwencje wynikające z braku zachowania równowagi pomiędzy pracą a życiem prywatnym. W części drugiej w oparciu o źródła wtórne, raporty, wyniki badań własnych autorki dokonano wieloaspektowej analizy realizacji koncepcji WLB w Polsce, przedstawiając także – dla porównania – realizację tej koncepcji w innych krajach.

Słowa kluczowe: równowaga praca–życie prywatne, społeczna odpowiedzialność biznesu
THE COMMUNICATION OF CSR POLICY TO CUSTOMERS BY DISCOUNT STORES IN POLAND ON THE BASIS OF LIDL AND BIEDRONKA

Summary: The topic of this article has been chosen because of the increasing share of discount chain stores on the Polish retail market, which recognize the need to include CSR in their activities. The main aim of this article is to point out areas in which operations by discount stores are conducted in a socially responsible way and the external communication practices of social responsibility used by these stores. To achieve this goal the analysis of the literature was used, based on which stakeholders were separated into first and second degree groups. The author adopted the model of CSR communication by M. Morsing and M. Schultz to identify communication strategies applied to customers and local community by discount stores Lidl and Biedronka. Also secondary sources were used: Internet sources in the analysis of the web pages of Lidl and Biedronka, corporate newsletters in electronic and printed CSR reports, rankings of companies, advertising and arrangements of randomly selected shops in Warsaw to show and describe the areas and instruments to communicate CSR activities by discount stores Lidl and Biedronka.

Keywords: socially responsible business, communication strategies, discount store chain.

DOI: 10.15611/pn.2015.387.10

1. Introduction

The popularity of the idea of a socially responsible business has contributed to the fact that many companies recognize the need to incorporate CSR into their business strategy. However, understanding the nature of CSR and the way to communicate and implement it is sometimes different both in practice and theory. Many authors reflected on the definition of CSR emphasizing different aspects [Carroll 1999, p. 289; Okpara, Idowu 2013, pp. 3–4; Carroll, Buchholtzp 2014]. A. Dahlsrud found and analyzed the most frequently used 37 definitions of CSR and stated that the existing definitions, however, are to a large degree in line with one another and refer to five dimensions of CSR: environmental, social, economic, stakeholder, voluntariness [Dahlsrud 2006, pp. 1–11].
On the market there are organizations which are fully engaged in CSR, but also those that treat CSR as a trend that will fade and those that do not take CSR activities seriously, considering them as for example, too expensive. This third view is also encouraged by the lack of a clear position of scientists in the profitability of company’s CSR activities. Despite the ongoing research for more than 30 years, scientists have been unable to clearly indicate the relationship between CSR activities and financial results of a company. For example, M.L. Barnett, citing various authors, as reasons for this situation gives, *inter alia*, loopholes in theory, “inappropriate definition of key terms, conceptual, operationalization, and methodological differences in the definitions of social and financial performance” [Barnett 2005, p. 7]. A. Zahoor also analyzing different positions emphasizes: “such an inconsistency in the results has been attributed to various factors which include omission of crucial variables, flawed econometric models, industry differences etc” [Zahoor 2014, p. 33]. This topic is also discussed by A. McWilliams and D. Siegel [2000, pp. 603–609].

There are, however, positions, also referred to by the same authors [McWilliams, Siegel 2000, p. 605; Barnett 2005, p. 12; Zahoor 2014, p. 36], stating that although the latter finds it difficult to see the business benefits of CSR over the long term, properly understood and carried out CSR policy translates into economic results of a company. This is achieved by *inter alia* the CSR image and the reputation of an organization and the trust stakeholders put in an organization. Customers, on the whole, increasingly choose products or services of a company not only because of competitive prices, but also they take into account its activities with regards to the environment, the local community and the moral and legal treatment of employees.

A good reputation is associated with the acquisition of loyal customers who will come back and enhance the good image of a company, including increased productivity and greater demand for products or services of a company, also resulting in higher margins; favorable terms of trade with co-partners; attracting and retaining the best employees [Filek 2006, p. 13].

CSR opponents argue that the goal of business is profit, that it was not set up to solve social problems [Friedman 1970], what is more: it does not always have resources and competences to do that and CSR is only a tool to improve the image of a company [Griffin 1998].

The main aim of this article is therefore to point out areas in which operations by discount stores are conducted in a socially responsible way and the external communication practices of social responsibility by these stores. To achieve this goal the analysis of the literature was used, based on which stakeholders were separated into first and second degree groups. The author adopted the model of CSR communication by M. Morsing and M. Schultz to identify communication strategies applied to customers and local community by discount stores: Lidl and Biedronka. Also secondary sources were used: Internet sources in the analysis of the web pages of Lidl and Biedronka, corporate newsletters in electronic and printed CSR reports, rankings of companies, advertising and arrangements of randomly selected shops.
in Warsaw to show and describe the areas and instruments to communicate CSR activities by discount stores Lidl and Biedronka. It should be noted that, perhaps because of the very recent CSR practices by discount stores, it is difficult to find research on communicating socially responsible actions by discount stores. The available studies often refer to hypermarkets [Lubańska 2010] or are provided marginally in the general rankings [Krzemień, Piskalski 2012].

2. Customers as one of the most important stakeholders of organizations

According to the Green Paper, corporate social responsibility is defined as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” [Green Paper 2001, p. 6]. This voluntary action is included in other definitions of corporate social responsibility, as well as the indication of whether the characteristics of groups of stakeholders to whom the organization of socially responsible activities is directed. Most lists include the following groups of stakeholders: owners, employees, trade unions, local community, customers, competitors, suppliers, consumers, community organizations, banks and other financial institutions, administration/office, media/public opinion. There are attempts to organize these groups with reference to different criteria.

One of the proposals states a division into the first degree stakeholders, i.e. those who have a direct impact on the functioning of an organization due to an agreement or contract, and the second degree stakeholders, i.e. those who act indirectly on a company, that is to say, the public or those under the influence of an organization. Between the first degree stakeholders and an organization there is an extremely high dependence and withdrawal from these relationships may result in serious consequences, including the collapse of an organization. The stakeholders of the first degree are: shareholders, owners, employees, suppliers, government and local communities and customers [Rudnicka 2012, pp. 93–94; Carroll, Buchholtzp 2014, pp. 66–68].

Customers belong to one of the most important groups associated with a company. Their purchase decisions are important provisions for the success of a company. Polish consumers are becoming more educated and aware of their rights. Apart from the price of a product, they also begin to pay attention to the quality of the service and quality of consumer goods. Quality is understood as safe use and operation; proper manufacture of products or services and the impact on the environment is the point from which a company should begin its relationship with the external environment – ethically and legally in the correct method of treatment with regards to their employees and suppliers [Rudnicka 2012, p. 100]. Customers are increasingly aware of the impact of a product and the way it will be accepted on the market and, more importantly, on the way employees will be treated.
The relationship with the customer should therefore be built in a fair and transparent manner especially in the field of marketing products and services, fair terms of contracts and the use of objective and reliable information. This area includes market education, commitment to the protection of consumer health and safety, quality of service and support, and complaint handling. These issues should focus on good practice in relationships with consumers.

In view of the local community, within the framework of corporate social responsibility practices, a company should be focused on social dialogue, so that it has a chance to meet social needs and include them in the planning and implementation of projects and social investment of cooperation with representatives at various administrative levels. These activities are undertaken in areas such as education and culture, health, development and access to technology [Polska Konfederacja Pracodawców Prywatnych Lewiatan… 2009, p. 4].

3. Strategies for communicating corporate social responsibility

The implementation of corporate social responsibility is essential to clear and open communication, through which stakeholders know and understand the goals and objectives of an organization. K. Podnar defines the communication of corporate social responsibility as “the process of predicting the expectations of stakeholders through CSR policy formulation and management of the various communication tools organizations whose aim it is to provide genuine and transparent information about the company or brands owned by it” [cited in Rudnicka 2012, p. 179].

Based on the models of public relations, J.E Grunig and T. Hunt, M. Morsing and M. Schultz have developed 3 types of CSR communication with stakeholders: the stakeholder information strategy, the stakeholder response strategy and the stakeholder involvement strategy (see Table 1).

**The one-way communication strategy** is mainly used to give information about the activities surrounding profitable and social initiatives which are being undertaken by a company. For this purpose, a company uses traditional ways of communicating such as information to the media, magazines or brochures, reports, websites and web portals, mainly in order to arouse a positive response and the confidence of its stakeholders. It also uses a number of measures PR (e.g., interviews, letters, spots, exhibitions).

**The bi-directional and asymmetric communication strategy** involves obtaining feedback by the degree of acceptance of certain companies social activities from different groups. The benefits are mutual, because stakeholders receive information giving them a better knowledge and understanding of an organization and an organization has the ability to understand the needs and expectations of stakeholders. The majority of information is gathered based on: interviews, questionnaires, consultation, helpline, research focus, taking into account customer feedback in the development and innovation of products and services, responding to opinions, protests or the complaints of stakeholders.
Table 1. Three CSR communication strategies

<table>
<thead>
<tr>
<th></th>
<th>The stakeholder information strategy</th>
<th>The stakeholder response strategy</th>
<th>The stakeholder involvement strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication ideal:</td>
<td>Public information, one-way communication</td>
<td>Two-way asymmetric communication</td>
<td>Two-way symmetric communication</td>
</tr>
<tr>
<td>(Grunig &amp; Hunt 1984)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication ideal:</td>
<td>Sensegiving</td>
<td>Sensemaking ↓ Sensegiving</td>
<td>Sensemaking ↓ Sensegiving – in iterative progressive processes</td>
</tr>
<tr>
<td>sensemaking and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>sensegiving:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholders:</td>
<td>Request more information on corporate CSR efforts</td>
<td>Must be reassured that the company is ethical and socially responsible</td>
<td>Co-construct corporate CSR efforts</td>
</tr>
<tr>
<td>Stakeholder role:</td>
<td>Stakeholder influence: support or oppose</td>
<td>Stakeholders respond to corporate actions</td>
<td>Stakeholders are involved, participate and suggest corporate actions</td>
</tr>
<tr>
<td>Identification of</td>
<td>Decided by top management</td>
<td>Decided by top management.</td>
<td>Negotiated concurrently in interaction with stakeholders</td>
</tr>
<tr>
<td>CSR focus:</td>
<td></td>
<td>Investigated in feedback via opinion polls, dialogue, networks and partnerships</td>
<td></td>
</tr>
<tr>
<td>Strategic communication</td>
<td>Inform stakeholders about favorable corporate CSR decisions and actions</td>
<td>Demonstrate to stakeholders how the company integrates their concerns</td>
<td>Invite and establish frequent, systematic and pro-active dialogue with stakeholders, i.e. opinion makers, corporate critics, the media, etc.</td>
</tr>
<tr>
<td>task:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate communication</td>
<td>Design appealing concept Message</td>
<td>Identify relevant stakeholders</td>
<td>Build relationships</td>
</tr>
<tr>
<td>department’s task:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third-party endorsement</td>
<td>Unnecessary</td>
<td>Integrated element of surveys, rankings and opinion polls</td>
<td>Stakeholders are themselves involved in corporate CSR messages</td>
</tr>
</tbody>
</table>

Source: [Morsing, Schultz 2006].

Two-way communication with a symmetrical flow of information engages stakeholders to the highest degree. The interaction between an organization and its stakeholders can lead to the development of social responsibility. Regular communication is done through forums and discussion groups, blogs and social networking sites [Czubała 2013, pp. 80–86].
4. Discount stores on the Polish retail market

The definition of a discount store is not fully established. A discount store is deemed to be “a chain of stores with a similar range. It is assumed that the network has at least five small or ten large stores” [Wosion 2010]. “In addition, as the name itself indicates – it is necessary that the categorized store characterized possesses a more favorable (and therefore lower) pricing policy than the competition, especially for the client” [Wosion 2010]. Discount stores may sell under their own brand range, but due to fair competition, to an amount not greater than 20% [Ślusarek 2013]. This gives them the provision of lower priced products, as well as a limited number of product items, turnover of goods, selling products straight from the transport pallet, thematic sales (e.g. Mexican week at Lidl) which are sometimes of worse quality than the service offered by other shops.

The research and analysis of selected discount stores on the Polish market is developing rapidly because they enjoy great popularity among Polish consumers and because of the fact that they are developing rapidly and have a significant share on the Polish retail market (see Figure 1).

![Figure 1. Market share of selected discount stores](image)

Source: [Gazeta Prawna 2014].

This share is projected by the experts to expand due to the opening of small local department stores being offered to customers with the expansive strategy undertaken by discount stores. Market expansion manifests itself in the form of lower prices, the acquisition of some chain stores from the competition (e.g. Biedronka in the near future plans to take over a chain of stores: MarcPol and Żabka) or a dense network
of stores, so as to minimize the distance of customer purchases and thus eliminate the competition (including the leader Biedronka). Most discount chains are also considering internet sales.

The analysis of the chain of the Biedronka discount stores is intensified, because it is the leader on the list of discount stores in Poland, in terms of the number of shops owned (60% of all the types of discounts stores in Poland). Biedronka, in addition to being in the leading position in the Polish rankings by the size of a company, also gained the first place among discount stores in terms of revenue in 2012 [Biedronka 2014a].

The owner of Biedronka is Jeronimo Martins, the owner of a Portuguese company, who in 1996 bought from the Elektromis Polish company a chain of stores under the name of Biedronka. In 1999, he also bought 57 discount stores from TiP (previously owned by the German group “Metro”). Jeronimo Martins Poland SA on its website states that they work with more than 500 Polish partners, and 9 out of 10 products offered in the Biedronka stores network are products of Polish origin [Biedronka 2014a].

The second analyzed network is a German discount chain Lidl, due to the second place in the rankings of the quantity of shops owned by discount companies in Poland and a place in the top ten of the largest grocery stores in Europe [Lidl 2014a]. In Poland, Lidl has 478 establishments (branches), in 290 cities in all the voivodeships in Poland [Lidl 2014b].

5. Channels of communication and social responsibility

instruments used by the selected discount stores

Discount stores are trying to attract customers by means of lower prices. However, the study “baskets pricing products” [Koszyk 2014] shows that the difference between product prices in all the discount stores does not vary very much. The policy of low prices and aggressive advertising does not seem as effective as before and the price is no longer a differentiator between stores.

Customers are beginning to appreciate the trust understood as keeping promises, offering safe products and “being on the side of the client,” the adequacy of products to needs, the size of the range, value for money, the inner appearance of the store, service and product quality [Mięczyński, Kostrzewski 2013].

The codification strategy of discount stores on the Polish market inevitably must lead to the use of strategies and instruments that guarantee that they stand out from the competition, and one of them may be the policy of social responsibility.

The purpose of this article is therefore to identify the manner and scope of the external communication by the discount stores Biedronka and Lidl in Poland and their activities in the area of social responsibility. In view of which the following research questions have been formulated: 1) What is the view of corporate social
The communication of CSR policy to customers by discount stores in Poland...

The communication of CSR policy to customers by discount stores in Poland? 2) What instruments have been used outside the Lidl discount stores and Biedronka for information on their activities in socially responsible actions to Polish customers? The author has translated the classification of the CSR communication strategy by M. Morsing and M. Schultz (see Table 1). The discount store chains Biedronka and Lidl use a one-way communication strategy mainly used to give information about the activities surrounding the profitable and social initiatives undertaken by the companies. For this purpose, they use the traditional ways of communicating such information to the media, magazines, websites, magazines or brochures, above all, in order to arouse a positive response and the confidence of its stakeholders.

As the recipients of information concerning the CSR policy of discount stores, the local community and customers were selected as stakeholders. For the analysis of the research secondary sources were used: Internet sources in the analysis of the web pages of Lidl and Biedronka, corporate newsletters in electronic and printed CSR reports, rankings of companies, advertising and arrangements of randomly selected shops in Warsaw (from May 4 to July 25 2014). It should be noted that the commercial market is dynamic and research and conclusions in this article apply to a specific time period and some discount stores operating on the Polish market.

The analysis of these sources reveals that discount chains Lidl and Biedronka communicate with their customers through different channels. One of the most popular is the Internet. Both retailers have their own websites on which there are tabs giving information about the activities of socially responsible actions in five areas. Four of these areas overlap, although the nature of the activities and their aim are important for a particular retail chain in slightly different ways. Both Lidl and Biedronka are pursuing socially responsible activities towards their employees, the environment, for the benefit of society on a global and local level and declare high quality products, relying on certificates, awards and quality controls. Both retailers are involved in activities for the public (e.g. Wielka Orkiestra Świątecznej Pomocy). Lidl has collected money in the county for the foundation Dziecięcy Uśmiech do Świata. They took part in the road safety campaign; Lidl like Biedronka sponsor sporting events and participate in the Christmas food collection.

Biedronka focuses on the actions of aid mainly to children and poor families (including “Partnerstwo dla zdrowia,” “Reklama dzieciom,” “Pomagamy pomagać,” e.g. on Children’s Day Biedronka distributes specially prepared packages to the youngest children). A tabbed page also includes the thoughts and comments from the president Jeronimo Martins and EA Soares Dos Santos: “No company can succeed in business if it is not socially responsible” [Biedronka 1a]. Biedronka is involved in numerous social activities of various profiles (e.g. promoting the idea of bone marrow donation, education, tolerance of diversity and respect and care towards senior citizens).

Measures directed at clients are the promotion of healthy food by posting on websites and in newsletters the rules, tips and nutrition information of selected
products. The leaders of such practices are both Biedronka and Lidl. Biedronka, among other things, within the framework of the campaign “5 garści zdrowia codziennie” (the campaign is accompanied by the slogan “High quality is always taste!” and the information about it can be found in the stores, on the website and newsletters). Lidl, while only recently introducing its bio products to stores, gives information on the websites, in newsletters and at their stores. Lidl also strongly emphasizes the promotion of healthy food, using for this purpose a separate newspaper “Kuchnia Lidla” and well-known chefs P. Brodnicki and K. Okrasa. A new feature is the inclusion of P. Malecki to this duo and master pastry chefs and dieticians providing advice. However, it seems that this form proposed by Lidl has more of a promotional dimension and has induced customers to buy in this particular retail chain (content marketing).

On their websites Biedronka and Lidl encourage customers to contact them via email or telephone. Biedronka also includes a two-way communication with customers by offering them the testing of new products and participation in the creation of the ranking of products and the ability to contact via email. More recently, in contrast to Lidl, which was present on Facebook earlier, the network of discount stores Biedronka also has its profile with which it conducts dialogues with customers.

Both retailers communicate with their customers through promotional newsletters (printed and electronic). Lidl in its newsletters gives information only about its own trade offers. Biedronka also does not include too much information on its socially responsible actions. If they appear, they are mainly certificates of selected products or information such as high-quality products, the origin of Polish products, the possibility of becoming a Biedronka tester and information about the current campaign. At the end of each number, information is given about the ecologically printed promotional newsletter. Biedronka unlike Lidl makes better use of the channel of communication with customers informing them of their socially responsible activities. In addition, there is a TV weekly magazine “Kropka TV” and recently a monthly culinary and a lifestyle magazine “Smaki życia.”

A printed version of the weekly magazine “Kropka TV,” however not very often, informs about social responsibility actions undertaken by Biedronka. The website of “Kropka TV” serves as a place of communication for their customers. There are tabs on the sides of the TV but there is no information about the corporate social responsibility of Biedronka. One can also think of the number of hits and comments and it is not a fully utilized space for a dialog with customers.

The monthly culinary and lifestyle magazine “Flavours of Life” for customers of Biedronka is dedicated to all the kinds of tips on healthy eating. The monthly “Smaki życia” is not published in the electronic version and the website dedicated to it is poor. The printed version of the monthly “Smaki życia” is used primarily for advertising products sold in the Biedronka retail chain stores and Hebe cosmetics. The formula adopted in the monthly “Smaki życia” is based, as well as the culinary brochures of Lidl, on the assumptions of content marketing, where through advice
and education the trust and sympathy of customers is gained and at the same time the key objectives for the brand branding and sales are realized, using the language of benefits relevant to recipients.

**Publications** are another communication channel for Biedronka’s socially responsible activities: Biedronka promotes patriotic attitudes by, among others, the release and distribution of the free book “25 lat wolności” (300 thousand copies). For three years Biedronka has been a patron of the photographic exhibition “Biało-czerwona,” organized on the occasion of the celebration of the Polish Flag. The network also supports the project “Gen wolności” led by the L. Wałęsa Institute. Within the framework of this cooperation in 2013 Biedronka stores also made available the educational publications: “Kto Ty jesteś?” and “Kocham wolność, czyli jak zaszczepiliśmy w sobie jej gen” [Biedronka 1a].

The network of discount stores Biedronka prefers Polish suppliers of products, which is communicated in advertisements, in which invited celebrities, among others, D. Olbrychski and M. Rogalska, emphasize that 9 out of 10 marketed products in Biedronka come from Poland [Biedronka 1b].

**Sustainability reporting** is another way to communicate to stakeholders the involvement in socio-ecological actions. On April 1 2014, Jeronimo Martins Poland SA joined the Strategic Partners Responsible Business Forum. The report “Odpowiedzialny biznes w Polsce 2013. Dobre praktyki,” which was an example of CSR activities conducted by Jeronimo Martins Poland SA, was announced (see Table 2).

**Table 2.** Areas of social engagement and good practice of Jeronimo Martins Poland SA.
Report submitted to “Odpowiedzialny biznes w Polsce 2013. Dobre praktyki”

<table>
<thead>
<tr>
<th>No.</th>
<th>Company name</th>
<th>No.</th>
<th>Name of practice</th>
<th>Area by ISO 26000</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>Jeronimo Martins Polska SA</td>
<td>181</td>
<td>“Every day, let us be together”</td>
<td>Commitment to social and community development</td>
<td>Charitable philanthropic activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>182</td>
<td>Department of art</td>
<td>Commitment to social and community development</td>
<td>Arts and culture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>183</td>
<td>Campaign “read the label”</td>
<td>Consumer issues</td>
<td>Consumer education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>184</td>
<td>Cinema of Biedronka</td>
<td>Commitment to social and community development</td>
<td>Arts and culture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>185</td>
<td>Sustainable waste management</td>
<td>Environment</td>
<td>Recycling</td>
</tr>
</tbody>
</table>

Source: [Dobre Praktyki 2013].

The purpose of the “Czytaj etykiety” was to educate customers on how to read product labels; attention was also paid to the nutritional value of products in nearly
100 stores within the network; Biedronka provided free advice from nutritionists [Dobre Praktyki 2013].

In 2013, the company Jeronimo Martins SA within the framework of its activities introduced “Sztuka i kultura.” However, these actions have a narrow range of territorial and temporal value: they were attended by about 1,000 people. In July and August 2013 Biedronka organized cinema screenings in 20 villages (3.5 thousand people attended) [Dobre Praktyki 2013]. These actions should be appreciated but on the scale of which Biedronka operates, they do not have a major project.

Other instruments to communicate socially responsible activities are exhibitions and festivals. By 2014, the company Jeronimo Martins Poland participated in the Fifth Congress of the Regions in Świdnica, preparing a booth where the products of Biedronka were presented and an exhibition dedicated to its activities in the field of responsible business. Since 2012 Jeronimo Martins Poland has been co-organizing a nationwide festival of the family “Bądźmy razem” combined with the help for children. Such ventures are well publicized in the media.

A shop is a place where a customer has the opportunity to frequently encounter messages sent by a commercial network. The analysis of a selected Biedronka stores, from May 4 to July 25, 2014, leads to the conclusion that the foreground stands out and is covered with numerous advertisements about low prices and one can see banners hanging from the ceiling connected with the action “5 garści zdrowia codziennie” and a banner placed at the end of the selected store, indicating the organized Children’s Day for the Biedronka’s employees trade network “Biedronka dobre życie.”

Lidl stores posted information primarily about quality products and it seems that Lidl clarifies it more clearly than Biedronka. There is also clearly displayed information about products sold in Lidl, which won the prize “Teraz Polska” with notable environmental actions where there are stickers for fridges, giving information about the necessity to close the fridge doors for the sake of the environment. Lidl does not supply many details about the involvement of the social trading network.

In conclusion, the network of discount stores Biedronka, unlike Lidl, uses more varieties of instruments in communicating their corporate social responsibility: websites, publications, fairs, congresses, advertising, reports, charity. The Biedronka discount store chain is also more present in the media [Grabarczyk-Tokaj 2013]. Both discount stores offer information about the operation of a socially responsible company on their websites, in this particular case, however, Biedronka excels. There is better information and client involvement prepared on their website. Lidl visually offers information about corporate social responsibility in a better way. The Biedronka discount store chain direct their attention mainly to helping children and the Lidl network of discount stores to the activities in the field of ecology.

In the ranking of the weekly “Polityka” 500 largest companies in Poland, for the year 2012 Jeronimo Martins Poland SA was awarded the white leaf (a distinction awarded to companies that bring selected solutions in the area of responsible business
and improve them in daily practice) [Polityka 2013]. This is the only discount chain which in this ranking has received such a distinction.

Since then, the activity undertaken by Biedronka has gone beyond its core trading activities. It may be that the company Jeronimo Martins Poland SA understood that economic profit can be achieved not only through exploitation. Their desire to improve the image and unfavorable reputation they had in the first years after the acquisition of Biedronka by Jeronimo Martins is clearly visible and highlighted in numerous publications, rankings and received awards. Socially responsible actions taken by Biedronka go in the right direction in the advancement of CSR. The actions of the socially engaged network of stores Biedronka are communicated to customers via various channels of communication, but do not have a bias for one-sided communication, although it is dominant, but they also engage in a dialog with stakeholders (Facebook, testing and ranking of products by customers, participation in the regions congress). Biedronka increasingly invests in strategies to respond to stakeholders. Lidl relies more primarily on one-sided communication.

Due to the fact that Biedronka is the leader in discount stores and its competitive strategy involves socially responsible activities, it seems that the other discount stores, if they want to count on the market, will have to undertake and expand their CSR activity.

6. Conclusion

Discount stores are expanding their market share and still want to attract customers by means of low prices and a convenient distance to customers’ homes. Because the discount pricing is unified, it seems that they are starting to look for and appreciate other ways of standing out in the market. These probably include social responsibility activities. Although they are not yet fully exploited by discount stores, success should be considered by not noticing the need for CSR.

Both Biedronka and Lidl seem to have begun to appreciate the different values in business rather than just the policy of low prices. However, this is still the beginning of the whole stream of activities characterized by a full engagement in CSR. Further observations may give an answer to the question whether social actions are a fad of discount stores or the desire to stand out in a highly competitive market is a sensible strategy, tailored to the nature of a discount store and properly communicated to the public.

References

Polska Konfederacja Pracodawców Prywatnych Lewiatan, Niezależny Samorządny Związek Zawodowy Solidarność, Deloitte, 2009, Metodyka oceny dobrych praktyk CSR.
KOMUNIKOWANIE POLITYKI CSR KLIENTOM PRZEZ SKLEPY DISKONTOWE W POLSCE

Streszczenie: Tematyka artykułu została podjęta ze względu na zwiększający się udział sklepów sieci dyskontowych w polskim rynku handlowym oraz dostrzeżenie przez nie potrzeby włączenia CSR w swoje działania. Głównym celem artykułu jest wskazanie obszarów, w których prowadzona jest działalność społecznie odpowiedzialna sklepów dyskontowych oraz sposób zewnętrznego komunikowania przez te sklepy praktyk społecznie odpowiedzialnych. Do realizacji tego celu posłużono się analizą literatury, na podstawie której wyodrębniono interesariuszy pierwszego i drugiego stopnia, przyjęto za M. Morsing i M. Schultz model komunikowania CSR, by zidentyfikować strategię komunikowania zastosowaną wobec klientów i społeczności lokalnej przez dyskonty Lidl i Biedronka. Scharakteryzowano też pozycję dyskontów na polskim rynku handlowym. Wykorzystano również źródła wtórne, takie jak internet, gazetki firmowe, raporty CSR, rankingi firm, reklamy oraz obserwację aranżacji losowo wybranych sklepów w Warszawie, by pokazać oraz opisać obszary i instrumenty komunikowania klientom o działaniach społecznie odpowiedzialnych przez dyskonty Lidl i Biedronka.

Słowa kluczowe: biznes społecznie odpowiedzialny, strategie komunikacji, sieć sklepów dyskontowych.
CSR AND SMALL BUSINESS FROM THE INTERNATIONAL AND NATIONAL PERSPECTIVE

Summary: Corporate and social responsibility is nowadays quite a popular topic among large companies but thanks to numerous popularization activities undertaken by national and international institutions, also small entrepreneurs become more and more interested in exploring this fairly new approach. This paper outlines the main differences between the implementation of the CSR approach in large companies and in SMEs, which are not able to use the same methods and have to look for some alternative strategies, have different expectations and very often even different goals. Moreover, they are not able to apply the whole CSR agenda, and they are frequently forced to focus on one single priority. The main aim of this paper will be to determine the CSR awareness among entrepreneurs in Poland and to emphasize the main differences in approaching this concept by the most developed economies of Europe. Finally, the future developments of CSR will be discussed in the context of small business.

Keywords: CSR, SME, small business, responsible entrepreneurship.

DOI: 10.15611/pn.2015.387.11

We are experiencing not so much a time of change, but a change of era that feeds the moral decay, not only in politics, but also in the financial or social life.

Pope Francis I, 29.06.2014

1. Introduction

The last twenty years are marked by the increased interest in environmental and social issues and their importance for the strategic business management [Donaldson, Preston 1995; Shrivastava, Hart 1996; Hart 1997; Martinet, Reynaud 2001, 2004]. These issues, with time, became known as corporate social responsibility (CSR). However, the degree of interest in CSR is not the same for all the sizes and all the types of businesses [Martinet, Reynaud 2004]. In fact, it oscillates between the lack
of interest in this phenomenon and very proactive forms of its implementation and shows a huge variety in the forms of its occurrence in business practice.

2. SMEs features determining their approach to CSR

The concept of “being socially responsible” is not new when referring to small and medium enterprises (SMEs). Recent research on CSR is more and more frequently using the concept of social capital, which usually stresses the vital importance of reciprocity and trust in social networks of individuals, which is intended to facilitate the daily functioning in society and business. A resource of social capital, which refers to interpersonal relations, is manifested not only in confidence, but also in jointly created and respected norms and standards of behavior. These features are characteristic of a well-functioning civil society.

Micro and small enterprises are more strongly associated with the local community having clearly defined needs. When operating they respect the rules prevailing in this local community [Spence et al. 2003]. In the case of small market operators, we observe identity of the objectives of an entrepreneur and of a company that he or she runs. A strong leadership can easier convey socially responsible principles to all employees in owner-managed SMEs [Jenkins, Hines 2002; Lepoutre, Heene 2006]. The larger a company is, the more these objectives diverge. With company’s growth, also the number of stakeholders, their size and importance is increasing. In a small firm, the key is the social network in which an entrepreneur operates. The actors of these networks are not only the relatives of an entrepreneur, his or her first customers and suppliers. During the start-up stage, an entrepreneur is even more often using these social capital resources. Thus, his or her primary stakeholders are the nearest network environment members, the local community in which a company operates and therefore engaging in CSR may be of great value, both to the SME and the local community [Studer et al. 2005; Jenkins 2004]. However, their actions are rather fragmented and of an informal character.

In large companies the CSR rudiments usually come from top directing downwards – the rules are introduced and workers are expected to follow them. In the case of SMEs the personal beliefs and ethics of both, owners and employees, is equally important. It is not hard to observe that often individuals are the ones to notice the problems that exist in the firm’s environment. CSR in SMEs ought to be focused on practical things and solving real problems, because of both, their nature which is shaped within certain local area and their limited funds. For instance, the large fast-food chain KFC can afford to organize happening actions like “Bike Summer with KFC” with a lot of promotion spread over many cities in Poland, while a local private bakery could not afford such marketing, which seems pretty obvious. Even if funds for such actions were available, the prospective respond from customers and potential gains would just be disproportional to invested money.
However, many small businesses perform actions that might be considered socially responsible, even if term CSR is something their management has never heard of. As CSR is more visible in the case of large firms or in multinational companies, SMEs are also engaged in such actions; however, their character is a bit different. Being less formal and more intuitive, small business focuses more on being reliable to customers and local community, trying to improve the closest environment rather than spending fortunes on mass-media advertising, not to mention some most improbable worldwide actions. Many owners of the SMEs instinctually feel that social responsibility can pay off in the long term and every effort in this direction is something that could bring an important competitive advantage, which is nothing but step ahead of their competitors.

3. EU, governments and other organizations’ involvement

The European Union is constantly working to introduce laws that supposedly should be beneficial for people’s health and their lifestyle. As for 2010, every EU Member State bans smoking in public areas, including pubs, cafes, restaurants, universities, shopping malls and many more. There are many more regulations that enhance social responsibility, just to name a few: product liability, excise taxes (alcohol and tobacco- for health concerns, gasoline- for environment pollution, gambling- addictive effects) and pollution emission standards.

The Lisbon Strategy (2000), trying to invigorate the EU economy through social and environmental renewal, for the first time in the history of the EU, identified CR as a top priority on its political agenda. Later, in its communication on CR (2006), the EU emphasized the importance of CR to European society and the need for dialog between different stakeholders. In 2010, the European Commission committed itself to “renew the EU strategy to promote CSR as a key element in ensuring long-term employee and consumer trust.” The CR is also a part of the newest strategy of the EU – “Europe 2020.” In this particular document, as in the main EU activities portfolio, the most important elements seem the efforts aiming to enforce the reporting and disclosure of information regarding CSR, and to support numerous CR tools, such as UN Global Compact or the ISO standard on social responsibility (ISO 26000). Additionally, on April 16, 2013, the EC adopted a proposal for a directive that will amend the Accounting Directives by requiring large companies with more than 500 employees to include in their annual reports a non-financial statement containing information relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. This mandatory reporting does not concern small businesses; however, some enhancements, including possible measures to use in reporting, are ready also for these ventures.

A government, as a body entitled to shape the law, is able to affect the way business is run. In selecting the appropriate types of policy intervention, governments must take into account local socioeconomic, political and cultural contexts as well as
the specific problems or action areas in and through which social change is desired. By doing that, they somehow force the way CSR is incorporated. There are many possible types of governmental intervention, including awareness raising, partnering, introducing laws, mandating instruments. The function of awareness raising goes mainly through information platforms, labeling activity and the promotion of this concept using real partnerships with public and non-governmental institutions. Governments are establishing also a public–private partnerships, organizing seminars and roundtables. As the CSR orientation is still, in the most of countries, a voluntary approach, governments may only introduce soft laws, in particular under the form of corporate governance codes or guidelines for CR reporting. Although they cannot fully regulate the aspects of philanthropy and charity, governments may enhance such attitudes by introducing tax exemptions for philanthropic activities.

On the other hand, sometimes the actions of particular governments may be considered harmful for the social responsibility of business. The prime example of such an effect was the case of a baker from Legnica, who was accused of tax delinquency by the Polish Revenue Office. The baker W. Gronowski had helped the poor by giving them bread and other baked products that were not sold in commercial process. The Tax Office stated that he decreased so his official income and imposed a penalty of PLN 260,000. If he had just thrown it away, he would not have to pay this huge penalty, which ruined his activity.

However, the Polish case is also offering many other examples that confirm the relevance of the issue. Several actions focused on promoting CSR have been actually undertaken especially in the last ten years. One of such initiatives was carried out in 2007 by the United Nations Development Program entitled “Accelerating CSR Practices in the New EU Member States and Candidate Countries as a Vehicle for Harmonization, Competitiveness and Social Cohesion in EU.” Thanks to this project, the operational and theoretical boundaries of CSR for Poland were formed and they are constantly and systematically being implemented by the Polish government.

Thanks to the governmental directive no. 38, declared on May 8, 2009, a special team was created to address problems of social responsibility of entrepreneurship. This team remains a subsidiary body of the Prime Minister of Poland. The Polish Ministry of Economy, in response to SMEs needs, released a guidebook on business sustainability and CSR tools, called “Balanced business – the guide for SMEs.” This publication was created thanks to the help of Polish managers providing real examples in order to reflect the national reality.

Another example of a Polish governmental initiative is the project run by the Polish Agency for Entrepreneurship Development (Polska Agencja Rozwoju Przedsiębiorczości – PARP), called “The Improvement of Competition of Regions through CSR,” an initiative undertaken within the Polish-Swiss Cooperation Program in 2012. It consists of three components of a nationwide range: information, implementation and communication. The main goal of the project is to raise the level of awareness in regards to CSR of SMEs. Another project, directly named “Corporate
Social Responsibility” (Społeczna Odpowiedzialność Biznesu) was launched by PARP in 2014 and is aiming to develop relevant tools supporting the implementation of the concept in Polish SMEs. One should also mention the RespEn research project run by the Pomerania Development Agency in 2010 “Polish And Swedish SMEs towards CSR Challenges” devoted to evaluation of the implementation of CSR in Polish and Swedish small and medium companies during the crisis time.

Several organizations of the third sector are operating in Poland to help in the CSR issue. Their goal is to create the sustainable development support, mainly through partnerships, while focusing on environmentally friendly business operations. One of such bodies is the Environmental Partnership Foundation (Fundacja Partnerstwo dla Środowiska). This foundation helps to spread the CSR knowledge in Polish schools (around 600 schools are involved). Another example is Clean Business Initiative (Czysty Biznes). In this case, around 500 SMEs took part in the project by the Environmental Partnership Foundation under the honorary patronage of the Ministry of Environment, the Ministry of Economy and the Ministry of Regional Development to reward those enterprises that the most effectively and economically implement nature-friendly solutions. Among these there are several different categories including the management of energy, water and waste, the innovation process, products and services in tourism, the international image and cooperation.

Not only do the EU, governments and NGOs engage in CSR promotion. The Forbes magazine and consulting company PwC organized a contest, called “Leaders of Sustainable Development” (Liderzy Zrównoważonego Rozwoju), in which SMEs and MNEs could compete in proper categories. The results were published in the Polish edition of Forbes magazine three times so far: in 2011, 2012 and 2013.

Surprisingly CSR attracts more and more young people, future managers. In 2004 took place a launch of the Responsible Business League founded by Forum Odpowiedzialnego Biznesu – a platform for young individuals interested in CSR. Addressed to students, this educational program aims to shape a new generation of managers and entrepreneurs. The League is active in the local societies and may be considered as a bridge between academic world, business and generally responsible people caring for public benefits.

4. Recent evidence regarding SMEs and CSR in Europe

As already mentioned, SMEs’ responsible actions are usually oriented towards local communities. According to the Observatory of the European SMEs (2000), half out of 7800 interviewed companies were somehow engaged in external CSR activities. Nevertheless, important geographical differences should be underlined: in the Northern European countries, SMEs were more engaged in CSR actions compared to those in Southern Europe. Sport, culture and health were dominant directions, while much less companies were involved in the protection of the environment. The majority of internal CSR implementations was connected with
employment satisfaction, healthcare, and various trainings or educational purposes, as well as safety issues. Few studies clearly analyze the positive outcomes of CSR implementations in SMEs on society and environment. Yet one might assume that a certain impact exists, because of the number of SMEs operating in the economy. Obviously, the lack of consolidation and the apparently smaller power influence compared to that of large enterprises make the observation a bit blurred and not easy to express in numbers.

An interesting research was conducted by the partners included in the CSI EU European Project funded by Leonardo da Vinci Program. Studies were undertaken in several European countries and their outcomes gave a very diversified picture of European SMEs engagement in the CSR approach (see Table 1).

Table 1. SMEs commitment to CSR

<table>
<thead>
<tr>
<th></th>
<th>Austria</th>
<th>Bulgaria</th>
<th>Denmark</th>
<th>Lithuania</th>
<th>Slovenia</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs having a CSR policy</td>
<td>88%</td>
<td>60%</td>
<td>75%</td>
<td>40%</td>
<td>40%</td>
<td>27%</td>
</tr>
<tr>
<td>SMEs claiming that CSR is priority</td>
<td>100%</td>
<td>50%</td>
<td>100%</td>
<td>33%</td>
<td>40%</td>
<td>36%</td>
</tr>
<tr>
<td>SMEs having attended a training on CSR</td>
<td>77%</td>
<td>30%</td>
<td>50%</td>
<td>10%</td>
<td>25%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: [CSI EU Project… 2012].

Again, it is easy to notice that the countries from the former communist bloc are not so much engaged in CSR activities. Spain as a representative of Southern European countries has also lower percentage of SMEs with CSR rules implementation. In the same research, a question was asked: What do you understand by “Social Responsibility”? Companies’ answers are shown below:

- investing in human resources (35%),
- investing in occupational health and safety (35%),
- observing human rights (28%),
- taking care of environmental issues (35%),
- charity (donations) (16%),
- funding and contribution of local associations (7%).

Surprisingly enough, another research study carried out by the Observatory of European SMEs shows that environmental issues are as important in companies CSR activities as any other actions. When asked about the motives for such actions, the majority of respondents chose the answer “Awareness and ethical consciousness” (19%) rather than “Market reasons” (11%) or “Client’s requirements” (7%). The outcome of the research is quite surprising as the financial motives are not the dominant driver for SMEs when discussing CSR, rather the duty towards society comes at the first place. When asked about not carrying any social responsible initiatives, the
majority of surveyed companies stated that the reason is a lack of human resources and not enough time to be devoted to such actions (8%). The authors conclude with the statement that the main problem is a lack of strategic vision. All actions are performed “now and here”; they lack the systematic and organized character. The issue is also the absence of identification and involvement of stakeholders, their needs and requirements. Although some kind of CSR implementation exists, the results are not clearly stated and therefore the information flow to stakeholders is disturbed. The authors point out that the educational gap and the lack of existing trainings represent additional negative factors to CSR development.

An interesting data is provided by ENSR Enterprise Survey 2011. This research is quite large and covers main reasons and motives for external social activity as well as benefits, plans and expectations. The research outputs clearly demonstrate that SMEs willingly engage in sport and culture oriented activities, and that their main motivations and reasons for such responsible involvement are ethics, relations with the local community and the consumer loyalty. The same aspects, i.e. the relations with the local community, the customer loyalty, and the relations with their partners, are considered the main benefits of this approach, and they appear almost with the same frequency.

5. CSR in Polish SMEs

Implementation of CSR methods in Poland is the object of growing interest from both entrepreneurs and society. Although certain aspects of business ethics were present in Poland before World War II, when referring to CSR during the extended time of the communist regime, this term appears to be degenerated, since the business rarely belonged to individuals and was largely controlled by the state. People were not interested in corporate social responsibility as they struggled to make their living. Over the last two decades, the idea of CSR became more and more popular due to the change of the political system, and in the last ten years, due to Poland accession to the EU.

<table>
<thead>
<tr>
<th>Company size</th>
<th>Yes</th>
<th>No</th>
<th>Hard to say/I do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>26%</td>
<td>66%</td>
<td>7%</td>
</tr>
<tr>
<td>Small</td>
<td>36%</td>
<td>53%</td>
<td>11%</td>
</tr>
<tr>
<td>Medium</td>
<td>50%</td>
<td>42%</td>
<td>8%</td>
</tr>
<tr>
<td>Large</td>
<td>70%</td>
<td>26%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: [MillwardBrown 2011].

The history of modern CSR in Poland is not long, hence the research sources are quite limited comparing to other, “older” members of EU. However, some relevant research exists, and in particular the report prepared by MillwardBrown SMG/KRC and PwC in 2011 (see Table 2).
These results seem quite surprising, but the conclusion is clear: the smaller a company, the lower is the familiarity with term “CSR.” This could be justified by the fact that large companies more frequently apply solutions successfully implemented by those operating in other countries (often they are foreign companies themselves, and thereafter foreign methods and approaches are automatically introduced). SMEs often lack a proper theoretical base, focusing on practical actions that could easily generate some additional income.

Among those who claimed to be familiar with what CSR is, the most important aspect of being socially responsible appears to have proper relations with clients, coworkers and employees (22% of the respondents), to care for environmental issues (21%), honesty (19%), employees welfare (15%) and local society-based activities (12%). The CSR standards most known among respondents are ISO 14000 (51%), ISO 26000 (30%) and Global Impact (18%). The interesting results concern also the relation between the implementation of CSR and the age of a company. According to this research, 80% of the companies that have been operating for more than 15 years implement socially responsible practices. This result is about 15% more than the enterprises operating for a shorter period. Apparently the older the business becomes, the more socially responsible it gets. When it comes to inform clients, employees and society, most companies focus on ecology and nature care (18%), business development and novelties (8%) and standards acquired (5%). The table below shows the aspects of CSR that are considered crucial (see Table 3).

Table 3. Crucial CSR aspects for micro, small and medium enterprises that are being implemented

<table>
<thead>
<tr>
<th>Company category</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relations with clients</td>
<td>74%</td>
<td>78%</td>
<td>72%</td>
</tr>
<tr>
<td>Relations with employees</td>
<td>68%</td>
<td>78%</td>
<td>72%</td>
</tr>
<tr>
<td>Organization of work</td>
<td>58%</td>
<td>72%</td>
<td>75%</td>
</tr>
<tr>
<td>Honest market methods</td>
<td>50%</td>
<td>58%</td>
<td>59%</td>
</tr>
<tr>
<td>Human rights</td>
<td>14%</td>
<td>31%</td>
<td>29%</td>
</tr>
<tr>
<td>Natural environment</td>
<td>13%</td>
<td>33%</td>
<td>31%</td>
</tr>
<tr>
<td>Society actions</td>
<td>5%</td>
<td>22%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: [MillwardBrown 2011].

Obviously, the micro enterprises have substantially more reduced scope of activities considered crucial comparing to small and medium ones. The priorities of small and medium companies are more or less at the same level. Table 4 shows the most implemented CSR rules in the corresponding areas already described.

The main characteristic of local businesses is the assimilation of the CSR rules with the legal regulations to the extent that sometimes the distinction between both is impossible for Polish entrepreneurs. That is why “the respect of human rights and of the labor code” is so popular when reporting on applied CSR rules (58%). Quite
### Table 4. The most frequently implemented CSR rules

<table>
<thead>
<tr>
<th>The CSR in the area of the honest market methods:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency, honesty, standards respect, proper product description</td>
<td>37%</td>
</tr>
<tr>
<td>Punctual delivery and payment</td>
<td>36%</td>
</tr>
<tr>
<td>Proper relations, arrangements, cooperation, respect</td>
<td>18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The CSR in the area of the work organization:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Division of duties and responsibilities</td>
<td>31%</td>
</tr>
<tr>
<td>Proper work organization</td>
<td>15%</td>
</tr>
<tr>
<td>Keeping standards and instructions, rules of work and safety issues</td>
<td>13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The CSR in the area of the relations with employees:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proper relations within the company</td>
<td>26%</td>
</tr>
<tr>
<td>Honest salary, paid in time, motivational salary system</td>
<td>24%</td>
</tr>
<tr>
<td>Employees’ rights</td>
<td>18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The CSR in the area of the relations with clients:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Honesty and transparency</td>
<td>29%</td>
</tr>
<tr>
<td>Meetings, dialogs, mutual respect</td>
<td>23%</td>
</tr>
<tr>
<td>Reliability and punctuality</td>
<td>21%</td>
</tr>
<tr>
<td>High quality of products and services</td>
<td>21%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The CSR in the area of the natural environment:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Respect of human rights, Labor Code</td>
<td>58%</td>
</tr>
<tr>
<td>Employees care and relations</td>
<td>16%</td>
</tr>
<tr>
<td>Lack of discrimination, equality</td>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The CSR in the area of the human rights:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Segregation of waste, recycling, utilization</td>
<td>53%</td>
</tr>
<tr>
<td>Water, energy and paper savings</td>
<td>19%</td>
</tr>
<tr>
<td>Respect of standards and norms, ISO 14000</td>
<td>12%</td>
</tr>
<tr>
<td>Reduction of harmful waste and gases</td>
<td>12%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The CSR in the area of the society actions:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsoring, financing of local initiatives, aid to those in need</td>
<td>36%</td>
</tr>
<tr>
<td>Cooperation with local schools, institutions and departments</td>
<td>28%</td>
</tr>
<tr>
<td>Cultural and sport events financing</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: [MillwardBrown 2011].

A large number of respondents also confirmed that it is related to social engagement in the development of the local community, sponsoring, and with a sense of mission, as well as the practices undertaken in the workplace, or care about the environment. Less frequently entrepreneurs identify responsible business practices related to suppliers. CSR is still often treated as an ancillary activity, mainly in the
area of marketing. When asked about the biggest problems occurring while trying to implement CSR, respondents state: necessity of financial outlays (38%), lack of time (33%), complexity of subject (32%), lack of skills and knowledge (30%) and no direct transfer to business activity (19%).

6. SMEs as the future of CSR

Despite this sometimes disappointing image of Polish SMEs’ involvement in the implementation of the CSR practices and rules, we believe that there are several reasons to reckon that SMEs are going to be the dominant force of CSR drivers:

- **Innovation:** They are innovative as they operate in usually saturated markets and have to cope with many competitors. Without being creative, the usual business operation could easily morph into striving for survival. That is the reason why the SMEs are likely to freshen up the spirit of CSR and bring it to the new level.

- **Hazard:** SMEs are prone to risk-taking. Corporations traditionally focus on safety issues and risk averse actions. To gain competitive advantage, small and medium size firms are willing to risk more. Launching new products, starting risky business, non-standardized way of operating – that is the hazardous face of SMEs, but, after all, it remains the driver for development and avoiding stagnation and this very need could be the engine to use CSR on a bigger scale than has ever been used.

- **Devotion:** The SMEs’ owners have a complete control over their company. The responsibility for success lies mainly in the owner’s hands, and it is not spread among hundreds of people. They risk their own money and any failure is their fault. Because of that, they really dedicate themselves to what they are doing.

- **Openness:** The communication in SMEs represents the open model, as everyone knows each other, there are less barriers comparing to large businesses. It improves an information flow, it introduces the atmosphere of trust, and it increases the chances of successful problem solving.

- **Timing:** When the opportunity arises, SMEs are the first to act, trying to obtain competitive advantage. They adopt a sort of binary strategy: need to buy – they buy; need to sell – they sell. Should any necessity appear to shut the business down, small business is usually able to cope with that immediately, while is the case of large companies it is a long and painful process.

- **Quickness:** SMEs are quick to respond to the needs and expectations of clients as well as to ever-changing business circumstances. Management staff is close to employees and is aware of what should be improved. Bureaucracy is very limited, and this aspect helps to make changes smoother and more dynamic.

- **Integrity:** Unlike large corporations, SMEs are very often an integral part of surrounding environment, and this factor helps them to act socially responsible. MNEs make their CSR decisions based on statistics and research, while SMEs have a bit different approach. They feel, hear and see. And very often this intuitive way is favorable.
There is no doubt that SMEs will play a major part in shaping CSR in the coming years, although the process is slow, yet ongoing. In 20 or 30 years from now, the CSR might be in a completely different place than it is now. It shall always be closely connected to social, political and cultural issues. Large companies or MNEs operating in countries and areas with many different cultures, as well as the ongoing globalization paved the way for that. There is a high chance that CSR concepts will be following this very path. The less barriers, the more similarity: this rule is as true when talking about people as when referring to CSR in SMEs.

7. Conclusions

The strongly scientific and theoretical approach to CSR is the domain of large companies, while small businesses rely less on definitions, standards and theories, but rather focus on intuition and feeling as well as beliefs and local specificities.

In practice, many entrepreneurs have an inclination to perform actions considered socially responsible, but very often they have no idea how to do it, what is even more important, and how to obtain from them a competitive advantage. Therefore, a solution may be to operate together, in the form of clusters, or with the support of NGOs to increase the efficiency of introducing CSR, comparing to individually addressing these issues.

We should also be aware that because of the diversity of SMEs, the approach to CSR should be very flexible, tailor-made and individual. CSR is also culturally specific which is more visible in SMEs. If standardization is a very hard task to achieve in the case of large companies, it is almost impossible for the majority of SMEs.

Despite the endless debate, whether CSR is a sincere and honest method that comes from caring about society or just a sneaky way to increase one’s profits, there is no doubt that the modern CSR is going to shape the business and the way we perceive it. The boundaries will slowly vanish and the global market will transform into vicious battlefield, where companies fight with each other for clients and the CSR seems to be a weapon that companies have been using unconsciously for years, but now they are more and more eager to take the full advantage of it. In addition, this very weapon could be considered utterly powerful, especially in times when traditional advertising is just not sufficient, which is true for both large companies and discussed small and medium ventures.

References

CSI EU Project – 15th European Roundtable on Sustainable Consumption and Production, Corporate Social Responsibility on SMEs, 2–4 May 2012, Bregentz, Austria.
Streszczenie: Społeczna odpowiedzialność biznesu jest obecnie dość popularnym podejściem, stosowanym zwłaszcza przez duże przedsiębiorstwa. Jednakże dzięki licznom podjętym popularyzacjom przez instytucje krajo wej i międzynarodowe, także małe i średnie przedsiębiorstwa coraz bardziej zainteresowane są stosowaniem tej filozofii prowadzenia firmy. W artykule przedstawiono główne różnice pomiędzy wdrażaniem podejścia CSR w dużych firmach oraz w małych i średnich przedsiębiorstwach. Te ostatnie nie są w stanie...
korzystać z tych samych metod i poszukiwać alternatywnych strategii, mają inne oczekiwania i bardzo często nawet inne cele biznesowe. Co więcej nie są one w stanie wdrożyć wszystkich działań CSR i są często zmuszone do skoncentrowania się na jednym priorytecie. Głównym celem niniejszego artykułu jest określenie świadomości CSR wśród przedsiębiorców w Polsce i znalezienie głównych różnic w podejściu do tej praktyki przez większość rozwiniętych gospodarek Europy. W ostatniej części przedstawiona została przyszłość rozwoju koncepcji CSR w kontekście MŚP.

Słowa kluczowe: CSR, społeczna odpowiedzialność biznesu, MŚP, mały biznes, odpowiedzialna przedsiębiorczość.
UNDERSTANDING THE CONCEPT OF CSR IN SMALL AND MEDIUM-SIZED ENTERPRISES IN AGROBUSINESS

Summary: The concept of corporate social responsibility, functioning under the name of CSR, which is the responsibility of business, is becoming more and more popular not only in academics, but also in business. The purpose of this paper is to present the issues related to the knowledge and defining the concept of CSR. Research on business opinions on the concept of CSR has been carried out in the second half of 2013 and included 174 micro (0–9 persons), small (10–49 employees) and medium (50–249 employees) enterprises from the agribusiness sector engaged in business activities in the rural areas of the Warmia and Mazury. The results showed that more than half of the surveyed entrepreneurs do not know CSR at all. Most information about corporate social responsibility of entrepreneurs had a higher level of education – as they often were confirmed to have entered the mission of companies in CSR. Due to the fact that entrepreneurs lack the knowledge of CSR, there is a need to supplement these shortcomings by providing knowledge and information, in particular on examples of good practice in the field of agribusiness.

Keywords: corporate social responsibility, agribusiness, rural areas, small and medium companies.

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1. Introduction

Present entrepreneurs are increasingly aware of the need of pro-social activities. Without denying the necessity of developing profits, they try to expand operation objectives of their businesses in such a way that also relates to the issues of social responsibility. In this way they adopt and put into practice the principles of the concept of CSR (corporate social responsibility), which grew on the foundation of ethics and philanthropy.

This concept, according to its name, implies responsible behavior of companies not only in relation to owners, which are shareholders, but also to the main, or even
all, stakeholders. According to the assumptions of this idea, responsible procedure is ethical behavior with respect to the law and the principles of economics, geared to the needs of different social groups, including their own employees and the natural environment, and its main message is sustainable development [Krukowska 2012].

Enterprises engaging in activities in the area of corporate social responsibility are generally guided by various aspects such as:

- **legal**: some actions arise from the legal obligation imposed by the state or international organizations,
- **philanthropic**: owners profess certain moral values, which require them to engage in the improvement of the natural environment or in taking actions for local community,
- **economic**: they want to make a profit and efforts to reduce costs, such as energy, can provide it,
- **image aspect**: they want to improve their image in order to do well against competitors [Bartkowiak 2011].

Socially responsible behavior is therefore taken voluntarily, in a conscious way, but it also tends to be imposed by law or enforced by consumers, local community or various social and environmental organizations [Filek 2006].

This opinion on the role of businesses in the socio-economic reality, derived from classical economics, with the time started becoming less fitted to the current situation in the economy of most countries [Bromley 1991]. Hence, for some time one can see growing interest in the concept of business management, involving deliberate actions oriented not only on financial gains and economic aspects, but also widely understanding and analyzing social and environmental interests [Rybak 2004].

In the literature on this field there is no uniform approach to corporate social responsibility areas. The latest attempt to systematize these issues has been made by the authors of ISO 26000, the first international standard for CSR. There were extracted seven areas of CSR which include: organizational governance, human rights, employee relations, natural environment, market practices, relationships with consumers and relationships with other organizations and local society. Polish companies scale of CSR activities is generally limited to four areas with actions for: society, the market, the natural environment and their own employees [Ratajczak et al. 2012].

For sure, the most important initiative in promoting CSR was the publication of the Green Paper on corporate social responsibility by the European Commission. This document systematizes the concept of CSR at the European level. The announcement of the Green Paper launched a wide debate on how the EU can actively promote CSR at the European level and globally [Commission of the European Communities 2001].

UN General Secretary Kofi Annan at the World Economic Forum in Davos in 1999 announced an initiative called “Global Compact.” This initiative in its current
form is a set of 10 principles accepted by more than 4300 companies from all around the world which are committed to follow its rules. These rules relate to the four areas of business: respect for human rights, working conditions, environmental protection and fight against corruption [United Nations].

Another important initiative is the OECD Guidelines for Multinational Enterprises. They were developed in 1976, and the last amendment took place in 2000 [Bojar 2007]. These rules relate primarily to issues such as the relationship between employees and employers, human rights, competition, environment, consumer interests, sharing information, fight against corruption and taxes [Ratajczak 2013].

The aim of this paper is to present the issues related to the knowledge and definition of the concept of CSR on the example of small and medium-sized agribusiness enterprises engaged in economic activities in the rural areas of the Warmia and Mazury.

2. Characteristics of the studied population

Research on the opinions of entrepreneurs and their knowledge of the CSR concept, its scope and application of the principles of corporate social responsibility was been carried out in the second half of 2013 and included 174 micro (0–9 employees), small (10–49 employees) and medium (50–249 employees) agribusiness companies engaged in business activities in the rural areas of the Warmia and Mazury. Test results and analysis presented in this paper are a continuation of the scientific considerations conducted by the author, and initiated by the team of M. Ratajczak, J. Wołoszyn and E. Stawicka in 2012 in the implementation of CSR in agribusiness enterprises.

The study was performed by mean of a diagnostic survey; a primary research tool was a questionnaire addressed to the surveyed entities. Obtained material was analyzed, with the use of mathematics – statistic methods. The analysis used the arithmetic mean, $\chi^2$ independence test, the convergence T Czuprow’s coefficient and C Pearson contingency coefficient (corrected and normal).

The analyzed population was dominated by small enterprises, which accounted for 62.5%, micro enterprises – 29.5%, while medium-sized entities – 8%.

Men were the owners of 54.9% and women of 45.1% of the analyzed companies.

In the studied population a clear differentiation occurred with respect to the age of owners. Over 60% of the respondents were 46 years old and older (range 46–55 years old accounted for 36.7%, and about 25% of the owners were over 56 years old). Every third entrepreneur was in the age group of 30–45 years old, while managers under the age of 30 years constituted about 7.4% of the population.

The structure of surveyed companies owners with respect to their education was relatively favorable. Managers of 46% of the companies had a higher education – this is certainly a positive development, taking into account the migration of educated people from rural areas to cities. Among those with higher education there was small predominance of men aged 30–55 years (over 59%). Almost 37% of the respondents
had secondary education – the age range was dominated by the management in the age of 46–55 years. The remaining respondents were characterized by basic vocational education and constituted about 17% of the studied population (clear domination of men over 56 years).

Almost 59% of the respondents operated in the industrial processing, which is typical for small and medium-sized agribusiness companies in the country scale, especially in rural areas. Every fifth respondent dealt with wholesale and retail trade, which resulted from frequent locating entities in rural areas near large urban agglomerations. Other sectors, agriculture and transport, accounted for about 20% in the structure of the surveyed entrepreneurs.

Another object of the analysis was the legal forms of investigated operators in rural areas. The majority of the surveyed companies (almost 61%) functioned as a self-employed individuals – this form is also the most popular in the whole country. In other cases, entities were registered as a limited liability, civil and public company (every eleventh tested company).

3. Knowledge and definition of the concept of CSR illustrated by the surveyed agribusiness companies

On the basis of the obtained results, it is clear that the concept of CSR is not widely known among small and medium-sized agribusiness engaged in economic activities in rural areas. Only one in five said that his or her knowledge of the principles of CSR is full (see Figure 1).

![Figure 1. Knowledge of the CSR concept among respondents of agribusiness enterprises (%)](image)

Source: own research.

In contrast, over 26% of the respondents felt that their knowledge of responsible business is substantial, but not all its aspects are known. Unfortunately, over 54% of the surveyed companies knew about the principles of CSR nothing or almost nothing.
In order to determine the statistical independence between the education of surveyed enterprises owners and their knowledge of the concept of responsible business $\chi^2$ independence test was conducted, which showed that the tested variables are not independent (see Table 1). In the largest range the knowledge of CSR principles was shared by small and medium entrepreneurs with higher and basic education. Very little range of knowledge of this subject appeared in the group of owners with secondary education. Calculated coefficients showed that the strength of the relationship between the measured trait is moderate – mostly Pearson contingency coefficients show these relationships.

Table 1. Determination of statistical independence between the education of surveyed enterprises owners and knowledge of the social responsibility concept (CSR)

<table>
<thead>
<tr>
<th>$\chi^2$ TEST OF INDEPENDENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis:</td>
</tr>
<tr>
<td>$H_0$: [tested variables are independent]</td>
</tr>
<tr>
<td>$H_1$: [tested variables are not independent]</td>
</tr>
<tr>
<td>$\chi^2 = 26.70 &gt; \chi^2 = 14$, the null hypothesis $H_0$ is rejected in favor of the alternative hypothesis $H_1$ at $\alpha = 0.05$</td>
</tr>
</tbody>
</table>

| $T$ Czuprow’s convergence coefficient | $t_{xy} = 0.53$ |
| C Pearson contingency coefficient – simple | $C_{xy} = 0.65$ |
| C Pearson contingency coefficient – corrected | $c_{orfC_{xy}} = 0.75$ |

Variable $x$: Enterprises owners education
Variable $y$: The knowledge of the corporate responsibility concept

Source: own research.

Table 2. Determination of statistical independence between the section of activity (NACE) and the knowledge of the concept of corporate responsibility (CSR)

<table>
<thead>
<tr>
<th>$\chi^2$ TEST OF INDEPENDENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis:</td>
</tr>
<tr>
<td>$H_0$: [tested variables are independent]</td>
</tr>
<tr>
<td>$H_1$: [tested variables are not independent]</td>
</tr>
<tr>
<td>$\chi^2 = 24.34 &gt; \chi^2 = 12.59$, the null hypothesis $H_0$ is rejected in favor of the alternative hypothesis $H_1$ at $\alpha = 0.05$</td>
</tr>
</tbody>
</table>

| $T$ Czuprow’s convergence coefficient | $t_{xy} = 0.54$ |
| C Pearson contingency coefficient – simple | $C_{xy} = 0.64$ |
| C Pearson contingency coefficient – corrected | $c_{orfC_{xy}} = 0.76$ |

Variable $x$: Section of activity (NACE)
Variable $y$: The knowledge of the corporate responsibility concept

Source: own research.
The statistical independence between the section of business and knowledge of the CSR concept was also determined – conducted for this purpose $\chi^2$ test of independence showed that the tested variables are mutually dependent (see Table 2). The knowledge of the concept of responsible business in the greatest range was present in small and medium-sized businesses operating in the manufacturing and in wholesale and retail trade. In contrast, minimal knowledge of this area was in economic entities engaged in agriculture and transportation. The presented coefficients show that the intensity of the relationship between analyzed variables is relatively large, particularly high value of corrected C Pearson contingency coefficient.

The confirmation of the data presented in Table 2 is the statement presented in Figure 2, which refers to the knowledge of the concept of corporate responsibility by the sections of the economy.

![Figure 2. Knowledge of CSR by the sections of the economy (%)](image)

Source: own research.

The presented data confirmed that the knowledge in the fullest extent of the nature of CSR is possessed by the entrepreneurs from the manufacturing sector (almost 86%) and the retail sector (about 66%). However the knowledge of social responsibility was not acquired by the owners engaged in agricultural activities (81%) and transport (almost 88% of responses).

The statistical independence between a company year of foundation and the knowledge of the corporate responsibility concept was also determined. Performed independence test confirmed that the test variables are not independent (see Table 3). The greatest knowledge of the concept was possessed by the entrepreneurs whose companies were founded in 1990–1999 or earlier, before 1989. On the other hand, the smallest knowledge of this field was possessed by the owners of the companies...
created after 2004. Calculated coefficients show significant correlation between the studied traits.

**Table 3.** Determination of statistical independence between the company foundation year and the knowledge of the corporate responsibility concept (CSR)

<table>
<thead>
<tr>
<th>Hypothesis:</th>
<th>$H_0$: [tested variables are independent]</th>
<th>$H_1$: [tested variables are not independent]</th>
</tr>
</thead>
</table>

\[
\chi^2 = 20.74 > \chi^2_{\alpha} = 7.81 \text{ the null hypothesis } H_0 \text{ is rejected in favor of the alternative hypothesis } H_1 \text{ at } \alpha = 0.05
\]

- $T_{Czuprow}$’s convergence coefficient: $T_{xy} = 0.59$
- $C$ Pearson contingency coefficient – simple: $C_{xy} = 0.62$
- $C$ Pearson contingency coefficient – corrected: $corC_{xy} = 0.81$

Variable $x$: Year of company’s foundation
Variable $y$: The knowledge of the corporate responsibility concept

Source: own research.

The final aspect of the analysis was the understanding of the concept of CSR by studied small and medium-sized agribusiness in rural areas of Warmia and Mazury (see Figure 3).

**Figure 3.** Understanding the concept of CSR by the surveyed agribusiness companies (%)

Source: own research.
The largest percentage of the respondents understand CSR as conducting business in accordance with the principles of sustainable development (more than 40% of responses). Such a choice can be fully accepted under the condition that this development will apply to all the areas of company activities.

A significant proportion of respondents (over 63%) understood the social responsibility as the running a company in accordance with moral norms (ethics) and legal standards. Clear and transparent ethical principles implemented within the framework of the concept of CSR are very important especially in relation with employees and other stakeholders. The relatively small percentage of the indications on the understanding of CSR as environment protective actions and actions for workers (about 34%) should be also emphasized. Unfortunately, the confirmation of the lack of knowledge and full understanding of the principles of CSR is the fact that over 47% of the respondents identified the CSR concept only with philanthropy, PR or sponsorship. Developing a positive image and sponsorship are rather commercial activities and act as a way of communication of companies with the market, although their important role in shaping social policy should be emphasized.

4. Summary

Summarizing the present considerations, there is a need to pay attention to differences in defining and understanding the issues of social responsibility. It turned out that more than half of the surveyed entrepreneurs do not know at all CSR principles. The most information about corporate social responsibility was possessed entrepreneurs with a higher level of education – they more often confirmed to have included CSR principles to their enterprise mission. Taking into account the nature of the business sector, the knowledge of the CSR concept prevailed in the group of entrepreneurs in the manufacturing sector. Respondents also pointed out the importance of CSR arising from the need to conduct business in accordance with the principles of sustainable development as well as legal and moral norms.

Due to the fact that entrepreneurs lack CSR knowledge, they definitely need to supplement these shortcomings by providing knowledge and information, in particular by examples of good practices in the field of agribusiness. There is a need for awareness for small and medium agribusiness that consumers increasingly pay attention to the aspect of the behavior of responsible practices and particularly to respect their assumptions. For the sake of social welfare, entrepreneurs need to be aware of the fact that the concept of CSR has advantages and can bring certain economic and social benefits if it is properly implemented.
ROZUMIENIE KONCEPCJI CSR W MAŁYCH I ŚREDNICH PRZEDSIĘBIORSTWACH AGROBIZNESU

Streszczenie: Koncepcja społecznej odpowiedzialności biznesu, funkcjonująca pod nazwą CSR (corporate social responsibility), czyli odpowiedzialność w biznesie, zdobywa coraz większą popularność nie tylko w środowiskach akademickich, lecz także biznesowych. Celem niniejszego opracowania jest przedstawienie zagadnień związanych ze znajomością oraz definiowaniem koncepcji CSR na przykładzie przedsiębiorstw agrobiznesu z obszarów wiejskich. Badania dotyczące opinii przedsiębiorców na temat koncepcji CSR zostały przeprowadzone w drugiej połowie 2013 roku i obejmowały 174 mikro (0–9 osób), małych (10–49 zatrudnionych) i średnich (50–249 pracowników) przedsiębiorstw agrobiznesu prowadzących działalność gospodarczą na obszarach wiejskich województwa warmińsko-mazurskiego. Wyniki badań pokazały, że ponad połowa badanych przedsiębiorców nie zna w ogóle zasad CSR. Najwięcej informacji o społecznej odpowiedzialności w biznesie posiadały przedsiębiorcy z wyższym poziomem wykształcenia – także oni częściej potwierdzali posiadanie wpisanych w misję przedsiębiorstw zasad CSR. Ze względu na to, że przedsiębiorcom brakuje wiedzy z zakresu CSR na pewno trzeba uzupełniać te braki poprzez dostarczenie wiedzy oraz informacji, szczególnie na temat przykładów dobrych praktyk w branży agrobiznesu.

Słowa kluczowe: społeczna odpowiedzialność przedsiębiorstw, agrobiznes, obszary wiejskie, małe i średnie firmy.
Summary: The implementation of the programs of corporate social responsibility is connected with a need to use well-chosen and well-constructed tools which are sometimes perceived as controversial and provoking negative emotions. This article presents ethical codes and whistleblowing as well as the range of their usage in the companies which participated in the transactions of acquisition. The results presented in this paper are a part of wider research on consolidation processes in the pharmaceutical branch. The tools are often imposed by an acquiring company and as a consequence they create insufficiently desirable organizational behaviors. The basic question remains: How effective is this tool of shaping ethical and desirable organizational behaviors and how far do the formulated rules enter into the everyday practices of a company? Such a situation is particularly complex while implementing a code into the acquired company. As shown by the research it is treated by employees as another regulation of managers which is imposed and which consists of alien patterns. The second of the described tools – whistleblowing – is particularly controversial, provokes bad associations and negative emotions.

Keywords: CSR tools, ethical code, whistleblowing, acquisitions, pharmaceutical companies.

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1. Introduction

The concept of corporate social responsibility (CSR) states that a company should take into consideration the profits expected by both owners and other stakeholders of a given organization. It is necessary to remember that profit is not only a category which should be considered from the economic point of view. Values such as an improvement of company’s reputation, an improvement of the quality of products and services, an improvement of relations with customers and an increase of trust, although difficult to be measured, are more and more appreciated by managers. The opinion of M. Friedman, who noticed that “the responsibility is placed only on the units, the corporate responsibility is limited only to ensure the profit of shareholders” [Friedman 2008] has been less and less popular since the 1970s.
Nowadays the issues of ethics are more and more important and the ethical programs for which special units are created as well as the positions for advisors and ethics managers who supervise the implementation and effectiveness of CSR programs become the elements of company’s functioning. In order to implement ethical programs selected tool are used, which sometimes can provoke discussions and controversies.¹ The aim of this paper is to present ethical codes and whistleblowing as tools which should have their own position in CSR programs and the range of their application in pharmaceutical companies. The main motive to use the above-mentioned tools is a conviction that such actions will bring profits. There are many links between possessing an ethical code and using whistleblowing and other economic categories and it depends only on the imagination of top managers whether they are used or not. In theory, it seems that Polish employees know the rules of ethics but the number of unethical behaviors shows that companies do not have proper tools and systems of promoting ethical behaviors and do not know “how to manage ethical risk in companies.” This paper presents the results of research conducted in companies producing pharmaceuticals in which a creation and an improvement of a positive image is very important. It must be underlined that the pharmaceutical sector represents a specific branch which, on the one hand, is profit-oriented and, on the other hand, for obvious reasons is subject to ethical and legal control. Among the elements which define the image and the position of a pharmaceutical company, besides its products or services such as: price, quality, prestige, identifiable brand and so on, the elements of ethical nature which particularly influence the creation of trust are really important.

2. Notion and essence of an ethical code

An ethical code is a set of norms of behavior which refer to the aspects of many behaviors of people in organizational activities implemented on different levels. It is “a formal, written collection of values and ethical norms which a company obeys in their activities” [Griffin 2001]. Generally, ethical codes can be boiled down to two categories: general, addressed to everybody or to a considerable group of people and detailed which normalize the activities of one company, one professional association, one group or one business unit. The professional codes can be placed between the general codes and the detailed codes normalizing the rules of organizational behavior. The way in which a code is formulated decides whether it fulfills its functions and really leads to improving the prestige of a profession. According to R.T. De George – an American philosopher and writer – the code of professional ethics should fulfill the following requirements:

¹ The current situation of CSR is criticized. It is underlined that the term CSR is overused by the companies which are really irresponsible [see: Visser 2011; Hollender, Breen 2010].
1. It should first of all normalize and therefore it should not contain the descriptions of values and ideals the corporation serves.

2. It must, first of all, take care of the public interest. It should not include provisions which are justified only by securing the interests of corporation members.

3. It should be coherent and honest. It must regulate issues important and specific for a given profession and not define norms which are present anyway in everyday morality [De George 1999].

The concepts of creating and implementing ethical codes in practice have both supporters and opponents. The supporters of ethical codes point at their advantages which are as follows: they increase the prestige of a given professional group, they are a record of the profession ethos, they allow a given job to become a profession (ethical code is one of the requirements of professionalism). Additionally, the educational aspects are also important, e.g. they help in resolving dilemmas and increase social trust towards a specific professional group. Thanks to the code, members of society know what they can expect from the representatives of a given profession.

The opponents pay attention to the following controversial aspects of code regulations: they often do not include any sanctions besides the moral ones and as a consequence not obeying the ethical rules does not cause any punishment. What is more, the way of defining codes is also controversial – who and on which basis is supposed to resolve ethical dilemmas in a given professional group.

As a result, the defined norms and rules can be dependent on a person who consolidates them. The code of professional ethics simplifies the problem of responsibility boiling it down to obeying norms. One also underlines the fact that ethics should be something natural, which does not require any special formal regulations as there are certain universal rules commonly binding and people should have possibilities to reflect and evaluate their own behaviors. It is underlined that the weaker the individual morality, the bigger the need to possess the codes. A. Kitson and R. Cambell define the conditions which an ethical code must fulfill in order to be an effective and universal basis regulating organizational behaviors. It should be a result of wide discussions, research and consultations conducted in the group of all stakeholders, must be adopted and treated as own, and not as an additional regulation prepared by managers; it should be supported by the implementation of the programmes of employees’ development, lifelong learning, should be open and open to changes [Kitson, Cambell 1996]. The implementation in practice of an ethical code will be less complicated when employees identify more with their company (but immediately a question arises: Does it make sense to have such regulations and how detailed such regulations should be?) At the beginning of 1990s it was estimated that in France, Germany and Great Britain ethical codes were possessed by 30–35% of the companies whereas in the USA by up to 85%. These results prove how significant the interest of business from the Western Europe and the USA in coding the ethical standards is. The research “Screening CentrumCSR.PL,” conducted in
Poland on the sample of 120 biggest Polish enterprises and financial institutions proved that the Polish business is still on a very preliminary stage of managing social responsibility and communicates insufficiently its activities related to it [Krzemiński, Piskalski 2014]. Generally, the research results point at a need to create common systems of ethical values for organizations. In the research referring to the business ethics conducted by Crido Taxand, Pracodawcy RP and ICAN Institute on the group of 787 managers, more than two thirds of respondents answered that companies in Poland break “very often” ethical rules (the answer “very often” was marked by almost 10% of the respondents, whereas only 2% marked the answer “never”). In the opinion of the respondents, the reasons for breaking the ethical rules by employees were as follows: an application of shortcuts (bypassing certain procedures – 58%) and a lack of supervisors’ control (51%). Managers’ acquiescence towards unethical behavior was mentioned by 40% of respondents; the least common answer referred to the pressure while implementing the indicators which were too high (36%) [Krzemiński, Piskalski 2014]. In order to make the effects of possessing ethical codes really visible, it is necessary to carry out the whole process of building “ethical infrastructure” which should be based on permanent and effective communication [Sułek, Świniarski 2001]. The process of preparing and implementing in practice should consist of a few consecutive stages: defining the value of ethical codes in a company, a review of an organization in ethical terms, a review of policies, documents and regulations functioning in a given organization, an identification of basic rules by consulting employees, a preparation of an ethical code together with remarks and explanations and the policy of implementing rules, a creation of ethical infrastructure allowing employees to report irregularities, appointing a spokesman or spokesmen for ethics, trainings for employees, inclusion of the rules of ethic codes into the range of internal audit. A permanent communication of the ethical code is also necessary. In order to be successful, the code must be “tailored-made” for the needs of a organization at a given stage of development and must possess certain values building the culture without being a benchmark of ready tools. The creation of an ethical code is an important element of creating an ethical culture of an organization. The very preparation of an ethical code cannot be the aim per se. It should be an instrument of creating desirable organizational behaviors. In practice, ethical codes sometimes possess a catalog of unacceptable behaviors breaking the ethical standards binding in a given organization. The provisions of a code can help to draw consequences against employees who do not obey such standards. Figure 1 presents an algorithm of behaving while building ethical standards in a company.

While creating an ethical code, it is first of all necessary to define:

1. general rules and values building organizational culture,
2. rules of operation inside and outside an organization,
3. ways of functioning of the code provisions with a possibility to formulate questions and a procedure of informing when the rules are broken and sanctions that can result from it.
3. Whistleblowing – the system of reporting irregularities as a CSR instrument

Unethical behaviors and irregularities are probably an integral element of company’s functioning, as shown by the practice, even in the companies which possess ethical codes. The implementation of the systems of preventing abuses and reporting irregularities is a chance to minimize their frequency. The procedures of reporting
irregularities were implemented by many mature companies aware of the threats resulting from the unethical behaviors of employees. It is not an easy management tool, e.g. because it can be associated with negative reporting. Building ethical culture in an organization means, e.g. making employees understand that there are values more important than wrongly understood loyalty towards colleagues or supervisors which in the majority of cases means a tolerance for unacceptable behaviors and proving that safety, responsibility and honesty are much more important for creating company’s culture. The phenomenon of “ethical signalizing of irregularities in the place of work” defined as whistleblowing is a part of the process of creating ethical culture. It describes the process of revealing, by an employee, of all the actions done at work which are illegal, highly reprehensible, immoral and prohibited. Such information is given to people who are entitled to take proper steps aiming at the protection of employees, the place of work and eliminating pathologic behaviors destabilizing the proper functioning of the place of work. R. Patterson writes: “Whistle-blowers are people who pay attention to trespasses committed in the company, informing their supervisors about them or even going beyond the company” [Patterson 2008]. It must be underlined that in the place of work a spontaneous reveal of irregularities can be also done by an employee. In cases when the information about the abuses within a company is reported to the management or a proper cell, one talks here about internal whistleblowing. External whistleblowing is the transmission of the information to the public or to the control institutions [Gasparski, Lewicka-Strzalecka (eds.) 2001].

Such a scheme of behavior is defined as a natural whistleblowing [Rogowski 2007]. It must be differentiated from a motivated (institutional) whistleblowing which is a wider notion, including sets of elements which should take place in order to motivate employees to reveal the information on inconsistencies which they possess.

The presented tool is definitely controversial but according to the rule “better to prevent than to cure,” companies should not resign from implementing such a tool on condition that they will well inform employees and external stakeholders about its convictions, aims and forms. As W. Rogowski correctly notices: “first of all incorporating employee’s damasking into a coherent system of the company strategic management is a condition for the whistleblowing success” [Rogowski 2007]. In the Polish reality the described instrument is not well known and is controversial. This results from the historical and cultural reasons and from the lack of any legislation in that field based, e.g. on Anglo-Saxon countries. A low social capital caused by the fact that in our society many features and behaviors which are features for civil society, in which there is no acceptance for behaviors dangerous for society and in which citizens act for the common good and not against it, have not been formed so far and this is a problem [Sroka 2013]. It becomes necessary to create a new organizational culture based on honesty and reliability in which a system of reporting irregularities must be “anchored.” “An implementation of whistleblowing requires courage from
the managers as instead of sweeping a problem under a carpet they will have to face difficult situations” – underlines R. Sroka, the Project Manager in Crido Taxand [Sroka 2013]. The discussed instrument can be also an element of ethical programs of a company, which in no case should be associated with negative reporting. The basic reasons for differentiating whistleblowing from negative reporting are first of all: noble motives – perceived irregularities are signalized because of the care for social welfare. Besides that, the phenomena significant for societies – revealing dangers which cannot be accepted as they are a threat for life and health – are presented. Additionally, starting an alarm that is reporting irregularities in the place of work takes place only when there are no reactions taken by people who are responsible and in such a case information is given to the public opinion. Whistleblowing entails risk for a person who indicates problems risking “their own career or existence in the company to protect other people” [Wojciechowska-Nowak 2012].

The usage of whistleblowing is connected with a necessity to create a system of informing about negative behavior together with the tools and procedures of reporting such cases. The time frameworks when a problem will be tackled should be also defined. In the procedures the crucial roles are attributed to managers, and in particular cases, to the channels of transferring information, e.g. e-mail boxes, internal info lines, external info lines served, e.g. by specialist legal companies with which companies sign contracts. Each employee who signalized a problem should have a full feedback on the actions which are taken. In some companies reporting on unethical behavior was included in standard procedures. In the code of the good practices of Glaxo SmithKline there is a list of behaviors and activities which should attract particular attention and which should be reported to direct supervisors or other units of the corporation. The following cases are enumerated: corruption, blackmailing, frauds, discriminating or harassment, a trial to hide the information referring to the above-mentioned behavior [GSK Corporate…].

4. Ethical codes in the pharmaceutical sector

European Federation of Pharmaceutical Industries and Associations (UFPIA) grouping 31 national associations and 40 pharmaceutical companies from the countries of the European Union published two codes of pharmaceutical practices: “Code on the Promotion of Prescription – Only Medicines to and Interactions with, Health care Professional“ and “Code of Practice on Relationships between the Pharmaceutical Industry and Patient Organizations” [EFPIA 2014]. The standards worked out by UFPIA had to be accepted in the national codes of the organizations in all the Member States, e.g. as far as a cooperation between doctors and drugs producers goes in order to ensure a safe and effective therapy of a patient. In Poland in 2007 “Code of Pharmaceutical Marketing Ethics” was created replaced in 2008 by “Code of Good Practices of Pharmaceutical Industry.”
It is a document which defines the norms of promotional activities and refers to any methods and forms of the advertisements of curing products and particularly to advertising materials, press advertisements and activities of medical sales representatives.

“Code of Good Practices of Pharmaceutical Industry” regulates also the issues of the cooperation of pharmaceutical companies with the representatives of Health Protection and Patients’ Organizations. All the members of the Association of Employers INFARMA grouping innovative pharmaceutical companies in Poland are obliged to obey the rules included in this document. This organization, as well as all its members, had time until the end of 2013 to adopt a new document “Disclosure Code,” which is supposed to improve the standards of a transparent cooperation and increase trust of medical environment towards pharmaceutical companies. New actions defined by the Disclose Code are supposed to improve the way in which the representatives of medical professions and medical branch are perceived and to define the rules of their cooperation. It is an answer for the need of a greater transparency in the cooperation of pharmaceutical companies with doctors. The results should be visible in the middle of 2016 in the form of the data published on the websites of pharmaceutical companies illustrating the financial flows between the companies and the representatives of medical professions. Besides the codes binding in the whole branch, there are also corporate or company ethical codes.

5. CSR tools used in the examined companies

For the needs of this paper, the results of the research conducted in two stages in seven pharmaceutical companies were used. The results presented in this paper are a part of wider research on consolidation processes in the pharmaceutical branch. The research was conducted in two stages: 2011–2012 five pharmaceutical companies participated and in 2013–2014 the complementary research was conducted in two companies. In the research the technique of a semi-structuralized interview was used. The respondents were presidents/ general directors or HR managers of the acquired companies. In five cases the companies were the branches of global concerns which in the framework of offshoring conducted an acquisition of Polish companies (three cases of the investments) or of the green field type (two cases). In the remaining two cases the Polish companies Polfas were acquired (in one case by a national company and in the second case by a small Slovenian-Polish company). In each case the acquisitions had a branch character. The analysis conducted in the examined pharmaceutical companies showed that six of them possessed ethical codes. In four cases, the ethical codes were introduced after two or three years of functioning in Poland and were a “copy” of the corporate regulations. In each case these were the international concerns. The ethical code was also introduced one year after a transaction of acquisition done by the national company with an innovative profile.
In the ethical codes of the companies there is a catalog of ethical behaviors desired by a given organization to which employees are obliged, formulated with the different level of details. For example, the ethical code of Glaxo SmithKline company provides the following recommendations: “act with honesty, integrity and professionally, protecting the good image of the company and taking care of its reputation, avoid actual or potential conflicts of interests of the company in all transactions, provide accurate and reliable information in the submitted documents to protect confidential information of GSK and respect the confidentiality of the third parties with which we cooperate or compete” [GSK Corporate...].

It is common that ethical codes include even more general provisions (e.g. in the acquired companies functioning within the structures of Valeant corporation) [Emo-Farm 2014; ICN Polfa 2014]. It is necessary to remember that in order to make ethical codes successful, it is necessary to integrate them with the culture, philosophy and mission of a company. It is necessary to underline further the advantages deriving from their implementation. It is a condition necessary for the employees’ acceptance of the content and the way of constructing codes [Barcik 2000].

In three companies under study the whistleblowing procedure was introduced (see Table 1). In each case it provoked negative emotions of line managers and of other categories of employees.

Table 1. CSR instruments used in the examined companies

<table>
<thead>
<tr>
<th>No. of transaction</th>
<th>CSR instruments used in the examined pharmaceutical companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case 1</td>
<td>The acquired company possessed an ethical code before the acquisition. Many provisions in it refer to the marketing unit. Permanent training for the employees of marketing and sales departments on ethical work standards.</td>
</tr>
<tr>
<td>Case 2</td>
<td>The company possessed an ethical code formulated in the very general way before the acquisition. After the acquisition, no new solutions were implemented in this field.</td>
</tr>
<tr>
<td>Case 3</td>
<td>Two years after a transaction an identical ethical code was introduced for the whole concern. The code of good practices was introduced.</td>
</tr>
<tr>
<td>Case 4</td>
<td>The acquiring company got the titles of “Honest Employer of 2009” and “Honest Employer of 2010.” A trial to introduce whistleblowing in the acquired company. There was a negative reaction of operational managers and other categories of employees. Formally, there is a procedure; in practice, it functions very badly.</td>
</tr>
<tr>
<td>Case 5</td>
<td>An introduction of the ethical code in the acquired company. The usage of whistleblowing in practice in the form of the company Hotline for employees. Each employee who noticed something frightening, not in line with the law or the rules of ethics, was supposed to report such a situation. The employees of the acquired company were not satisfied with the implementation of the tools. The procedure of whistleblowing in the opinion of managers functions very weakly.</td>
</tr>
<tr>
<td>Case 6</td>
<td>In the company, the ethical code binding in the whole corporation was introduced. The implementation of the corporation rules of whistleblowing, in the opinion of the respondents, start to function better and better. This results from a gradual “reprofiling” of the organizational culture.</td>
</tr>
<tr>
<td>Case 7</td>
<td>The company has included CSR elements into its mission. However, in practice no clearly defined procedures of CSR tools are used.</td>
</tr>
</tbody>
</table>

Source: own elaboration.
In the research it was underlined that the procedure is mentally and culturally alien and it is difficult to expect that it will operate immediately. In one of the companies a slow process of building a new, ethical culture, whose effect will be a better functioning of the procedure of whistleblowing was started. The company, as it was underlined in the research, pays a particular attention to a cohesion between the culture declared in the documents and the meta-culture visible in people’s reactions. The researchers noticed that the lack of the preparation of the social background leads to the deterioration of the atmosphere and results in a decrease of employees’ trust both among themselves and towards their superiors. The usage of info-line was integrated into internal whistleblowing. People who get notifications from employees are autonomous employees of the company from the different areas than the internal audit.

In one of the companies under study it was underlined that there are no mechanisms which support the transfer of information on irregularities within the company and the activities which would encourage the usage of such a tool. A connection between the interests of the employees and the interests of the organization are the motivation for the transfer of information on the irregularities. During the research the lack of organizational links was underlined which resulted from the fact of the lack of employees’ acceptance for the transaction. This is turn results in putting loyalty towards colleagues ahead of the loyalty towards the employer.

6. Conclusion

The ethical code includes a model of employees’ morality. It is created by generally defined norms of behavior, coherent with the ones binding in a given organizational culture. The basic question remains: how effective this tool of shaping ethical and desirable organizational behaviors is and how far the formulated rules enter into the everyday practices of a company? Such a situation is particularly complex while implementing a code into an acquired company. As shown by the research, it is treated by employees as another next regulation of managers which is imposed and which consists of alien patterns. The second of the described tools – whistleblowing – is particularly controversial, provokes bad associations and negative emotions. Its successful implementation requires an organizational maturity and a creation of a pro-ethic culture, promoting responsibility, courage and trust. The acceptance of whistleblowing is particularly important in pharmaceutical companies due to the fact that the irregularities which take place there can be detrimental to both the health and lives of people.

It seems that nowadays it is crucial to create an ethos of work by promoting proper personal patterns and a regular creation of a civil society. Besides that, it is necessary to improve the system of periodic performance appraisal in which desirable organizational behaviors should be an integral part of evaluation.
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KODEKSY ETYCZNE I WHISTLEBLOWING
JAKO NARZĘDZIA CSR W FIRMACACH FARMACEUTYCZNYCH

Streszczenie: Realizacja programów społecznej odpowiedzialności biznesu wiąże się z koniecznością posługiwania się odpowiednio dobranymi oraz skonstruowanymi narzędziami, które postrzegane są niekiedy jako kontrowersyjne i budzące negatywne emocje. W artykułe zaprezentowano kodeksy etyczne oraz whistleblowing oraz zakres ich wykorzystywania w wybranych firmach farmaceutycznych, które uczestniczyły w transakcjach akwizycji. Wyniki przedstawione w niniejszym opracowaniu są częścią szerszych badań dotyczących proce-
sów konsolidacyjnych w branży farmaceutycznej. Podstawowe pytanie badawcze brzmiało: W jakiej mierze kodeksy etyczne oraz whistleblowing są skutecznym narzędziem kształtowania etycznych i pożądanych zachowań organizacyjnych oraz na ile sformułowane zasady rzeczywiście przenikają do codziennej praktyki firm? Badania wykazały, że omawiane narzędzia są zazwyczaj narzucane przez spółkę przejmującą. Kodeksy etyczne implementowane do przejętej firmy są traktowane przez pracowników jako kolejne rozporządzenie zarządzających, narzucone i zawierające obce wzorce zachowania i działania, zwłaszcza, gdy formuła kodeksu zostaje poszerzona o dodatkowe narzędzie jakim jest whistleblowing. Narzędzie to w każdym badanym przypadku było szczególnie kontrowersyjne, budziło złe skojarzenia i negatywne emocje.

Słowa kluczowe: narzędzia CSR, kodeksy etyczne, whistleblowing, przejęcia, firmy farmaceutyczne.
CORPORATE SOCIAL RESPONSIBILITY IN THE SME SECTOR. AN ANALYSIS OF THE KEY ASPECTS AND PILLARS OF DEVELOPING THE CSR STRATEGY

Summary: Corporate social responsibility (CSR) is becoming the practice within a growing group of entrepreneurs by the year. Aspects concerning human rights, labor standards, environmental protection or ethical market rules are becoming an indicator for different groups of business entities. Due to the benefits that are brought to the environment and society, those companies that want to implement CSR solutions in practice should be specially rewarded. A good example is the co-financing of projects in at least one of the areas of CSR: environment, relationships with employees, social commitment to the SME sector. The goals of this article are to show business entities’ interest in implementing the CSR practices using aid programs and discuss the issues of various approaches to the dissemination of CSR practices in the SME sector. In order to write this article, the data available within the project “Enhancement of Regional Competitiveness through Corporate Social Responsibility” in 2012–2015 were used. The project implemented by the Polish Agency for Enterprise Development (PARP), funded by the Swiss-Polish Cooperation Program. Almost all the business entities interested in the PARP aid program and implementing socially responsible actions declared an activity in two areas: employees and natural environment. CSR implementation within the market and society is a less frequent and common action and it occurs as planned or under development.

Keywords: social responsibility, SME sector, CSR strategy.

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1. Introduction

In Poland, CSR activities are still under development; however, more often, not only is it the practice of large companies, but also those in the SME sector.

It turns out, however, that it is more difficult for small and medium-sized enterprises to implement the strategy of corporate social responsibility because they
lack the knowledge of CSR – the concept is then not entirely accepted, and there are few examples of good practice in this sector of enterprises. Still, there are few well-informed stakeholders who necessitate a change in the behavior of entrepreneurs in the market. Is then there a need for strong interventionism of countries and a larger number of regulations that enforce ethical and responsible actions of organizations? Or maybe is there a need for more research and conviction for business entities to understand that CSR is profitable.

One of the actions to promote CSR in the SME sector is the project “Enhancement of Regional Competitiveness through Corporate Social Responsibility (CSR)” run by the Polish Agency for Enterprise Development (PARP) in 2012–2015. The project is executed by the PARP and financed by Switzerland as part of the Swiss cooperation program with the new EU Member States. The program consists of several stages:

- briefings, trainings: 2012 2nd/3rd quarter,
- announcing the first round of the contest for the SME: 2013 1st quarter,
- announcing the second round of the contest for the SME: 2013 4th quarter,
- accomplishing the SME projects: 2013–2014,

As part of the project, a contest to allocate financial funds for the implementation of CSR in the SME sector was carried out. The competition consisted of two stages; the first call for applications for financial funds for the implementation of CSR took place in March 2013. The second call for applications was announced in December 2013. The financial funds were intended for micro, small and medium-sized enterprises with a registered office within the territory of the Republic of Poland, which had begun their business activities at least six months before applying.

The article uses data available from companies of Polish SMEs that have received financial aids for the implementation of CSR actions under the described program. As many as 53 entrepreneurs were granted funds during the first edition, while 133 entities during the second edition. The aim of this study is to assess the interest of SMEs in the project, analyze the diverse approaches to the implementation and dissemination of CSR practices and attempt to identify directions of socially responsible actions in the SME sector. The article is a contribution to further research and an analysis of developmental trends of CSR in the SME sector.

2. SMEs’ interest in building a competitive advantage with regard to the CSR strategy

Improving country’s economic development and funding the SME sector are economic and political priorities. Social responsibility in business is becoming more and more often a new strategic management way. By the year there is a growing group of supporters of enhancing competitiveness through corporate social responsibility.
The article analyzed a group of entrepreneurs within the SME sector that showed their willingness to embed socially responsible solutions in their actions. The study group consisted of the entrepreneurs from the whole Poland who applied for financial support for the implementation of CSR within the contest “Enhancement of Regional Competitiveness through Corporate Social Responsibility (CSR).” The fund could be allocated to the entrepreneurs who had filed projects involving the activities that were related to the implementation of CSR in the company; however, the action had to be linked to the profile of enterprise’s business activity.

In March 2013, the first call for applications took place, then the second call in December 2013. The project was primarily intended for the SME sector, preceded by numerous announcements and trainings pertaining to the guidelines, opportunities and threats arising from the implementation as well as failure to notice the opportunities and threats arising from being or not being a socially responsible company in a region, country and in the global market.

The issue of CSR is still not very popular among entrepreneurs of the SME sector. On the other hand, the project has brought to light a number of inspiring and innovative solutions to improve the competitiveness of enterprises and regions. So that business is becoming more eco-friendly, transparent, friendly to staff and local communities.

SMEs’ interest in socially responsible actions was not too vast and varied by voivodeships, as shown in Figure 1.

As many as 108 applications were submitted during the first edition, while 322 applications during the second edition of the contest in December 2013. The greatest interest in receiving the aid was shown in Masovian Voivodeship, 26 applications were submitted in the first call, 49 applications in the second one. The least applications were filed in Podlaskie Voivodeship, during the first stage entrepreneurs did not even displayed any interest in that program, and 5 applications were submitted in the second round. Also there was little interest in the program from the entrepreneurs in Opole Voivodeship; no applications in the call first, 8 applications in the second one. Overall, comparing the first and the second call, the largest increase in the number of applications submitted occurred in Greater Poland Voivodeship from 8 to 31 applications; Lower Silesian Voivodeship from 9 to 26, West Pomeranian Voivodeship from 6 to 23 and Masovian Voivodeship from 26 to 49 applications. It can be argued that the awareness of enhancing competitiveness through responsible and transparent business practices is often the tendency of entrepreneurs from the west of Poland. The representatives of companies from the western part of Poland are more likely to have a greater knowledge and understanding of the concept and principles of social responsibility in business than the entrepreneurs from central and eastern Poland. Earlier studies by the author confirm that the knowledge of the concept in the case of the Polish entrepreneurs – in the western, central, eastern part appears to be proportional 47%, 39%, 36% [Stawicka, Wołoszyn 2013, p. 46].
The submitted applications were subjected to a formal and substantive evaluation by the PARP Contest Committee. The projects had to fit in at least one of the areas of corporate social responsibility, that is, environment, relationships with employees or social commitment. The maximum amount of the financial aid for one company was PLN 100,000, the subsidy could stand for 70% of the total eligible cost of a project. Considering the fact that applicants had to make their own contribution at a minimum of 30% of the total eligible cost of a project, interest in the contest should be strong. The limitation, however, was still low awareness of the benefits from building a competitive advantage based on the principles of CSR.
Finally, after two editions of the contest, the financial aid was allocated to 53 entrepreneurs from the first recruitment and 133 from the second recruitment, which is shown in Figure 2.

**Figure 2.** Number of applications evaluated positively (pcs.) as part of the contest for financial aid for the implementation of CSR by voivodeships

Source: own work based on: Announcement about the number of applications submitted as part of the contest for financial aid for the implementation of CSR in the SME sector. The project “Enhancement of Regional Competitiveness through Corporate Social Responsibility (CSR)” by PARP, last updated on 09.06.2014.

The number of applications with the financial aid allocated for the implementation of CSR was proportional to the number of applications, and so the most positively evaluated projects were in Masovian Voivodeship with a total of 31 applications, in
Lesser Poland Voivodeship with a total of 20, in Silesian Voivodeship 17 applications, in Greater Poland 12 applications. The least applications and the acceptance of their correctness were in the case of the entrepreneurs from Podlaskie Voivodeship (2 applications), Opole Voivodeship (6), Lodz Voivodeship (6), Kuyavian-Pomeranian Voivodeship (8), Warmian-Masurian Voivodeship (8). A total of 186 entrepreneurs from 430 projects filed received the financial aid.

The analysis of practical knowledge and behaviors of entrepreneurs in the SME sector towards CSR form the basis to conclude that the concept does not have many followers, but has gained in importance. Enterprises are afraid of the cost and they often associate CSR activities with increased costs and philanthropic activities. Companies carry out social activities on an ad hoc basis and often unconsciously, not containing them in a broader management strategy. In contrast, many entrepreneurs appreciate the importance of the subject and the actions to promote the CSR investment facilitate the change in the perception of responsible activities. The programs supporting good CSR practice because of the benefits they bring to the environment and society are just specially rewarded. In this way, the number of good CSR practices in small, micro and medium enterprises is growing. Also, entrepreneurs are beginning to notice the impact of responsible actions on the organizational efficiency of an organization throughout trainings. Providing goods, services, knowledge in a responsible way, entrepreneurs invest in the community, which also contributes to an increase in the wealth of society and, consequently, results in a greater and more responsible consumption. Entrepreneurs are beginning, albeit very slowly, to regard CSR as a business strategy, which generates more sustainable competitive advantage although it is a long-term one.

3. Examples of practices and areas of social responsibility in the SME sector

Corporate social responsibility in small and medium-sized enterprises is under development. Entrepreneurs generally observe the actions of others and follow good practice depending on the specifics and industry to a greater or lesser extent. Most SMEs are in the process of creating a CSR strategy and identifying and mapping stakeholders, few have created a CSR strategy, which is being implemented mostly in two areas: the environment or employees.

Although the GRI guidelines are user-friendly, understandable even for people without much experience, they apply most often to the large enterprise sector. Also, the guidelines concerning social responsibility like the standard ISO 26000 defining standards for: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues, commitment and development of local communities, are more often met by the sector of large entities.

The analysis of good practice in the SME sector shows that small and medium-sized enterprises are becoming more consciously interested in socially responsible
activities. Companies are beginning to relate to the aspect of transparency and fairness in their actions with ever greater commitment. The projects for the implementation of CSR activities in the sector of small and medium-sized enterprises, as previously mentioned, are primarily focused on creating a strategy. Entrepreneurs’ knowledge of CSR is scarce, which means that they do not feel at ease in this regard. They need professionals to create a strategy and implement socially responsible actions, and display the committed attitude more and more often. There is also a growing group of entrepreneurs from the SME sector, they can be described as “leaders,” which approaches the changes in the most creative way. The analysis shows that this group of leaders has a CSR strategy based on the guidelines of ISO 26000 and works systematically on expanding and improving the range of responsible and transparent practices. Such entrepreneurs are, however, very few.

In practice, the actions towards CSR in the case of entrepreneurs from the SME sector include mostly work on creating maps of stakeholders, building stable and transparent relationships with contractors, determining the rules for dialogue with different groups of stakeholders. There can be also observed a tendency for implementing responsible actions in four areas: the market, the environment, society and employees, although most practical solutions are being implemented in the area of the environment and employees.

The analysis of the examples of SMEs, which applied for the financial aid for the CSR activities as part of the project run by PARP, showed that about 30% of them had previously created a CSR strategy before applying, so it can be concluded that this group of entrepreneurs undertook earlier structured activities in this field. The other entrepreneurs were doing something in this regard, but those were mostly occasional and often chaotic actions.

In contrast, the projects of CSR activities and specific CSR practices as part of the contest “Enhancement of Regional Competitiveness through Corporate Social Responsibility (CSR)” mostly touched upon:

- creating a CSR strategy;
- establishing partnerships with local non-governmental organizations (NGOs);
- initiating cooperation with stakeholders based on the standard AA 1000 SES;
- developing employees’ competence, committing employees to implement the CSR policies, employee volunteering, counteracting low culture in the workplace;
- modifying internal information channels and dialog with employees, purchasing and implementing an intranet;
- maintaining a balance between private and professional life of employees (WLB – work–life balance);
- keeping acquired certificates;
environmental policy: reducing the use of paper, toners, electricity, water, improving waste management, developing pro-environmental attitudes, using energy-efficient sources, expanding the green areas around the company, creating an eco-office, limiting the amount of CO$_2$; 
- creating ethical codes; 
- analyzing the supply chain and product lifecycle; 
- preparing for reporting on CSR in accordance with the requirements of the GRI and ISO 26000; 
- creating a website and informing about CSR activities; 
- social policy: open days for the local community.

Implementing CSR solutions in the SME sector is not an easy task. Small, medium-sized and micro enterprises must adopt global corporate practice of adapting them to their sector. This sector lacks specialists, people with knowledge of CSR, and instruments that would help implement the strategy. In contrast, the main motivating factor in implementing CSR mentioned by entrepreneurs is still the image aspect, but also the focus on the employee as one of the key resources in developing a company. Among entrepreneurs there is also growing interest in environmental issues.

CSR as a new and strategic approach to managing an organization derives from the ecological and social challenges that occur on the global market. Among the activities of the entrepreneurs in the SME sector, a tendency for reducing the risk of loss of reputation, improving the image and above all, reducing the likelihood of adverse social and economic events can observed. Enterprises also attempt to undertake business activities more optimally and efficiently. They reduce consumption of energy, materials, raw materials, reduce waste production and greenhouse gas emissions, which benefits not only the environment but also their companies.

4. Conclusion

Poland is a country where many positive economic and social changes have been made. The concept of corporate social responsibility in business emphasizing sustainable development in the economic, environmental and social area is becoming more and more significant. Not only the material values within an organization, but also aspects such as human rights and environmental protection are emphasized. In order to bring attention to the importance of the 3XE aspects (cost-effectiveness, efficiency and ethics) and 3XP aspects (people, profit, planet), the state, governmental and non-governmental organizations increasingly use mechanisms to encourage and promote CSR. An example of the activities promoting CSR in the SME sector is the project “Enhancement of Regional Competitiveness through Corporate Social Responsibility (CSR).” The project run within 2012–2015 by PARP, funded by the

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1 Author’s own analysis based on PARP, description of the projects filed as part of the first call for the application for implementation of CSR, www.parp.gov.pl (09.06.2014).
Swiss cooperation program for the new EU Member States. SMEs’ interest in socially responsible activities and the program was not too big and varied by voivodeships. The greatest interest in obtaining the financial aid for the implementation of the CSR strategies was displayed by the entrepreneurs from the western and central part of Poland. They were also more likely to possess greater knowledge of the concept and principles of corporate social responsibility as compared to the entrepreneurs from the east of Poland.

In practice, the action towards CSR in the case of the entrepreneurs from the SME sector is mostly work on creating maps of stakeholders, building stable and transparent relationships with contractors, determining the rules for dialog with different groups of stakeholders. One can also observe a tendency for implementing responsible actions in four areas: the market, the environment, society and employees. However, entrepreneurs undertake CSR actions in the area of the environment and employees more frequently than in the areas of society and the market. The deliberate and active actions taken by organizations, among others by PARP, to develop, disseminate and promote the social and environmental standards are justified. Due to poor reinforcement of ethical behaviors and a low propensity of business for self-regulation, it is necessary to establish mandatory standards, as well as inform about the benefits from being ethical in the market. In this way, these measures are given high priority and should be taken in a planned, coherent and long-term way.

References


WDRAŻANIE SPOŁECZNEJ ODPOWIEDZIALNOŚCI W SEKTORZE MSP. ANALIZA KLUCZOWYCH ASPEKTÓW I FILARÓW ROZWOJU STRATEGII

Streszczenie: Społeczna odpowiedzialność biznesu (CSR – corporate social responsibility) z roku na rok staje się praktyką coraz większej grupy przedsiębiorców. Aspekty dotyczące praw człowieka, standardów pracy, ochrony środowiska czy etycznych zasad rynkowych stają się wyznacznikiem dla różnych grup podmiotów gospodarczych. Ze względu na korzyści jakie płyną dla środowiska i społeczeństwa należałoby specjalnie premiować te przedsiębiorstwa, które chcą wdrażać rozwiązania CSR w praktyce. Dobrym przykładem jest dofinansowanie projektów wpisujących się w co najmniej jeden z obszarów CSR: środowisko naturalne, relacje z personelem przedsiębiorstwa, zaangażowanie społeczne dla sektora MŚP. Celem artykułu jest ukazanie zainteresowania podmiotów gospodarczych wdrażaniem praktyk CSR.
z wykorzystaniem programów pomocowych oraz omówienie kwestii różnorodnego podejścia do upowszechniania praktyk CSR w przedsiębiorstwach sektora MŚP. Do napisania artykułu wykorzystano dostępne dane w ramach projektu „Zwiększenie konkurencyjności regionów poprzez społeczną odpowiedzialność biznesu” w latach 2012–2015. Projekt realizowany przez Polską Agencję Rozwoju Przedsiębiorczości (PARP), finansowany ze Szwajcarsko-Polskiego Programu Współpracy. Niemal wszystkie podmioty gospodarcze zainteresowane programem pomocowym PARP i wdrażaniem działań społecznie odpowiedzialnych dekrowały aktywność w obszarach: pracownicy i środowisko naturalne. Wdrażanie CSR w obszarze rynek i społeczeństwo to działania rzadsze i występujące jako planowane lub w fazie rozwoju.

Słowa kluczowe: społeczna odpowiedzialność, sektor MŚP, strategia CSR.
COMPANY’S CSR ACTIVITIES ADDRESSED TO ITS EMPLOYEES – DIFFUSION OF CSR TO CUSTOMERS BY EMPLOYEES

Summary: CSR is a concept of a constantly growing significance in companies’ strategies. The benefits of the implementation of CSR in the relationships between companies and their stakeholders are a strong reason why businesses should more diligently analyze the results of their initiatives and select the best CSR tools for building relations with their stakeholders. The objective of this article is to clarify the significance of CSR in the internal relations within an organization – between employers and employees, as well as to present the diffusion of the effect of CSR to contacts with customers. To achieve this aim, the results of a survey conducted on a purposive sample of employees of a retail chain have been used. The research was conducted within the project financed with the resources of the National Center of Science, granted on the basis of the decision no. DEC-2011/03/B/HS4/03576. The method of bootstrapping was used in this study. The obtained results allow us for a conclusion that the diffusion of CSR to customers by employees may be caused by the CSR activity of a retailer. It should be pointed out that this diffusion is conditioned by a change in the retailer’s image. Only after this image is improved in the eyes of employees, are they likely to diffuse this positive image to consumers.

Keywords: CSR, employees, CSR activity diffusion, bootstrapping.

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1. Introduction

Corporate social responsibility is a concept of company’s activity, which assumes that a company accepts economic, legal and ethical responsibility for the results of its activity and is also involved in charity work. This idea is the subject of numerous research studies, the authors of which focus on explaining the essence of CSR [Dahlsrud 2006], modeling CSR [Carroll 1991, pp. 39–48; Carroll 1999, pp. 268–295], placing CSR in theories [Garriga, Melé 2004, pp. 51–71] linking CSR with competitive advantage [Porter, Kramer 2006], or significance of CSR...
Company’s CSR activities addressed to its employees…

for consumers [Sen, Bhattacharya 2001, pp. 225–243]. There are also studies on the effects of CSR on creating a company’s value [e.g. Clayton 2008, pp. 260–265]. A relatively less researched area is the role of CSR in building relations between employers and employees, as well as the influence of CSR on the employee–customer relationship. However, the relationship between employers and employees is a very significant sphere of CSR activities. For example, a French poll on CSR indicated that employees were seen as the most important stakeholder group towards whom corporations have to exercise their social responsibility [Gond et al. 2010]. Therefore, some studies aim at developing tools for researching the perception of CSR activity by employees and employees attitude toward CSR [McShane, Cunningham 2012, pp. 81–100; Burnthorne Lopez, Babin, Chung 2009, pp. 594–600; Turk 2009, pp. 411–427, Stefańska 2014b]. Other studies, e.g. Bauman and Skitka’s [2010 pp. 63–86], use the Maslow’s hierarchy of needs in the context of employees and meeting their needs at various levels. Another research study confirmed that organization’s social actions matter to its employees, although more work is needed in this area [Greening, Turban 2000, pp. 254–280]. The research shows that job applicants’ perceptions of firm’s corporate social performance influenced their desire to work for a firm. CSP is positively related to employer attractiveness only for job seekers with high levels of job choice. Other researchers, Gond, El-Akremi, Igalens and Swaen [2010], focused on the internal effects of CSR implementation – on the organization’s image in the eyes of its employees. What seems also interesting is the results of research made to identify segments of employees and implications for human resource management of socially responsible retailers. Interesting and promising consequence of using CSR in relation to employees may be strengthening their orientation towards meeting customers’ needs [Korschum, Bhattacharya, Swain 2011]. This type of multi-level relationship based on transferring values and behavior connected with CSR by various subjects can be defined as CSR diffusion. It is more often subject to theoretical than empirical studies. It appears in Bhattacharya, Korschum and Swain’s model [2011], according to which the more employees are engaged in CSR actions, the more they are likely to build strong relations with their co-workers. It corresponds to the assumption that cooperation between individuals is better when they perceive themselves as parts of a team rather than separate individuals [Flynn 2005, pp. 737–750]. These authors point out that managers should engage employees in CSR activities, as it may lead to the latter’s involvement in creating CSR values.

2. CSR diffusion

The above-mentioned CSR diffusion, i.e. transferring values and behaviors related to social responsibility from employees to consumers, may be induced by company’s previous actions towards its employees. It means that there is a hierarchical relation
whereby company’s CSR activities towards its employees in consequence lead to performing CSR activities by employees towards consumers. Relations of this kind can be observed in trade firms or in other service companies, where employees have a direct contact with consumers. Transferring these actions may be conditioned by various additional factors. Researching the influence of the mediation factors on the CSR relation is the basic purpose of this article.

The effectiveness of the CSR activities depends on a number of mediator variables. Among others, these are: the relationship between employees and management or the retailer’s image.

Also relations among employees may foster implementing the idea of CSR. Not only do they show them what is important for a company, but also they serve as a factor strengthening the sense of community among them.

![Figure 1. The model of CSR diffusion with mediator variables](source: own study)

A company’s image supports the acceptance of the CSR idea, which results from the fact that also the intentions of actions are important for employees [Lange, Washburn 2012, pp. 300–326]. The image of a company as socially responsible may convince its employees about the honesty of managers’ intentions, which will result in employees’ stronger involvement in CSR activities as well as their acceptance of socially responsible values. These relations can be presented in a model, such as the one in Figure 1. The basic relation – marked as “c” – combines the CSR activities of employers towards employees with the CSR actions of employees towards customers. Relations a1 and b1, as well as a2 and b2 refer to the mediation influence of employer’s CSR activities on CSR diffusion.
The two above-mentioned variables, i.e. the relations between employees and managers, as well as a retailer’s image can be regarded as two mediator variables. The existence of these variables makes it necessary to employ appropriate statistical procedures. The most frequently used is the one suggested by Baron and Kenny [1986]. However, due to its weaknesses, the bootstrapping procedure will be used to verify the model shown in Figure 1.

3. The bootstrapping procedure

Bootstrapping is a procedure based on repeated sampling with replacement so that the distribution of estimation errors and confidence intervals can be assessed. This procedure allows for estimating and testing the indirect and direct effects occurring among variables. It generates empirical approximation of the sample distribution through multiple sampling with replacement and at the next stage it employs the obtained distribution to evaluate the estimation error distribution and the confidence intervals. Bootstrapping eliminates the problems with the procedure proposed by Baron and Kenny [1986, pp. 1173–1182]. These problems are connected with the impossibility of testing the existence of indirect effects, with omitted variables, which may distort the estimation of parameters and the occurrence of normal distribution of variables, which can be easily damaged in small samples [Preacher, Hayes 2004, pp. 717–731; Shrout, Bolger 2002, pp. 422–445]. Moreover, this procedure ensures flexibility of the model specification and simplicity of use, resulting from the possibility of using typical statistical programs (i.e. SPSS). The form of the bootstrapping procedure used for defining the influence of the CSR activity in trade on CSR diffusion to consumers was the one presented by Preacher, Hayes [2008].

3.1. The variables used in the research

The analytical tool for the quantitative survey was based on the questionnaire prepared by D. Turker [Turker 2009], as well as on authors’ own detailed collective interviews with employees of shops. Due to the limited number of publications on the research on CSR diffusion, the questionnaire was modified and new variables were added to learn if and how CSR influences the relationship between employees and customers. Those variables were identified after mini focus groups interviews (3 groups of 6 sales persons employed in stores), which were conducted before quantitative research [Stefańska 2014a]. Four variables were considered in the research: retailer’s CSR activities, employer’s actions, diffusion of CSR, a retailer’s image and the relationship with superiors.

3.2. Research

The research was conducted among store employees. The survey was quantitative and limited only to the workers directly involved in customer service. The selection
of the sample was purposive. The respondents for the survey were selected among shop-assistants from shops selling FMCG, clothes and cosmetics. As many as 272 people participated in the survey conducted in the period from May to July 2013 in a selected group of Polish cities.

### 3.3. Retailer’s CSR activities

CSR activities comprised 13 yes-no items. Table 1 contains the basic information connected with these items. Individual items differ in their frequency of occurrence in trade companies. For each respondent, responses were summarized in such a way that higher scores reflected a higher level of retailer’s CSR activities. The range of the variable was between 0 and 13 with the average score of 5.

#### Table 1. Selected CRS activities by employers

<table>
<thead>
<tr>
<th>Retailer’s activities towards employees</th>
<th>In percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Adjusts work schedules to employees who participate in training courses</td>
<td>69.8</td>
</tr>
<tr>
<td>Gives workers extra discounts for shopping</td>
<td>65.8</td>
</tr>
<tr>
<td>Applies the same rules (rewarding, punishing, employment) for all employees</td>
<td>65.2</td>
</tr>
<tr>
<td>Supports employees voluntarily, not because of legal obligations</td>
<td>42.3</td>
</tr>
<tr>
<td>Has a code of conduct which specifies how to behave in the case of employees’ unethical conduct (e.g. spreading rumors, malicious treatment) or corruption</td>
<td>40.9</td>
</tr>
<tr>
<td>Employs workers discriminated against for various reasons</td>
<td>33.1</td>
</tr>
<tr>
<td>Subsidizes holidays/children’s camps, etc.</td>
<td>31.4</td>
</tr>
<tr>
<td>Discloses to employees reports of retailer’s social/ecological engagement</td>
<td>30.2</td>
</tr>
<tr>
<td>Facilitates employees improving their qualifications through subsidizing studies or training courses</td>
<td>27.7</td>
</tr>
<tr>
<td>Encourages them to become volunteers and take part in actions initiated by the retailer</td>
<td>26.7</td>
</tr>
<tr>
<td>Publishes reports about their social and ecological involvement</td>
<td>24.8</td>
</tr>
<tr>
<td>Subsidizes employees’ children’s textbooks and workbooks</td>
<td>22.8</td>
</tr>
<tr>
<td>Has a department or section dealing with complaints related to CSR</td>
<td>20.1</td>
</tr>
</tbody>
</table>

Source: own study.

### 4. Diffusion of employees’ CSR activities

Diffusion of CSR was assessed by means of 3 items. Internal consistency of this measure was acceptable (Cronbach’s alfa = 0.690). Descriptive statistics for this variable are shown in Table 2. Items were measured in 5-point Likert-type scale ranging from strongly disagree (1) to strongly agree (5).
Company’s CSR activities addressed to its employees…

Table 2. Descriptive statistics of the items related to employees’ CSR activities toward consumers

<table>
<thead>
<tr>
<th>Items</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I help consumers to choose products the most suitable for them, even if it is not the most profitable for the shop.</td>
<td>4.0502</td>
<td>0.93665</td>
</tr>
<tr>
<td>I encourage consumers to buy ecological or Fairtrade products, even though they are more expensive.</td>
<td>3.3320</td>
<td>1.12313</td>
</tr>
<tr>
<td>I recommend goods to consumers as if I was buying them for myself</td>
<td>4.1351</td>
<td>0.89847</td>
</tr>
</tbody>
</table>

Source: own study.

4.1. Retailer’s image

A retailer’s image was devised for this study as an index. It consists of 5 items depicted in Table 3. The items were measured by a 5-point Likert-type scale ranging from strongly disagree (1) to strongly agree (5). The internal consistency of the index was very good (Cronbach’s alfa = 0.886). A retailer’s image is restricted to the issues related to employees. It does not comprise traditionally understood retailer image factors.

Table 3. Descriptive statistics of items related to retailer’s image

<table>
<thead>
<tr>
<th>Items</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>My employer decently treats their employees.</td>
<td>3.3372</td>
<td>1.17724</td>
</tr>
<tr>
<td>Through their treatment of employees my employer attracts those interested in a job.</td>
<td>3.0115</td>
<td>1.10413</td>
</tr>
<tr>
<td>My employer offers more facilities and benefits to their employees than obliged by the law.</td>
<td>2.7214</td>
<td>1.17225</td>
</tr>
<tr>
<td>My employer cares for the safety and health of their employees more than obliged by the law.</td>
<td>3.1336</td>
<td>1.17823</td>
</tr>
<tr>
<td>My employer helps its workers at work and outside work, if needed.</td>
<td>2.8582</td>
<td>1.25844</td>
</tr>
</tbody>
</table>

Source: own study.

4.2. Employees–management relationship

The employees–management relationship is the relationship between an employee and an immediate supervisor. To create this measure 6 Likert-type items were used, ranging from strongly disagree (1) to strongly agree (5). This measure demonstrated sufficient internal consistency (Cronbach’s alfa = 0.743). Descriptive statistics for items are presented in Table 4.
Table 4. Descriptive statistics of items related to employees–management’s relationship

<table>
<thead>
<tr>
<th>Items</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superior gives me information about the social responsibility of the employer</td>
<td>3.0463</td>
<td>1.25049</td>
</tr>
<tr>
<td>Superior informs me about our company’s humanitarian or ecological actions</td>
<td>2.8958</td>
<td>1.20751</td>
</tr>
<tr>
<td>Superior praises me for higher involvement in helping customers, e.g. in looking for a product</td>
<td>3.3012</td>
<td>1.17221</td>
</tr>
<tr>
<td>I feel that employees are equally treated by their immediate superior</td>
<td>3.3707</td>
<td>1.16542</td>
</tr>
<tr>
<td>I have a higher job satisfaction because I feel I am appreciated by my superior</td>
<td>4.1731</td>
<td>0.95297</td>
</tr>
<tr>
<td>I am not afraid to contact management if somebody’s rights are violated or feelings hurt</td>
<td>3.4192</td>
<td>1.25095</td>
</tr>
</tbody>
</table>

Source: own study.

4.3. Results

A multiple mediation analysis was conducted with the purpose of verifying whether a retailer’s image and the relationship between employees and management are mediator variables in the relation between the CSR activities undertaken by a trade company and the employees’ activities towards consumers. Indexes for particular paths are shown in Figure 2 and Tables 5 and 6. The bootstrapping technique was conducted according to Preacher and Hayes’ [2008] guidelines. There were 1,000 samplings to assess the intermediate effects. The confidence intervals were assumed at the level of 95%, which corresponds to testing the hypothesis at the significance level 0.05.

The test results for CSR diffusion are shown in Table 5. The results suggest that enhancement in diffusion of CSR was significantly and substantially mediated only by the retailer’s image variable. The effect on CSR diffusion attributed to CSR activities was reduced from 0.1323 (see total CSR activities in Table 5) to −0.0190 (see Remaining Direct Effect in Table 5) by the set of two mediator variables (employees–management relationship and retailer’s image). However, it was the retailer’s image that accounted for virtually all these effects.

Confidence intervals were CI.95: −0.0863, 0.0798 and CI.95: 0.0545, 0.253, respectively (see Table 6). Bootstrap results showed that a retailer’s image is significant (it is assumed that whenever zero is not contained within the bootstrap confidence intervals, one can infer that the effect is significantly different from zero). Moreover, as the residual direct effect of CSR activities do not remain significant in the model (see the remaining direct effect of CSR activities in Table 5), according to Baron and Kenny’s [1986] procedures, these results demonstrate complete mediation by the retailer’s image variable.
Company’s CSR activities addressed to its employees…

**Figure 2.** Multiple mediation bootstrap analysis of CSR diffusion
Source: own study.

**Table 5.** Multiple mediation estimates for CSR diffusion

<table>
<thead>
<tr>
<th>Variables</th>
<th>b</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR activities to mediators</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees–management relationship</td>
<td>0.4384</td>
<td>7.6883</td>
<td>0.0000</td>
</tr>
<tr>
<td>Retailer’s image</td>
<td>0.4788</td>
<td>8.5385</td>
<td>0.0000</td>
</tr>
<tr>
<td>Direct effects of mediators on CSR diffusion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees–management relationship</td>
<td>0.0017</td>
<td>0.0213</td>
<td>0.9830</td>
</tr>
<tr>
<td>Retailer’s image</td>
<td>0.3145</td>
<td>3.9099</td>
<td>0.0001</td>
</tr>
<tr>
<td>Total effect of CSR activities on CSR diffusion</td>
<td>0.1323</td>
<td>2.1149</td>
<td>0.0354</td>
</tr>
<tr>
<td>Remaining direct effect of CSR activities on CSR diffusion</td>
<td>−0.0190</td>
<td>−0.2722</td>
<td>0.7857</td>
</tr>
</tbody>
</table>

Source: own study.

Out of the two mediator variables only one turned out to have a significant influence on employees’ activities. This variable is the retailer’s image. It should be noted that this image is shaped over a long period of time. Therefore, undertaking CSR activities may be effective only in the long-term perspective. Single CSR
actions addressed to employees may not change the way in which they perceive their employer, so they will not result in the diffusion of CSR to consumers.

What is surprising is the lack of the effect of an immediate superior on employees’ CSR activities. A possible explanation may be that if employees have internalized CSR values, they may not feel the pressure from their superiors in this respect. Therefore, the role of a superior is not so significant for them.

5. Conclusion

The position of a retailer’s image as a mediator variable has important consequences. Firstly, there is no simple relationship between the CSR activities of a company (addressed to its employees) and CSR diffusion to consumers. The necessity to take into account changes in the image means that the process can be long-drawn-out, as changes in attitudes to a trade company (its image) take a long time. They require a long-term policy and patience in waiting for results. Secondly, it seems necessary to enhance CSR activities by communication, with a view to accelerating the changes in a retailer’s image.

To sum up, in the article it has been proven that the CSR activities undertaken by a trade company may result in the CSR activities of employees addressed to customers. However, it can only happen through the mediation of a retailer’s image. The conclusion is that employees’ behavior towards consumers will change only on condition that a company’s image changes as a result of its efforts.

References


Company’s CSR activities addressed to its employees…


DZIAŁANIA CSR KIEROWANE DO PRACOWNIKÓW – DYFUZJA CSR NA Klientów ZA POŚREDNICTWEM PRACOWNIKÓW


Słowa kluczowe: CSR, pracownicy, dyfuzja działań CSR, bootstrapping.
SELECTED LEGAL ASPECTS OF SOCIAL ENTREPRENEURSHIP FUNCTIONING IN POLAND IN THE CONTEXT OF THE PROVISIONS SET FORTH IN THE ACT OF 27 APRIL 2006 ON SOCIAL CO-OPERATIVES

Summary: The wide variety of aspects of social entrepreneurship in Poland exceeds the number of legal measures supporting its functioning. As a consequence, certain available entrepreneurship forms become difficult or even impossible to be introduced into the economic environment, and their socially-oriented advantage may not be fully exploited for the benefit of the initially assumed purposes: the lack of proper legal regulations, particularly in the field of social co-operative activities, hinders the development of social entrepreneurship in Poland and affects the concealing of certain expressions thereof. This paper is an attempt to bring closer social entrepreneurship in Poland in its selected actual dimensions; it also includes elements of a confrontation of the environment in which the said form of entrepreneurship functions with its legal aspect, based upon selected case studies. Furthermore, it is an attempt to bring closer the disturbance patterns of its functioning. The paper is aimed to systematize a part of empirical material collected for the purposes of a doctoral thesis.

Keywords: social entrepreneurship, social co-operative, social economy, competitive advantage, establishing relationships.

DOI: 10.15611/pn.2015.387.16

1. Introduction

Social entrepreneurship constitutes a socially significant area of economic activity in Poland. Individuals and entities for whom operating within the traditionally organized market frameworks entails bigger risk or organizational effort than in the
case of traditionally organized enterprises see their place in the labor market and economic competition within the organizational, economic and legal capabilities provided by social entrepreneurship. Additional effort arises out of the consideration for added value of the functioning of social enterprises in the market. Added value of the functioning in the market shall be defined herein, among others, as a sense of attachment to the values realized by an entity, their manifestation and investing therein, which in turn influences the growth of competitive advantage of such entities. The legal solutions available for those entrepreneurs, stipulated mainly in the Act of 27 April 2006 on Social Co-operatives, however, do not fulfill/are not capable of supporting the establishment, operation and development of the already functioning forms of social entrepreneurship in Poland, which reach beyond social co-operative activity within the traditional meaning of the term.

After 1989 no complete and coherent set of legal solutions has been developed which could dynamically respond to the economic environment in its social, commercial and legal aspect, including the environment of social entrepreneurship. The available legal measures are not favorable for a dynamic development of this element of economic practice.

This paper is an attempt to bring closer the phenomenon of social entrepreneurship in Poland in its selected actual dimensions; the aim of the paper is also to confront legal conditions for the functioning of the said entrepreneurship with the forms thereof functioning within the market, with the assumption that the terms “social economy” and “social entrepreneurship” are not equal. Social economy shall be defined herein as general practices based upon legal mechanisms for levelling social inequality, social inclusion and creating social capital, as well as the utilization of given human potential in activities incentivizing the economic self-reliance and independence. Social co-operatives are basic entities of social economy, while social enterprises are such forms of market organization which pursue the said goals of social economy without the support of social policy measures (legal support) that is granted to social co-operatives.

Figure 1 presents similarities and differences in the conditions for the functioning of social co-operatives, social enterprises, market entities (enterprises) and other than social cooperatives entities of the third sector. Other entities of the third sector presented in Figure 1, similarly to market entities, are to demonstrate two extreme points between which social co-operative activity and social entrepreneurship operate. They constitute the background for the analyses of this paper.

For the purpose hereof an assumption is made that in the academic theory, legislation and economic practice there is an intersection of the social entrepreneurship not taken into consideration within the social policy with the social co-operative activities and that it may be supported by the functioning tools of the mentioned form

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1 An example of such a market organization is a Poznań-based La Ruina Café maintaining the Paradise Cinema (Polish: Kino Raj). See: www.laruina.pl.
2. Social entrepreneurship in Poland

The origins of social entrepreneurship in Poland date further back than the parliamentary democracy, real socialism or the 20th century wars. It has been one of the forms of actual market organization already since the times of the partitions, constituting contemporaneously the manifestation of the way Poles think about their subjectivity, creativity and economic ingenuity.

We may differentiate two main demarcation lines in Poland that in the 20th century determined the present shape of social entrepreneurship and affected the legal provisions concerning it.

The first historic turning points since the times of the partitions which changed the social perception of and the legal context for the functioning of social enterprises in Poland were the periods of World War I and World War II, as well as the consequence of the latter: the expropriation and the policy aimed at the nationalization of all the possible manifestations of economic activity. The consequence for the domestic social entrepreneurship was, inter alia, the fact that the possibility to perform any market activity depended on associating in unions and co-operatives issuing...
permits and consents for the operations of entities of the type. The aforesaid legal situation displayed both positive and negative effects. The nationalization of the social entrepreneurship entities had an impact on the services rendered thereby. The qualifications boasted by such enterprises had to be granted certification by objectively recognized experts. The negative consequences of the entrepreneurship nationalization include the fact that competitiveness disappeared; and it had been one of the mechanisms allowing a permanent verification of the service quality of those enterprises. This also had an impact on the pace with which innovations were implemented therein.

The second significant historic moment having influence on the legal changes in the area of social entrepreneurship is believed to be the process of the system transformation commenced in Poland in 1989. Since that moment, the social reality and the law regulating that reality have had to face new challenges entailed by the free market, free competition and the privatization process of state enterprises. This has irrevocably changed the employment structure and compelled Poles to introduce a change of thinking – parallel to the system transformation – about their subjectivity in the context of a free competition market. The aforementioned two processes did not demonstrate a comparable pace, which affected the growing unemployment, expanding grey economy and increasing number of people who were not capable of dealing with the requirements of the new world. The result has been the utilization of financial and non-financial social support, long-term unemployment, learned helplessness or even social exclusion, as well as an increase in the demand for social co-operatives and the development of social entrepreneurship in Poland.

The currently dominating division of social economy is based on the following dichotomy: the old social economy vs. the new social economy. Among the institutions of the old social economy we could name co-operatives of entities producing various types of goods (e.g. food, crafts, agricultural products), savings and provident societies providing financial measures unavailable for example for the members of co-operatives in other forms, which “principally pursued their social mission through and as a result of conducting business activity” [Izdebski 2012]. The new social economy, on the other hand, is “aimed at social values and categories rather than collective market activities” and “strives to solve specific social problems” [Izdebski 2012], thus decreasing the value of commercial activity, entrepreneurship and accumulating financial profit, indispensable for an effective and efficient activity in the free market.

Such a role was served by guild unions of craftsmen or caterers having their central body and local branches.

The last discussed negative consequence of social enterprises nationalization may be deemed also an advantage. Constraining the innovations in those enterprises constitutes now a reliable element of creating competitive advantage and a brand based on traditional values. An example of such entities may be Polish garment brands, currently in revival, e.g. You Have not Been in the Queue. The Łódź Cotton Industry [Polish: Pan Tu Nie Stal. Łódzki przemysł bawełniany]. See: http://pantuniestal.com.
The discussed polarization manifests a set of specific characteristics determining into what type of economy (new vs. old one) the activity of a given social enterprise is to be classified. It is worth emphasizing that no equality sign may be placed between social co-operative activity and social entrepreneurship, as is the fact that the above-presented division into the old and new social economy does not reflect the full picture of social entrepreneurship manifestations that we deal with currently. The most efficient social enterprises apply complex legal mechanisms, and use partnerships of various types joining them for example with authorities at the local level or other social enterprises. I understand the notion as referring to enterprises which are maintained in the market for the longest time, generating profits, succeeding in acquiring external funds for the business development and creating and implementing innovations.4

Polish social and economic environment provides many more entrepreneurship manifestations remaining outside of the main trends of studies in the field of social entrepreneurship; at the same time, they are succeeding within the social reality. As a consequence, the theoretical and legal representation of social economy are too limited, as they do not take into consideration phenomena that – according to the enquiry carried out in this paper – could be deemed to represent social economy.

3. The Act of 27 April 2006 on Social Co-operatives and Selected Forms of Social Entrepreneurship in Poland

The legal mechanisms currently in force support directly the entities of social economy, such as: foundations, associations, work co-operatives, social co-operatives, centers and clubs for social integration, establishments of vocational activity and mutual insurance companies.5 Simultaneously they disregard the differentiated and omitted by the legislator dimensions of social entrepreneurship which, among others, were manifested in the past. Social co-operatives constitute a type of a social economy entity regulated in the law in a manner that best reflects the substance of social entrepreneurship. Due to the similarity of actions undertaken and goals pursued by social co-operatives, the law and the social policy in its broad sense should support social entrepreneurship and not only social co-operative activities, which in their present form have minimal chances to completely execute the tasks designated for them [Sołtan-Kościelecka 2014].

The provisions of the Act of 27 April 2006 on Social Co-operatives do not provide for the fact that the establishing person, owner and administrator of such

4 An example of such a partnership may be the Local Partnership of Lwówek Area (Polish: Partnerstwo Lokalne Ziemi Lwóweckiej; located in Municipality of Lwówek, County of Nowy Tomyśl, Province of Wielkopolska).

5 As in the list of social enterprise entities provided on the websites of www.ekonomiaspoleczna.pl (01.07.2014).
a social entity may be people who would like to found their competitive advantage on the value system held by them, or the utilization of skills, for example crafts or cooking, in their own enterprise. In order to be able to compete in the free market, such entities need a starting point similar to the situation of people for whom the start into the economic life is hindered (due to the lack of initial assets – own contribution, lack of professional experience, etc.). The Polish co-operative law does not provide for such people to be for example graduates of universities with inconsiderable professional experience and abundant theoretical knowledge, or families intending to combine their private life with the professional one in a manner other than a full-time employment.\footnote{An example of such a strategy of economic activity is a Poznań-based couple of travelers, artists and caterers running a café, a funfair and a cinema in revived tenemental buildings of a historical quarter of Poznań, Chwaliszewo. See: www.laruina.pl.}

The contemporary Polish law ignores also another important element and the original prerequisite of social entrepreneurship. Already the Charter of the Co-operative Society [Polish: Towarzystwo Kooperatystów] of 9 November 1906 includes a provision on founding the association of co-operatives on the similarity of the values and goals aimed at, and not on the “union of misfortune”: “§ 9. A member of the Society may be every person accepted by the General Board or a Branch Board. Note. The matters of confession, party membership or class shall not affect the issue of accepting a member” [Charter of the Co-operative Society... 1906]. Social entrepreneurship is defined herein as activities as close to the functioning of free-market entities as possible, thus a social co-operative and the legal basis for its functioning constitute the most frequent example in this paper.

Among significant constraints of the analyzed statute related to the development of not only social co-operative movement but also social entrepreneurship in Poland, we could name the following in particular:

- consequences of the fact that the Act on Social Co-operatives defines them as entities serving the purpose of dealing with difficult life standing, including those arising out of economic conditions, where the statute fails to include, among others, people who have just completed university education and seek alternatives for economic unionizing other than a sole proprietorship or e.g. working at a multinational company;
- failure to take into consideration the flexibility of the available support forms, thus denying the probability for a social cooperative to transform into a social enterprise or other market entity;
- exclusion of high specialization of social co-operatives: a worker of a co-operative may not be an expert – a theorist or practitioner in a given field, which...
Selected legal aspects of social entrepreneurship... 197

is not without impact for the establishment of competitive advantage and thus the continuation of an enterprise;

• lack of mechanisms allowing for measuring or calculating the social added value arising out of the establishment of a social co-operative (as well as social enterprises), e.g. into new jobs, growth of the life quality in a city (e.g. through expanding the available cultural events or other events dedicated to a particular milieu, age group, etc.), promotion of Polish brands (measured e.g. with their recognizability beyond the country) and others;

• lack of measures allowing to convert social benefits arising out of the activity of those entities into profit within its strict economic meaning and treating that profit as “own contribution” of social co-operatives (social enterprises). Own contribution is a necessary element of an efficient acquisition of projects funded by the European Union. It may also serve as a form of a surety (an equivalent of a security on property) in the market trade;

• lack of mechanisms providing social co-operatives with privileged treatment in public procurement procedures; given the lack of initial capital of those entities, it prevents them from acquiring contracts within public procurement (e.g. due to the lack of or insufficient own contribution or equipment, they may not compete with free-market enterprises, which join the procedure with machinery stock);

• funding sources available in the social environment, including subsidies for entities as social co-operatives, enhance their establishment; however, they do not prepare them/do not provide them with the tools for a long-lasting and commercially efficient (i.e. providing profit) operation within the market competitiveness conditions.

In the light of the above issues, which are not incorporated into the Act on Social Co-operatives, and in the face of other valid provisions of the Polish law, social co-operative members have only slight chances to become companies that could function within the market independently. Achieving such a position would facilitate the dissemination of social values promoted, among others, by social co-operatives, distinguishing their operations in the contemporary market; a market which is difficult to feature certification and does not provide for unified validation mechanisms, similar to those applied during the times of real socialism in Poland.

4. Conclusions

Despite the fact that the legislative activities do not support in full the manifestations of social entrepreneurship in Poland, they provide a functional pillar for its operations. The social, demographic, economic and cultural reality entails new challenges for the Polish legislator, allowing for perpetuating and enhancing the chance for success of

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8 I mean among others the legal provisions on establishing business activity resulting in fact that an enterprise must bear certain costs of operations already since the first month of existence.
those manifestations of social entrepreneurship that are not regulated unambiguously by the law.

The legal measures proposed by the legislator do not meet the needs of the contemporary social entrepreneurship in Poland and do not keep up with the social and economic changes arising out of the demographic, political or cultural moment in which Poland is standing right now. The future legal solutions in the area of social co-operative activities and social entrepreneurship must become much more flexible and open, in order to keep up with the constantly changing reality constituting a foretoken of new forms of entrepreneurship and economic ingenuity of the economically active entities.

References

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WYBRANE ASPEKTY PRAWNE FUNKCJONOWANIA PRZEDSIĘBIORCZOŚCI SPOŁECZNEJ W POLSCE NA TLE ZAPISÓW USTAWY O SPÓŁDZIELNIACH SOCJALNYCH Z DNIA 27 KWIETNI 2006 ROKU

Streszczenie: Różnorodność wymiarów przedsiębiorczości społecznej w Polsce przewyższa ilość dostępnych narzędzi prawnych wspierających jej funkcjonowanie. W konsekwencji takiego stanu rzeczy niektóre dostępne formy przedsiębiorczości stają się trudne bądź niemożliwe do wdrożenia w rzeczywistość ekonomiczną, a ich walor społeczny nie może zostać w pełni wykorzystany do realizacji pierwotnie założonych celów – brak odpowiednich uregulowań prawnych, szczególnie w zakresie spółdzielczości socialnej, utrudnia rozwój przedsiębiorczości społecznej w kraju i wpływa na utajenie części jej przejawów. Artykuł stanie próbę przybliżenia przedsiębiorczości społecznej w Polsce, w jej wybranych, realnych wymiarach; zawiera także elementy konfrontacji rzeczywistości funkcjonowania tej przedsiębiorczości z jej prawnym aspektem, oparte o studium wybranych przypadków. W tekście podjęta została także próba przybliżenia schematów zaburzeń jej funkcjonowania. Artykuł służy uporządkowaniu części materiału empirycznego zebranego na potrzeby przygotowania rozprawy doktorskiej.

Słowa kluczowe: przedsiębiorczość społeczna, spółdzielczość socjalna, ekonomia społeczna, przewaga konkurencyjna, budowanie relacji.
DEVELOPMENT OF THE CSR CONCEPT IN POLAND – PROGRESS OR STAGNATION?

Summary: The purpose of this paper is to determine the current state of the development of the CSR concept in Poland. In order to determine whether the development of the CSR concept in Poland is in the phase of progress or stagnation, a suitable baseline is needed – preferably one that would give an opportunity to observe changes or their lack over a certain period of time. For this purpose the research results from the project implemented by the UNDP in 2007 can be used. Based on four areas proposed in the UNDP project: legal and political environment, civil society context, reporting, standards, which together formed a comprehensive representation of the CSR concept, the current state of the development of the CSR concept in Poland was done. After seven years from the publication of the results of the research carried out by UNDP, it can be concluded that the development of the CSR concept in Poland is still at an early stage. Some of the areas are developing slightly more dynamically than others and some are characterized by stagnation. The ratings obtained by Poland in the four analyzed areas allow making conclusion that in 2014 Poland has become closer to the C level – attentive and emerging – in the development of the CSR concept.

Słowa kluczowe: CSR, progress, stagnation.
DOI: 10.15611/pn.2015.387.17

1. Introduction

In order to determine whether the development of the CSR concept in Poland is in the phase of progress or stagnation, a suitable baseline is needed – preferably one that would give an opportunity to observe the changes or their lack over a certain period of time. It seems that the research results from the project implemented by UNDP in 2007 (“Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness and social cohesion”) can be used as such a baseline [UNDP 2007a; 2007b]. The project implementation report presents the results of the research carried out under a regional preliminary analysis of CSR in 8 countries: Poland, Hungary, Lithuania, Slovakia, Croatia, Macedonia,
Bulgaria and Turkey. The status of the development of the CSR concept in Poland was then evaluated as the poorest among the aforementioned countries. The purpose of this paper is to determine the current state of the development of the CSR concept in Poland.

2. The status of the development of the CSR concept in Poland in 2007

The period when UNDP conducted its research was characterized by the fact that the concept of CSR was perceived in Poland as a new issue that only started to appear in the public discourse. The process of implementing the concept proceeded in an uncoordinated way and significant problems were encountered. Among other things, this was due to the fact that representatives of the world of politics, business, science and media as well as non-governmental organizations did not undertake any systematic work aimed at shaping the conditions necessary to strengthen socially responsible attitudes in the Polish economy. Thus, no one should be surprised that the research results revealed rather a gloomy picture of CSR in Poland. That is because it turned out that Poland had the lowest rating among these eight countries (see Table 1).

<table>
<thead>
<tr>
<th>Country</th>
<th>Institutional level</th>
<th>Company level</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Legal and political environment</td>
<td>Civil society context</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>Croatia</td>
<td>C/D</td>
<td>C</td>
</tr>
<tr>
<td>Hungary</td>
<td>B/C</td>
<td>C</td>
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<td>Lithuania</td>
<td>C/D</td>
<td>D</td>
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<td>D</td>
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</tr>
<tr>
<td>Poland</td>
<td>D</td>
<td>D</td>
</tr>
<tr>
<td>Slovakia</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Turkey</td>
<td>D</td>
<td>C</td>
</tr>
</tbody>
</table>

Source: [UNDP 2007a, p. 59].

As seen in Table 1, the state of the CSR development in individual countries was diagnosed on the basis of the analysis and evaluation of four areas: legal and political environment, civil society context, reporting, standards. The first two areas were classified to the institutional level, while the next two to the company level. Together they formed a comprehensive representation of the CSR concept. To analyze these areas, a set of measures was proposed. Based on the obtained results, an adequate
rating was assigned. Based on the results of the performed analyses, five stages of the development of the CSR concept were identified. The ratings obtained by Poland in the four analyzed areas confirmed that in 2007 our country was at the level D – vigilant and challenged in terms of the development of the CSR concept. This level consisted of the following [UNDP 2007a, p. 61]:

1. In the area of legal and political environment: there was no named government department leading on CSR issues; CSR was not formally on the national agenda. The national government did not act to address its own corporate responsibility; there was no public procurement strategy that addressed social, environmental or ethical issues. There was no specific legislation to promote the wide adoption of CSR good practices among Polish companies. The government was not working in partnership with the private sector and NGOs to raise the awareness and understanding of social, environmental and ethical issues. The main strength in this domain was the published sustainable development national strategy.

2. In the area of civil society context: there were only a few universities and research institutes offering specific programs and courses in CSR and related fields. International organizations were focusing on the developmental activity and on the spreading of CSR. There was no active market of CSR consultancies; campaigning NGOs were largely or wholly reliant on company or direct state financial support. There was no wide involvement in structured and publicly disclosed dialog openly aimed at developing corporate strategy.

3. In the area of reporting: only ten Polish companies published a CSR report in 2006. The number of regularly produced, structured CSR reports was very low and independent assurance had not been adopted by these reporting companies. There was no adoption of formal public disclosure of CSR issues and data by the second tier of companies.

4. In the area of standards: there were thousand companies in Poland (less than 20% of all companies) which were independently certified to ISO 14001 and some of the largest companies were signatories to the Global Compact. It seems that the worst rating of Poland among the analyzed countries should encourage the representatives of the world of politics, business, science, media and non-governmental organizations to take joint, coordinated actions in order to work out such conditions that will allow strengthening socially responsible attitudes in the Polish economy and thus promoting Poland to a higher level of the development of the CSR concept. The next section discusses whether it actually happened.


2 Stage D – vigilant and challenged: These countries are aware of the importance of CSR, there is some pressure to use CSR practices; however, there are significant obstacles, major drivers are limited, there is a lack of capacity and experience, national good practice examples are few and far between and there is a general lack of a developed business culture to enable key actors to promote and practice CSR. There is a lack of mutual professional understanding, vocabulary, standards of CSR practices among companies, NGOs, and government [UNDP 2007a, pp. 51–52].
3. The status of the development of the CSR concept in Poland in 2014

Assuming that the results achieved by Poland in 2007 constitute the starting point, one can examine what state of the development of the CSR concept is observed in Poland in 2014. To this end, the four areas isolated in 2007 will be analyzed. However, it should be noted that due to the publishing requirements (concerning the volume of the study) and the fact that some of the areas await more detailed research, we will focus on presenting the key conclusions drawn from the analysis of the main elements of each area.

3.1. Legal and political environment

In order to ensure the cohesion and coordination of the actions in the area of CSR taken by various departments of the state administration, the Prime Minister, by Decree No. 38 dated 8 May 2009, established the Corporate Social Responsibility Team as a support body for the Prime Minister [Decree No. 38...]. The establishment of this team indicated that the Polish government administration intensifies its activities associated with the implementation of the CSR concept. Unfortunately, after a few years of work, this team was dissolved by Decree No. 60 of the Prime Minister dated 21 August 2013 [Zespół CSR]. The decision to liquidate the team can stem from the fact that the government is not aware that the implementation of the CSR concept depends on the involvement of not only business or social organizations, but also of public administration. Maybe the government realized that the liquidation of the CSR Team supported by the Prime Minister was a mistake and therefore in July 2014 a new CSR Team was established – this time as a support body for the Minister of Economy [Decree of the Minister of Economy...]. We have to wait for the first results of the work of this team, but it should be stated that currently there is a unit at the government level in Poland that perhaps will have the chance to lead on CSR issues.

In turn, with reference to the existence of a national strategy for sustainable development and/or a CSR strategy, it should be noted that Strategy for Sustainable Development of Poland by 2025 [Strategia zrównoważonego...] was developed as early as in 1999. The main objective set forth in this document was to maintain a GDP growth at the level of approx. 5% a year and at the same time increase fourfold the efficiency of the use of raw materials, fuels and natural resources. It was also assumed that in the 25-year time horizon of the strategy implementation actions will be taken that would serve reaching a sustainable development model by Poland. Unfortunately, there is no information about the realization of the adopted assumptions. It can be even stated that actually (referring to the words of authors of the publication entitled Sustainable Development Indicators for Poland), there is no separated national sustainable development strategy in Poland [GUS 2011, p. 4]. In addition, there is no national CSR strategy and nothing indicates that it
would be developed in the nearest future. Moreover, none of the governments in Poland has decided so far to publish a CSR report. If the Polish Government decided to work on the preparation of the national CSR strategy, some documents that present strong business voice on key sustainable development challenges faced by Poland and companies operating in the country would be helpful. This type of document is, for example, *The Vision of Sustainable Development of Polish Businesses until 2050* [Wizja zrównoważonego rozwoju...].

With respect to a public procurement strategy, which would include environmental and social issues, it should be stated that the Polish Public Procurement Office is active in this area. Three documents relating to this problem have been prepared since 2007 [UZP 2007; 2010; 2013]. In the first one (for 2007–2009), the objective was, *inter alia*, to increase the level of environmental aspects taken into account in public procurements. That is because it was found that in 2006 only 4% of public procurements were “green.” In 2009, this indicator increased to the level of 10.5%. In the second document (for 2010–2012), the objective was to increase the percentage of “green” public procurements at the national level up to 20%. In addition, the concept of “socially responsible public procurements” appears for the first time in this document.³ The objective was to increase the level of “social” public procurements at the national level up to 10% [UZP 2010, p. 40]. In turn, the third document (for 2013–2016) presents the results of the research carried out for the European Commission in 26 countries for the period of 2009–2010, which show that Poland is among the countries (along with Portugal, Ireland, Bulgaria, Greece and Estonia) with the lowest (below 20%) level of “green” public procurements. The calculations performed by the Public Procurement Office revealed that the total percentage of “green” public procurements in Poland in 2012 was 12% [UZP 2013, p. 45]. Thus, the objective adopted in the second document was not achieved. In turn, the level of “socially responsible” public procurements in Poland was approx. 3.9% in 2010, approx. 2.0% in 2011, and approx. 2.9% in 2012. Therefore, it can be concluded that both “green” and “socially responsible” public procurements constitute only a slight portion of all the public procurements at the national level in Poland. *Action Plan for 2013–2016* assumes that the level of 20% of “green” public procurements and 10% of “social” public procurements will be reached at the national level [UZP 2013, pp. 69–72]. The analysis of the existing achievements in this field casts doubt on the viability of these objectives.

³ Socially responsible public procurement (SRPP) “is related to the stages of public procurement integrating one or more of the following considerations: promotion of decent work, respect for human rights and labour law, support for social inclusion (including disabled persons), social and SME economy, promotion of equal opportunities and accessibility, design for all including sustainable criteria with the consideration of fair and ethical trade and respect for rules set out by treaties and directives on public procurements” [National Action Plan... 2010, p. 27].
In turn, when considering the issue of specific provisions of the law, which would promote widespread adoption of good practices in the scope of CSR, it should be noted that such solutions can hardly be found in the Polish legislation. Certain incentives, mainly of a tax nature, can be found, “however it can be considered that they are of inconsiderable importance in every-day business practice and do not really concern the fundamental economic, environmental, labour and social problems in the context of the CSR development” [Przegląd zachęt… 2011, p. 5].

There is also a clear lack of systematic actions carried out by the government in the partnership with the private sector and non-governmental organizations which would aim at raising the awareness and understanding of the social, environmental and ethical issues. Without such long-term actions, it will be difficult to obtain a widespread support for the concept of CSR.

3.2. Civil society context

Non-governmental organizations use different sources to finance their activities. Such sources may include membership fees, donations, subsidies from public and private funds, sponsorship, public fundraising events or incomes from a business activity. The surveys conducted by the Klon/Jawor Association in 2012 reveal that shifts in the budgets of Polish NGOs took place in the recent years. It turns out that the national funds from the central budget are becoming less and less important (31% share in the revenues of the entire sector in 2007 and 18% – in 2011). However, taking into account an increase in the share of funds from budgets of local government units (from 12% in 2007 to 19% in 2011) and a growing share of foreign public funds (from 9% in 2007 to 12% in 2011), it should be noted that the total share of domestic and foreign public funds in the budget of the sector is still at a high level – in 2011 it was 49% (while in 2007 – 52%). An increase in the share of funds obtained from business activity (from 5% in 2007 to 10% in 2011) is also observed. In turn, the share of donations from institutions, companies and individuals has remained at a similar level (approx. 10%) for many years [Podstawowe fakty… 2013, pp. 9–11, 103–133]. Taking into account the above-mentioned facts, it should be stated that functioning of NGOs in Poland is largely dependent on public funds.

Polish companies and non-governmental organizations that are willing to develop the CSR concepts can benefit from the knowledge of the best practices in the field of CSR, which has been gathered and made available by international organizations and initiatives, such as CSR Europe, CSR 360 Global Partner Network, Global Reporting Initiative, UN Global Compact, CorporateRegister.com, World Business Council for Sustainable Development. Forum Odpowiedzialnego Biznesu (Responsible Business Forum – RBF) is a Polish non-governmental organization dealing with CSR problems which is the most active one (and often the only active) in the field of establishing contacts with foreign partners. In contrast, the involvement of companies in international initiatives aimed at promoting the CSR concept is
low, but keeps growing. This is proved, *inter alia*, by the fact that out of the 37 Polish companies being active signatories of the Global Compact initiative, 11 of them joined it in the period from April 2013 to May 2014. Thus, the aforementioned information shows that Polish non-government organizations and companies use the opportunities offered by the cooperation with international organizations promoting the concept of CSR and the participation in initiatives for developing this concept only to a small extent, although in recent years the level of use has been increasing.

Referring to the involvement of the world of science in the development of the CSR concept in Poland, one should note that the currently leading Polish higher education institutions offer programs and courses concerning the CSR concepts (see Table 2). Most often they take the form of paid post-graduate studies. Some of them, like “CSR. Responsible business strategy” or “CSR Manager,” are conducted by scientists who for many years have been involved in the promotion of the CSR concept with an active participation of CSR managers from companies most advanced in this scope in Poland and in cooperation with leading consulting firms, such as PwC, which proves that the level of professionalism in the approach to the CSR issues in Polish higher education institutions is increasing. It is a pity that such an approach is still an exception from the rule that student programs and courses related to CSR are based only on the knowledge of academics without an active support from practitioners. In addition, most of the courses are offered in the form of paid post-graduate studies. In turn, there are no offers for students of regular studies.

Table 2. Sample programs and courses concerning the CSR concept offered by Polish higher education institutions (data for June 2014)

<table>
<thead>
<tr>
<th>Program/course</th>
<th>Organizer</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR. Responsible business strategy.</td>
<td>Kozminski University</td>
</tr>
<tr>
<td>CSR Manager</td>
<td>Collegium Civitas</td>
</tr>
<tr>
<td>Corporate social responsibility (CSR)</td>
<td>Wrocław University of Economics</td>
</tr>
<tr>
<td>Corporate social responsibility (CSR)</td>
<td>Katowice University of Economics</td>
</tr>
<tr>
<td>Socially responsible business</td>
<td>Poznań University of Economics</td>
</tr>
<tr>
<td>Corporate social responsibility</td>
<td>University of Warsaw</td>
</tr>
<tr>
<td>CSR – Corporate social responsibility (CSR)</td>
<td>College of Enterprise and Administration in Lublin</td>
</tr>
<tr>
<td>Strategy of corporate social responsibility (CSR)</td>
<td>Warsaw University of Life Sciences – SGGW</td>
</tr>
<tr>
<td>Social entrepreneurship and CSR</td>
<td>Janusz Korczak Pedagogical University in Warsaw</td>
</tr>
</tbody>
</table>

Source: own study.

There are more and more scientific publications in Poland that discuss the subject of CSR. According to B. Rok, approximately 200 scientific papers that directly or indirectly related to the corporate social responsibility were published in 2013. In addition, at least 25 scientific books came out, which analyzed different aspects of
CRS in Poland. However, according to B. Rok, the scientific value of the vast majority of these publications is rather questionable, since they are not original works. In turn, there are no scientific publications, in which authors would present results of their own studies [Rok 2013, p. 5]. In addition, “the efficiency of teaching the corporate social responsibility in Polish higher education institutions is low due to the lack of adequately qualified personnel, the level of awareness, as well as outdated curricula” [Ujęcie teoretyczne… 2013].

The involvement of the media in promoting the CSR concept is the next area subjected to the analysis. Based on the data published by FOB (RBF), it can be stated that the involvement of the media in promoting the CSR concept has been growing steadily since 2008 (see Table 3).

Table 3. The total number of articles associated with the subject of responsible business and related issues in 2008–2013

<table>
<thead>
<tr>
<th>Years</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of articles</td>
<td>829</td>
<td>1512</td>
<td>2248</td>
<td>2527</td>
<td>3342</td>
<td>5591</td>
</tr>
<tr>
<td>Increase in relation to previous year (in %)</td>
<td>No data</td>
<td>82%</td>
<td>49%</td>
<td>12%</td>
<td>32%</td>
<td>67%</td>
</tr>
</tbody>
</table>


The total number of articles associated with the subject of CSR in 2013 was almost seven times higher than in 2008. The leading role in terms of the number of publications has been played for many years by press titles such as: “Gazeta finansowa,” “Puls biznesu,” “Rzeczpospolita” or “Dziennik Gazeta Prawna.” Articles on the subject of corporate social responsibility can also be found in the following periodicals: “Harvard Business Review Polska,” “Miesięcznik Kapitałowy,” “Personel i Zarządzanie,” “Brief,” “Press,” “CEO,” and “Wprost.”

The articles published there discuss many issues related to the CSR concept. However, most of them provide only the basic knowledge, i.e. inform what CSR is. This is of course laudable, but there are no articles related to the control and observation, which would transfer the knowledge about the practical implementation of CSR in different entities and the real effects it brings. Perhaps it happens like that because, quoting B. Rok, “most of the so-called opinion-forming media elite still does not understand CSR and does not want to understand it” [Rok 2013, p. 4].

The development of the CSR concept depends also on the number of the entities involved in promoting CSR, business ethics and sustainable development, as well as providing education in this scope. The market of such entities in Poland is quite well established. There are organizations with long-term experience that operate in this market, e.g. Forum Odpowiedzialnego Biznesu or Akademia Rozwoju Filantropii (see Table 4). New entities and initiatives also continue to emerge. They provide the
current information about CSR (e.g. http://biznesodpowiedzialnie.blog.pl/), associate companies in a given region (e.g. Lower Silesian Union of Socially Responsible Employers) or deal with some aspects of CSR such as promotion of environmentally friendly products and services or conscious consumption (e.g. https://mintu.me/).

Some organizations not only deal with widely understood dissemination of the CSR concept, but also provide consulting services in the scope of implementing the assumptions of this concept to the business practice.

**Table 4.** Selected organizations dealing with CSR problems in Poland – June 2014

<table>
<thead>
<tr>
<th>Organization</th>
<th>Year of establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forum Odpowiedzialnego Biznesu</td>
<td>2000</td>
</tr>
<tr>
<td>Akademia Rozwoju Filantropii w Polsce</td>
<td>1998</td>
</tr>
<tr>
<td>Instytut Odpowiedzialnego Biznesu</td>
<td>2004</td>
</tr>
<tr>
<td>Centrum Etyki Biznesu</td>
<td>1999</td>
</tr>
<tr>
<td>Fundacja Komunikacji Społecznej</td>
<td>1998</td>
</tr>
<tr>
<td>Instytut Badań nad Demokracją i Przedsiębiorstwem Prywatnym</td>
<td>1993</td>
</tr>
<tr>
<td>Polska Konfederacja Pracodawców Prywatnych LEWIATAN</td>
<td>1999</td>
</tr>
<tr>
<td>Centrum Wolontariatu</td>
<td>1996</td>
</tr>
<tr>
<td>Centrum CSR.pl</td>
<td>2007</td>
</tr>
</tbody>
</table>

Source: own study.

In turn, strictly consulting companies that offer services in the scope of auditing, training, building a CSR strategy and implementing it include, for example KPMG and PwC. This allows stating that the market of companies offering specialized consulting services associated with the implementation of social, environmental and ethical actions to the business practice (but not only) is still an emerging market and can accommodate new entities.

At the end of the considerations made in this section, a question may be asked to what extent the Polish society is currently involved in a dialog with companies on the subject of developing their strategies in terms of the implementation of the CSR concept. To answer this question, it should be mentioned first that, according to various studies, the level of awareness of the CSR concept among Poles is very low. As it appears from the research carried out in 2010 by MillwardBrown SMG/KRC, only 3% of adult Poles heard about the concept of corporate social responsibility.\(^4\) In turn, the research conducted in 2013 by Maison Research House and SGS Polska revealed

\(^4\) The research conducted by MillwardBrown SMG/KRC in October 2010 on behalf of the Pracodawcy RP organization under the project entitled “Koalicja na rzecz Odpowiedzialnego Biznesu” (Coalition for Responsible Business). The studies were carried out using the CAPI (Computer Assisted Personal Interview) technique on a nationwide, statistically representative sample of people aged 18–75; n = 975 [more in: *Koalicja na rzecz Odpowiedzialnego Biznesu*... 2010].
that 20% of the respondents heard about the concept of corporate social responsibility and knew what it meant, while another 23% heard about it, but did not know what it meant. Therefore, it can be concluded that almost 60% of adult Poles have not met the CSR concept so far. In addition, 80% of adult Poles know little or very little about the CSR activities taken by companies. The fact that 66% of the respondents would like to know more in this field may be considered as encouraging. The dialog between companies and society is important because 56% of the respondents do not trust what companies say about their socially responsible actions, but in contrast 88% of the respondents approve the fact that companies take such actions [Barometr CSR 2013]. In 2011, experts from the Lewiatan PKPP association assessed the state of the dialog between Polish companies and key stakeholders (employees, customers and non-governmental organizations, which are also an important mediator in the dialog with local communities). As a result of the performed evaluation, it was found that such a dialog is very poor and that it is necessary to take appropriate measures to make it more efficient [Błędy i bariery... 2011].

3.3. Reporting and standards

The reporting and standards areas were discussed jointly in this section, assuming that they are related with each other. Referring to the issue of the CSR actions reporting with the use of standards, one can conclude that the social reporting in Poland is slowly gaining in importance (see Figure 1). The data for 2010–2012 show

![Figure 1. The number of CSR reports published by companies in Poland in 2007–2013](chart.png)

* Until 30.09.2013.

Source: own study based on: [Raportowanie odpowiedzialnego biznesu 2013, p. 1].
a significant increase both in the amount of published reports and the share of the reports prepared according to the GRI guidelines. The number of reports published in 2012 was nearly four times higher than in 2007. It includes also the reports prepared in compliance with the GRI guidelines.

These data are encouraging, but a question should be asked what percentage of the hundred largest companies publishes social reports. From the analysis of the first one hundred companies in the ranking of 500 largest Polish companies organized by “Rzeczpospolita” newspaper, it appears that in 2010 only 12 of these companies prepared CSR reports, of which only 4 prepared such reports in accordance with the GRI guidelines [Raportowanie CSR w Polsce 2010, pp. 7–8]. In 2011, the number of companies included in this ranking that prepared reports according to GRI increased up to eight [5 lat raportowania…]. In turn, the studies conducted on a sample of the 120 largest Polish enterprises and financial institutions show that only 26 of them (less than 22%) publish social reports on their websites. Out of this, only 15 companies (12.5%) prepare reports using the GRI guidelines. Therefore, it can be concluded that the process of creating CSR reports by the largest companies in Poland on the basis of international standards is very slow, but since 2010 it has accelerated.

Figure 2. Standards according to which the activities associated with CSR are carried out – data for 2011

Source: [Ocena stanu wdrażania standardów… 2011, p. 58].

At this point, it is worth taking a closer look at the knowledge of the CSR concept among the companies operating in Poland. The results of the surveys conducted

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\(^5\) See [Krzemień, Piskalski 2012]. The survey was carried out in the period from October 2011 to June 2012 on a sample of 120 largest Polish companies and financial institutions, based on the “Pięćsetka Polityki – Ranking Największych Polskich Firm” ranking for 2010.
in late 2011 reveal that the concept of corporate social responsibility is known only to 31% of the companies operating in Poland, out of which large companies constitute 70%. In addition, 67% of the companies whose representatives declare the knowledge of the CSR concept carry out activities related to it. In the group of these companies, micro-entities (56%) are significantly less represented than others (approx. 80%). Among the companies that carry out CSR activities, 57% do this in accordance with specific standards and guidelines. ISO standards (ISO 14000 and ISO 26000) are most commonly used – 54% of the companies choose one of them.\(^6\)

In turn, when looking at the number of ISO 14001 certificates issued in Poland every year, it can be concluded that it has been increasing systematically for many years. As many as 1089 certificates were issued in 2007, while in March 2012 this number increased to 2014.\(^7\) Thus, the group of Polish companies with environmental management certificates keeps growing.

4. Conclusion

After seven years from the publication of the results of the research carried out by UNDP, it can be concluded that the development of the CSR concept in Poland is still at an early stage. Some of the areas are developing slightly more dynamically than others and some are characterized by stagnation. Based on the conducted analyses, the status of the development of the CSR concept in Poland in 2014 was assessed (see Table 5).

| Table 5. Assessment of the status of the development of the CSR concept in Poland in 2014 |
|---------------------------------------------|----------------|
| Institutional level | Company level |
| Legal and political environment | Civil society context | Reporting | Standards |
| C/D | C | C/D | C/D |

Source: own study.

The ratings obtained by Poland in the four analyzed areas allow making a conclusion that in 2014 Poland became closer to the C level – attentive and emerging\(^8\) – in the development of the CSR concept. This rating comprised:

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\(^6\) Studies conducted by MillwardBrown SMG/KRC and PwC at the request of PARP (Polish Agency for Enterprise Development) on a sample of 850 companies (including: large companies: 100, medium companies: 300, small companies: 250, micro companies: 200) [see more in: Ocena stanu wdrażania standardów... 2011].

\(^7\) See: http://ojakosci.pl/iso-14001-liczba-certyfikatow/.

\(^8\) Stage C – attentive and emerging: The country is aware of the importance of CSR, there is both corporate and NGO pressure to apply CSR practices, there are some obstacles and missing drivers that would enable key actors to promote and practice CSR. There are a limited number of good examples,
The area of legal and political environment: there is a new (established in July 2014) named government department leading on CSR issues but there is no CSR national strategy. The national government has not acted to address its own corporate responsibility; there is some public procurement strategy that addresses social, environmental or ethical issues. There is a lack of specific legislation to promote a widespread adoption of CSR good practices among Polish companies. The government is not working enough in partnership with the private sector and NGOs to raise the awareness and understanding of social, environmental and ethical issues.

The area of civil society context: there are universities and research institutes offering specific programs and courses in CSR and related fields. Many academic publications are available and there is a rapidly growing number of articles on CSR in the national media. Some national organizations cooperate with international organizations in the area of spreading the knowledge of CSR and exchanging information on best practices. There is an active market of CSR organizations and there appear some specialist consultancies that are experts in CSR issues; the activities of NGOs are largely reliant on financial support from the state or local government. There is still no widespread civil society involvement in the structured and publicly disclosed dialog with companies openly aimed at developing a corporate strategy.

The area of reporting: only 12 out of the 100 largest Polish companies have published a CSR report in 2010. The number of regularly produced, structured CSR reports is increasing from year to year but is still low and independent assurance is at a preliminary stage. The number of CSR reports prepared using the GRI guidelines is increasing, but the total number of such reports is very low. There is no widespread adoption of formal public disclosure of CSR issues and data by small and medium-sized enterprises.

In the area of standards: in 2012 there were more than two thousand companies in Poland, which were independently certified to ISO 14001, while in June 2014 there were 37 companies active-signatories to the Global Compact.

References


some awareness of internationally best practice. Mutual professional understanding, vocabulary, standards of CSR practices are emerging within companies, NGOs, and the government [UNDP 2007a, pp. 51–52].
Decree No. 38 of the Prime Minister dated 8 May 2009 on the establishment of the Corporate Social Responsibility Team.


Koalicja na rzecz Odpowiedzialnego Biznesu. Prezentacja wyników badania świadomości CSR: badanie ogólnopolskie, 1 December 2010, MillwardBrown SMG/KRC, Warszawa


ROZWÓJ KONCEPCJI CSR W POLSCE – POSTĘP CZY STAGNACJA?

Streszczenie: Celem niniejszego artykułu jest określenie aktualnego stanu rozwoju koncepcji CSR w Polsce. Aby ustalić, czy rozwój koncepcji CSR w Polsce znajduje się w fazie postępu czy stagnacji, potrzebny jest odpowiedni punkt odniesienia – najlepiej taki, który dałby możliwość zaobserwowania zmian, bądź ich braku, w pewnym przedziale czasowym. Wydaje się, że za taki właśnie punkt odniesienia mogą posłużyć wyniki badań z 2007 roku pochodzące z projektu realizowanego przez UNDP. Bazując na analizie czterech obszarów CSR zaproponowanych w projekcie UNDP (te obszary to: otoczenie polityczno-prawne, społeczeństwo obywatelskie, raportowanie i standardy), dokonano oceny obecnego stanu rozwoju koncepcji CSR w Polsce. Można stwierdzić, że po siedmiu latach od opublikowania wyników badań przeprowadzonych przez UNDP, rozwój koncepcji CSR w Polsce nadal znajduje się na wczesnym etapie. Niektóre obszary rozwijają się nieco dynamiczniej niż pozostałe, niektóre charakteryzuje stagnacja. Uzyskane przez Polskę oceny w czterech analizowanych obszarach pozwalają na stwierdzenie, że w 2014 roku kraj ten zbliżył się do poziomu C – attentive and emerging.

Słowa kluczowe: CSR, postęp, stagnacja.
BASIC VALUES AND ATTITUDES TOWARD
CAUSE-RELATED MARKETING*

Summary: A large number of studies have addressed factors shaping individual responses toward prosocial marketing. Surprisingly, little attention has been paid to human values, though their importance in marketing theory is widely accepted. This paper tries to fill that gap by exploring the relationships between basic values and attitudes toward cause-related marketing. The conceptual framework is based on the S. Schwartz’s theory of human values. The empirical investigation has been based on data from a survey carried out on a random sample of 512 subjects. Results clearly demonstrate that attaching a high level of importance to tradition, conformism and security leads to favorable attitudes toward CRM; whereas recognizing power, achievement and hedonism impose negative impacts on consumer attitudes to marketing activities with a social dimension.

Keywords: social responsibility, marketing, cause-related marketing, human values, attitudes.

DOI: 10.15611/pn.2015.387.18

1. Introduction

Cause-related marketing (CRM) is a type of socially responsible initiative that can benefit at the same time a firm and a particular charity. More specifically, CRM is defined as “a process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specific amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives” [Varadarajan, Menon 1988, p. 60]. According to this definition, the distinctive characteristic of CRM is a purchase-based donation. During a typical campaign each time a consumer purchases a specifically designated product a firm donates money to a charity.

However, this mix of business and not-for profit operations raises stakeholders’ concerns about the sincerity of the companies’ motivation. For example, CRM

* This paper is based on a research project 2011/01/D/HS4/05661 founded by the National Science Center.
campaigns may evoke accusations of exploiting the cause to maximize corporate profits [Berglind, Nakata 2005]. Despite the controversial character of CRM charitable organizations and other not-for profit entities seek opportunities to take part in such programs. A charity as a beneficiary of this type of marketing program receives not only more funds, but also other nonmonetary resources, including free participation in nation-wide advertising campaigns [Pringle, Thompson 1999].

Generally, the results of CRM programs depend on two groups of variables: campaign characteristics and consumer traits. This paper relates to the latter group of determinants. More specifically, it presents research findings about the relationships between basic values and individual attitudes toward CRM. Its contribution to the literature is twofold. First, theoretical framework is grounded on Schwartz’s theory of human values. Previous studies used Kahle’s [1983] List of Values model. Even though Kahle’s model has been developed to examine the value impacts on consumer behavior [Agle, Caldwell 1999], it seems not be a suitable theory to describe links between values and consumer responses to CRM. The List of Values covers only individual and mixed values [Kamakura, Novak 1992]. This model does not include value types expressing prosocial orientation, which is of high importance in the case of CRM. Schwartz’s theory is universal. It captures value types representing all the motivational goals, beginning with altruism and ending with egoism. Therefore, using Schwartz’s theory in the development of theoretical framework can provide a deeper and more precise insight into the value underpinnings of CRM attitudes.

Second, the paper is based on a survey carried out on a random sample drawn from a general population. The previous studies addressing links between values and CRM responses were done on convenient samples, consistent of students [Kropp et al. 1999; Lavack 2003; Westberg, Pope 2005]. Using students as subjects makes findings hardly generalizable and could bias results [Peterson 2001].

2. Schwartz’s theory of human values

Schwartz’s theory of values is grounded on three universal requirements of human existence: (1) biological needs of individuals, (2) requisites of coordinated social interaction between individuals, and (3) survival and welfare needs of groups. According to this model, human values represent individual responses to the above-mentioned three desires in the form of conscious goals. More specifically, Schwartz [2006] claims that values have the main six features. First, values are elements of a cognitive system. However they are not cold ideas. In this model values are considered as beliefs closely linked to emotions. Second, values are a motivational construct. They represent desirable goals individuals strive to accomplish. Third, unlike attitudes values transcend specific actions and situations. They do not refer to any specific activities, situations or objects. Fourth, values serve as criteria of evaluation. Thus, they can guide the selection of activities, people and events. Fifth, they are ordered by importance. An individual can rank values taking into account their relative importance to one another. Sixth, a particular attitude or behavior is
usually linked to more than one value type. For instance, going to the gym might express hedonism and stimulation value types.

Based on the empirical research carried out in dozens of countries Schwartz [1992] identified ten basic values sharing similar motivational goals. These value types are: self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, universalism and benevolence. Schwartz’s model does not only include description of the ten value types. This theory also addresses the relationships among these values. Usually the mentioned relationships are depicted in the form of a circumplex (see Figure 1).

![Figure 1. The model of relationships among human values](image)

Source: [Schwartz 1994, p. 24].

As we can see in Figure 1, value types are organized according to their mutual compatibilities and incompatibilities. They form pairs that share similar motivational goals. For example, universalism and benevolence emphasize transcending the self. Individuals attaching a high importance to these values would like to be and live for other people. However, this approach to life conflicts with the contents of power and achievement. Individuals who prize these values are self-centered. They seek personal success and dominance over other people and resources [Schwartz 1992].

According to Schwartz’s model, values form a two-dimensional structure that includes four higher order constructs. The horizontal dimension comprises openness to changes values including self-direction and stimulation opposing to conservative values covering tradition, conformity and security. All these values reflect the extent to which people attach great significance to their own personal interests or to the welfare of others and nature [Schwartz 1992]. The vertical dimension is formed by self-transcendence values comprising universalism and benevolence which are in a contradiction to self-enhancement values, such as power and achievement. All
the aforementioned values describe the extent to which people follow their own interests or prefer the status quo. The remaining hedonism is linked to both openness to change and self-enhancement values [Schwartz 1992].

3. Research hypotheses

Research hypotheses are based on Schwartz’s theory of human values. In addition, the theoretical framework is grounded on the literature from related research domains, as it is recommended by Prince-Gibson and Schwartz [1998]. Relevant research has been chosen taking into account that CRM programs create opportunities for consumers to generate charitable donations. Hence, this type of marketing activities can be considered as a substitute for traditional, charitable giving [Ross III et al. 1992]. This similarity allows using the literature on pro-social behaviors, including pro-environmental behavior, providing that environment-related behaviors are motivated by individuals’ care for the consequences of nature protection to other people. CRM is also a type of sales promotion during which a firm places in the market a product linked to a charitable donation. This feature of CRM can justify applying the literature on other marketing activities with a prosocial dimension including ethical and fair-trade consumption.

3.1. Universalism values

Universalism represents individuals’ desire to make the world a better place to live. “The motivational goal of universalism is understanding, appreciation, tolerance, and protection for the welfare of all people and for nature” [Schwartz 1994]. Thus, people for whom this value is important can realize it by taking care for not only other people but also the natural environment. Participation in prosocial initiatives can be a mean in realizing this value, while these programs generate support for various charities which contribute to the welfare of the whole society. The positive impact of universalism on prosocial attitudes and behaviors has been also demonstrated in related research domains. For example, Pepper et al. [2009] found universalism to be a significant predictor of socially conscious purchasing. Similarly, Follows and Jobber [2000] showed that consumers recognizing this type of value are more likely to behave pro-ecologically. Hence, it can be expected that universalism will influence positively consumers’ attitude toward cause-related marketing.

H1. Universalism values will positively and most strongly correlate with individual attitudes toward CRM.

3.2. Benevolence values

Benevolence shares with universalism the same motivational goal which is to take care for the well-being of other people. In distinction to universalism this value is focused
on the concern for the welfare of family members and close friends of an individual [Schwartz 1992]. Despite the above-mentioned specific feature of benevolence, it can serve as predictor of prosocial attitudes. A recent meta-analysis by Boer and Fischer [2013] showed that self-transcendence values including benevolence and universalism are positively associated with care attitudes. Hence, it is expected that benevolence will also impose a positive impact on CRM attitudes; however, the magnitude of this relationships would be lower than in the case of universalism.

H2. Benevolence values will positively correlate with individual attitudes toward CRM.

3.3. Tradition values

According to Schwartz’s model, not only values representing motivation to help other people can influence prosocial activities. Schwartz [2009] argues that any type of value can lead to prosocial behaviors in specific context settings. Regarding tradition, its motivational goal includes respect, commitment and acceptance of the customs and ideas that one’s culture or religion impose on an individual. In other words, people who prize tradition can express favorable attitudes to CRM providing that prosocial behaviors (philanthropy) are embedded in society and religion. In Poland religion plays an important role. According to the recent survey, around 85% of Polish citizens declare to be members of Roman Catholic Church [Ipsos MORI 2011]. In Christianity the responsibility to help those who are in need is deeply rooted. Hence, taking into account the national context of this study, one can reasonably expect that tradition will be positively linked to prosocial activities. This expectation is expressed in the following hypothesis.

H3. Tradition values will positively correlate with individual attitudes toward CRM.

3.4. Conformity values

Individuals placing a high level of importance to conformity avoid activities that may upset or harm others and violate social expectations or norms [Schwartz 1992]. This type of value is motivated by the fear that some activities might be regarded as socially disruptive and, as a result, bring negative consequences to an individual. Schwartz notes that individuals who prioritize conformity are characterized by self-restraint in interactions with other people. They are polite and eager to help other people because cooperation and helpfulness are necessary in social life. Positive impacts of conformism seems to be also supported by research on charitable giving. For instance, Bekkers and Wiepking [2007], after reviewing an extensive number of studies, conclude that not only individuals who place a high level of importance on altruistic values are more likely to engage in charitable giving but also those who care about social order and consensus. Therefore, consumers recognizing conformity
values are expected to express positive attitudes to marketing activities with a social dimension, including CRM programs.

H4. Conformity values will positively correlate with individual attitudes toward CRM.

3.5. Security values

Security is a value type that has a similar motivational goal with conformity and tradition. Individuals who recognize this value have a motivation to maintain safety and harmony of society and have good relationships with others. Security covers individual (e.g. healthy) as well as collective interests, such as national security, group security or family security [Schwartz 1994]. Corporate activities aimed at supporting non-governmental organizations can contribute to the social security. However, the amounts donated to charitable organizations by corporations are generally low [Berglind, Nakata 2005]. Moreover, the issue of security is outside the scope of firms’ responsibility. Thus, we can expect that individuals recognizing this value may express favorable attitudes to CRM programs, but the strength of such relationship will be lower than in the case of tradition and conformity values.

H5. Security values will positively correlate with individual attitudes toward CRM. However, the strength of this relationships will be lower than in the cases of tradition and conformity value types.

3.6. Achievement values

The distinctive characteristic of achievement values is personal success through demonstrating competence according to social standards [Schwartz 1992]. Although competent performance is necessary for a smooth organization and society functioning. Individuals attaching high importance to these values are focused on their own personal success. This egoism is generally found to be negatively associated with prosocial and pro-environmental behaviors [Schwartz 2009], because prosocial choices are considered to require additional resource. In the case of CRM individuals do not have to devote any personal resources. According to the CRM model, a charitable donation is made by a firm. Therefore, it is expected that achievement will be neutral to CRM attitudes.

H6. Achievement values will be neutral to individual attitudes toward CRM.

3.7. Power values

Power like achievement values emphasize pursuit of self-interests. Individuals recognizing this value seek high social status and prestige [Schwartz 1992]. They do not only need to demonstrate their high competence and performance (achievement), but they want to dominate over other people and accumulate wealth. Spending money or donating non-monetary resources (e.g. time) on charitable activities
is in opposition to the strategy of maximizing personal well-being. That is why, power values usually negatively correlate with prosocial behaviors in the market [e.g. Ladhari, Tchetgna 2015]. However, as already mentioned participation in CRM programs is free for consumers. Therefore, taking everything together the following hypothesis is postulated.
H7. Power values will be neutral to individual attitudes toward CRM.

3.8. Hedonism values
Hedonism value type expresses the pleasure associated with satisfying physiological needs. This value category like power and achievement expresses individual self-interests, but its motivational goal does not include competition [Schwartz 1992]. Individuals seeking enjoyment in life do not necessarily want to exercise control over other people or to demonstrate their superiority. Instead, as Schwartz notes, hedonism values represent the motivation for challenge which is also the motivational goal of stimulation and self-direction values. Bearing in mind the contents of hedonism, it is expected that it will be neutral to CRM attitudes. Marketing programs with a social dimension neither satisfy physiological needs nor constitute any opportunity for happenings that may evoke strong emotions and bring pleasure. Hence the following hypothesis is formulated.
H8. Hedonism values will be neutral to individual attitudes toward CRM.

3.9. Stimulation values
As it has been mentioned above, the goal of this type of value is excitement, novelty, and challenge in life [Schwartz 1992]. Thus, people attaching high importance to stimulation usually do not prize tradition and conformism values. Although the tradition is expected to influence positively prosocial attitudes it does not necessarily mean that stimulation must be negatively associated with CRM. Corporate marketing activities with a social dimension do not limit or endanger individual freedom. Hence, the following hypothesis is formulated.
H9. Stimulation values will be neutral to individual attitudes toward CRM.

3.10. The self-direction values
The last basic value type emphasizes the human desire for independent thought and action [Schwartz 1992]. Individuals with high priority of self-direction seek opportunities for new experience. This approach to life is in conflict to self-restriction, order and resistance to change, which is characteristic for security, tradition and conformity values. However, the opposition between self-direction and the mentioned value types does not mean that attaching a lot of importance to freedom and independence must impose negative impacts on consumer responses to CRM. In fact, marketing activities benefiting simultaneously a firm and a charity can be regarded as innovative business tool. Hence, people with high levels of self-
-direction may even express positive attitudes to these campaigns. This expectation is expressed by the following hypothesis.

H10. Self-direction values will positively correlate with attitudes toward CRM; however, the strength of this relationships will be weak.

4. Method

4.1. Sample

All the data necessary to test the research hypotheses were collected by a survey carried out during a larger research project. Based on the Local Data Bank, a random sample of 2000 household addresses of citizens of Lublin was selected. The subjects received short information about the research and a kind request to participate. The survey letters were sent a week before the planned visit of an interviewer. The final number of participants comprised 512 persons, which constituted 25.6% of the sample. Women constituted around 71% of the sample members. An average survey participant was at the age of 47.

4.2. Measures

The consumer general attitude toward the idea of cause-related marketing was measured using an indicator achieved by summing results from four items. This instrument was developed by analogy to the tool employed by Kropp et al. [1999]. More precisely, four seven-point Likert-type scales were used. The items were anchored with the following figures 7 = I strongly agree, and 1 = I strongly disagree. The task of the respondent was to specify to what extent he or she agreed or disagreed with the following statements donating by companies some revenue from specially labeled products to worthy causes is: an example of socially responsible business practice; is acceptable; should became a regular business practice; is a good approach to solving social problems. Internal consistency for the items, measured by Cronbach’s alpha amounted to 0.77.

Personal values were measured by the PQV-21 (Portrait Values Questionnaire) developed by Schwartz [2003] for the purpose of European Social Survey. The measurement scales used in this research have been translated into Polish at the Philosophy and Sociology Institute of the Polish Science Academy.

The PQV-21 includes 21 items relating to 10 basic values. Each item describes a hypothetical person. The description consists of two statements, where one stands for beliefs and the other for aspirations. The task of the respondent is to specify to what extent the person in question is similar to him/her, where 7 = very much like me and 1 = not like me at all.

The analysis of internal consistency of value scales was conducted using Cronbach’s Alpha coefficients. The achieved results indicated low reliability
Table 1. Basic value items

<table>
<thead>
<tr>
<th>Value type</th>
<th>Items</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievements</td>
<td>It is important to him/her to show his/her abilities. He/she wants people to admire what he/she does. Being very successful is important to him/her. He/she hopes people will recognize his/her achievements.</td>
<td>0.75</td>
</tr>
<tr>
<td>Power</td>
<td>It is important to him/her to be rich. He/she wants to have a lot of money and expensive things. It is important to him/her to get respect from others. He/she wants people to do what he/she says.</td>
<td>0.43</td>
</tr>
<tr>
<td>Universalism</td>
<td>He/she thinks it is important that every person in the world should be treated equally. He/she believes everyone should have equal opportunities in life. It is important to him/her to listen to people who are different from him/her. Even when he/she disagrees with them, he/she still wants to understand them. He/she strongly believes that people should care for nature. Looking after the environment is important to him/her.</td>
<td>0.52</td>
</tr>
<tr>
<td>Benevolence</td>
<td>It is very important to him/her to help the people around him/her. He/she wants to care for their well-being. It is important to him/her to be loyal to his/her friends. He/she wants to devote himself/herself to people close to him/her.</td>
<td>0.57</td>
</tr>
<tr>
<td>Self-direction</td>
<td>Thinking up new ideas and being creative is important to him/her. He/she likes to do things in his/her own original way. It is important to him/her to make his/her own decisions about what he/she does. He/she likes to be free and not depend on others.</td>
<td>0.45</td>
</tr>
<tr>
<td>Hedonism</td>
<td>Having a good time is important to him/her. He/she likes to “spoil” himself/herself. He/she seeks every chance she can to have fun. It is important to him/her to do things that give her pleasure.</td>
<td>0.70</td>
</tr>
<tr>
<td>Stimulation</td>
<td>He/she likes surprises and is always looking for new things to do. He/she thinks it is important to do lots of different things in life. He/she looks for adventures and likes to take risks. He/she wants to have an exciting life.</td>
<td>0.51</td>
</tr>
<tr>
<td>Tradition</td>
<td>It is important to him/her to be humble and modest. He/she tries not to draw attention to herself. Tradition is important to him/her. He/she tries to follow the customs handed down by his/her religion or his/her family.</td>
<td>0.54</td>
</tr>
<tr>
<td>Conformity</td>
<td>He/she believes that people should do what they are told. He/she thinks people should follow rules at all times, even when no-one is watching. It is important to him/her always to behave properly. He/she wants to avoid doing anything people would say is wrong.</td>
<td>0.58</td>
</tr>
<tr>
<td>Security</td>
<td>It is important to him/her to live in secure surroundings. He/she avoids anything that might endanger his/her safety. It is important to him/her that the government insure his/her safety against all threats. He/she wants the state to be strong so it can defend its citizens.</td>
<td>0.59</td>
</tr>
</tbody>
</table>

Source: [Schwartz 2003, pp. 311–312]; http://www.europeansocialsurvey.org/ (10.03.2014).
parameters in the case of basic values. Alpha indices for this group range from 0.43 (power) to 0.75 (achievements). However, interpreting the outcomes, it is worth pointing out that low alphas do not necessarily mean that basic value measures are unacceptable. The amount of alpha indices depends on the item number [e.g. Hattie 1985]. When the amount of items increases, alpha rises, and falls when the number of items decreases. In the current study, basic values, apart from universalism, are measured only by pairs of items. This may explain low indices. Detailed information about indexes’ components and their internal reliability are included in Table 1.

5. Results

Before the hypotheses verification, data screening was carried out. At that stage, 10 observations with missing responses were deleted. In addition, four questionnaires were disqualified due to the conflicting answers. Finally, 498 out of 512 observations were qualified to the final analysis.

An average index expressing subjects’ attitudes toward CRM amounted at 5.79 (SD = 0.94) points. This clearly showed that subjects generally expressed favorable attitudes to the idea of CRM. Regarding value preference, individuals declared attaching the highest importance to benevolence values (M = 6.13, SD = 0.76). Likewise, other value categories relating to collectivism were prized including universalism (M = 5.89, SD = 0.88), security (M = 5.86, SD = 1.12), tradition (M = 5.31, SD = 1.22) and conformism (M = 5.37, SD = 1.20). As regards other values, the results showed that subjects generally expressed lower importance to value types expressing individual interests: power (M = 3.43, SD = 1.40), hedonism (M = 3.77, SD = 1.63), achievement (M = 4.28, SD = 1.63), stimulation (M = 4.10, SD = 1.39). The exemption was the case of self-direction. The index measuring this value type was at the moderate-high level (M = 5.47, SD = 1.10).

Findings showing that individuals attach higher importance to self-transcendence than to self-enhancement values; and to tradition than to openness to change values do not necessarily reflect the real value priorities. These results can be biased by responding tendency. Thus, following Schwartz’s [2006] recommendation, the raw data have been corrected by centering each person’s responses on his/her own mean. This procedure enables to generate information about the relative importance of each value type to a person.

Although centering raw data can get a more accurate insight into relationships among values, it causes multi-co-linearity, which makes multivariate regression hardly interpretable. Therefore, relationships among value types, attitudes and behaviors are usually tested applying correlation analysis [e.g. Dobewall et al. 2014]. In this study the same approach has been used to verify research hypotheses.

According to the expectations formulated in the first four hypotheses, universalism ($r = 0.09, p < 0.05$), benevolence ($r = 0.11, p < 0.05$), tradition ($r = 0.19, p < 0.05$), conformism ($r = 0.21, p < 0.05$) and security ($r = 0.17, p < 0.05$) positively correlated
with CRM attitudes. Even though the correlations coefficients were statistically significant, their amounts seemed to be a bit surprising. Universalism values were not the most strongly linked to positive CRM attitudes, but conformism ($r = 0.021$ vs. $r = 0.09$). This allowed only for a partial support of H1.

![Figure 2. Correlation coefficients between basic values and CRM attitudes](source: own study)

Regarding the relationships among hedonism, power, achievement, stimulation and CRM attitudes, they were not supported (see Figure 2). The findings showed that the mentioned value types were negatively correlated with the beliefs about CRM. This did not allow supporting hypotheses from 6 to 9 and suggested that individuals might consider CRM as not entirely free for consumers. The last hypothesis (H10) was also rejected. The correlation coefficient between self-direction and CRM attitudes according to the prediction was positive and low, but not significant. Thus, self-direction values and individual attitudes toward CRM were found to be neutral.

6. Conclusion

This study aimed to examine relationships between basic values and individual attitudes toward CRM. The expected associations were described by 10 hypotheses. The conducted research allowed supporting five hypotheses, including H1, which was supported partially.

The findings clearly demonstrated that basic value types forming conservation values (tradition, hedonism, security) positively correlates with favorable opinions about joining commerce with philanthropy in the form of CRM.
The associations among universalism, benevolence and CRM attitudes were also found to be positive and statistically significant. However, their practical significance seems to be meaningless. The results show that universalism and benevolence values can only explain around 1% the CRM attitude variability ($r^2_{universalism} = 0.0081$, $r^2_{benevolence} = 0.0121$).

Surprisingly, conformism and tradition value types correlated more strongly than universalism or benevolence to CRM attitudes. A possible explanation for the identified correlations could be the national context of this study. Polish consumers may expect companies to be pro-socially engaged, as it was before the political transformation of 1989. Thus, some remnants of that time could be still present in the culture and it might influence individual attitudes and beliefs.

Regarding the low magnitude of associations between CRM attitudes and values expressing being-for-others (benevolence and universalism), this could be related to the essence of this marketing tool. More specifically, donations generated during CRM campaigns are “painless” for consumers. Individuals taking part in this type of campaigns do not shoulder any costs of donations. On the one hand, costless donations are beneficial to consumers, but on the other hand this model of charitable programs does not allow altruistic individuals to realize their internal need to care for other people and to derive personal satisfaction from it [cf. Gneezy et al. 2012].

Regarding values that promote self-enhancement (power, achievement, hedonism), they were found to be negatively correlated to CRM attitudes. This means that attributing high importance to these value types can result in a negative evaluation of CRM. This is surprising because, taking part in CRM campaigns does not require to devote any personal resources. Charitable donations are financed by a firm. However, the findings suggest that individuals concentrated on their personal wealth and superiority above others might think that firms can increase prices or reduce the quality of products to compensate for charitable activities.

Despite theoretical implications the paper is not free from limitations. The findings could be biased by low internal reliability of the scales. In order to avoid these difficulties, it is highly recommended to use in future studies more sensitive value scales. In addition, this study examined only associations between basic value types and CRM attitudes. It would be interesting to investigate the impacts of higher order values on consumer responses to CRM, including not only attitudes but also consumer behaviors.

References


WAROŚCI I POSTAWY WOBEC MARKETINGU SPOŁECZNIE ZAANGAŻOWANEGO


Słowa kluczowe: społeczna odpowiedzialność, marketing, marketing społecznie zaangażowany, wartości, postawy konsumentów.
Summary: The theme of the article is social economics, which is treated as a conceptualization of business practice referred to as social entrepreneurship. Its specificity – equal treatment of economic and social goals – makes that this form of entrepreneurship does not find a satisfactory explanation in mainstream economics theories. According to the Author, the case of social economics tends to make an adjustment of the way of understanding economic rationality in the dominant neoclassical frame. Considering this issue, the Author presents arguments in favor of the thesis that the rationality of social entrepreneurship manifests itself in relations to the broad context of social welfare. It also indicates the positive role of social economics entities in the process of transition from the profit oriented entrepreneurship to its socialized form.

Keywords: social economics, social responsibility, rationality, market society.

1. Introduction

Social economics is the object of the following considerations: a particular form of theoretical considerations referring to those forms of economic practice which due to its specifics do not find satisfactory explanations in economics without adjectives. The object of interests of social economics is economic actions which do not fulfill assumptions accepted in relation to theoretical models constructed in the mainstream economics, especially convictions on (exclusive) profit character of taken economic actions. The most simple and, at the same time, the most general explanation of the entities of social economics recalls its most important feature, which is the connection of the engagement in social values with an effective action based on market mechanisms. A social enterprise – constituting the object of social economics research – is such a form of economic activity in which non-economic social values are as important as economic effects.
Let us focus on the fact that the concept of social economics refers to numerous various forms of management which constitute a specific complementation of actions taken by the institutions representing all three sections of social life: the state, civil society and the market. The entities of social economics act in the area of social policy and at the same time they support organs of local authorities in realizing the social functions of the state. Furthermore, they offer effective help to the beneficiaries of charity organizations and, therefore, they constitute an element of philanthropic activity. In addition, by leading a market activity they abide the rules of social responsibility and care for the common good. At the same time, they expand the range of social engaged business [see Yunus 2013].

This ability to take such forms of action, which are characteristic for here indicated areas, makes the entities of social economics constitute a kind of a keystone – an element linking the area of political power, economic power and civil activity. At the same time, they contribute to at least partial abolition of the tension/conflict between them. What is more important, they create a possibility of achieving goals socially useful by the engagement and contribution of organizations representing the sectors of the state, the market and the civil society.

The aim of the presented considerations is to demonstrate that the reflection on social economics force in some measure is a discussion on the presence of non-economic valuation in individual economic choices as well as in the strategy of the activities of companies and economy as a whole. The exposure of complex motivation underlying the projects identified as a social enterprise in which social causes are important as well as economic effects raises a question whether the profit oriented business (more widely the economy) is the only possible rational form of management. Therefore, two issues should be considered. The first concerns the assumptions respected in the mainstream economics in the concept of economic rationality. The problem here considered is the issue of its “mismatch” to the modern market where there are many different forms of enterprises, which clearly “do not fit” in the quite narrowly circled model of rationality. The statement of the existence of numerous examples of building a strategy of action referring to differently understood precedent aim raises the question whether this conception should be redefined.¹

These considerations lead to the recall of another issue – concerning a clearly outlining tendency of the change of the social idea of the precedent goal of management. More and more often opinions are articulated that achieving the value of the prosperity growth is a positive value if it serves the improvement of material conditions of all members in a given community and if it contributes to the strengthening of democracy. The increase of the interest in social economics referring to theoretical aspects as well as to practical allows a discussion on the change of the perspective view of the world and, more significantly, it contributes

¹ Such an argument is raised by Borzaga, Depedri, Tortia [2013].
to the strengthening of the voice of such researchers that recognize serious threats connected to maintaining the neo-liberal economic views which often take the form of market fundamentalism [see Harvey 2008]. In the present article I am going to show that taking into consideration the research interest of social economics and the intensified activity of social entrepreneurs, we no longer cannot treat social enterprises as a relatively small, marginal sector of the market economy. To the contrary, social economics can be understood as a way of realizing the assumptions of democratic capitalism and the support for socially responsible business. Moreover, it determines a significant factor integrating the actions of different entities (the state, nonprofit organizations, market enterprises), whose aim is to create better conditions for common participation in jointly worked out welfare.

2. The question of economic rationality in terms of profit

The interest of researchers and practitioners in social economics is certainly problematic for the representatives of the orthodox economics as in practice one can find many examples of actions of social economics entities which – despite the fact that they do not fit in the definitional framework of neoclassical concept of the rationality unit – are rated as efficiently using market-based instruments and as sufficiently effective. In other words, what refers to the theoretical assumptions does not provide any chance of success, but in practice it turns out to be a quite successful venture. Obviously, the context of reference must be taken into consideration: the positive evaluation of social businesses is reasonable due to the allowance of not only economic, but also non-economic, social effects. Therefore, a question returns whether rational action is such an action in which we endeavor to the achievement of maximizing the economic benefit or (also) the one due to which we want to obtain positive social consequences. The inclusion of both mentioned types of custom from the point of view of the assumptions of neoclassical behaviors to the areas of phenomena described and explained in the theory of economics requires de facto a change in the range of understanding of both the effectiveness and the economic rationality.

The issue of economic rationality in the mainstream economics is related to both individual actions and an entire and complex system of the market economy. The economic system functions depending on the activity of individual participants of managing practice, whose both consumer and investment decisions contribute to the final economic result. The current condition of the economy and the perspectives of its future growth depend on the accuracy of choices made by individuals. The

2 According to Dees [1998] in the area of social entrepreneurship the concept of benefit is differently understood – not in the material sense – but as a complex value: the value of improvement of the social situation is understood as a sum of material and social benefits from which the social and ecological losses are “deducted.”
rationality of the system is based on the assumption that consumers as well as producers take decisions appropriate from the point of view of the public interest. On the other hand, it is assumed that man is endowed with (a stable, constant) nature, which leads him or her to take care of his or her own good, wherein this good is understood as obtaining the greatest material benefits. In the case of the market economy based on the private capital, there is no conflict between the economic business of an individual and the general condition of the economy. For there exists a connection between the rationally acting entities participating in the economic practice and the positive economic results achieved on the macroeconomic level.

Macrorationality of the market economy is warranted by the actions of market mechanisms, objectively comprehended laws affecting participants in the market game in such a way which, on the one hand, enables the achievement of individual goals (specified material benefits) and, on the other hand – in the macroeconomic scale – leads to a situation, in which all available resources are used in an optimum way in the process of the production of goods and services, which means that a given economy is fully efficient. It is considered, therefore, that the rational actions of individuals and the functioning of the whole economy are mutually affecting on each other. An individual striving to achieve the greatest possible benefits undertakes such actions, during to which his or her knowledge will be able to make him or her achieve the most desirable results and at the same time they are beneficial for the whole economy. The market rewards with a high rate of profit those who undertake the right decisions, which leads them to thoughtful actions in the future. As a result, a feedback ensues between the rational actions of economic entities and the macrorationality of the whole system.3

The acceptance of such conclusions entails the necessity of recognizing their consequences. Firstly, the acceptance of the belief that rational actions are those whose aim is to achieve as high benefits as possible. Secondly, that the economy is a system relatively independent and functions most efficiently when this independence – particularly when it comes to the extemporary political actions – is respected. None of these beliefs can be related to the social entrepreneurship. As already indicated, the motivation of the entities of social economics is complex and has a dual economic dimension (financial) and social (practical, symbolic): the primary goal is to achieve a positive state of affairs in the form of e.g. the possibility of achieving employment opportunities for the unemployed and disabled, creating jobs which meet the flexible requirements for mothers of young children, organizing shelters for homeless animals, etc. The way to achieve such a goal is the market activity which would meet the requirement of competitiveness. Even though the requirement of competitiveness is understood differently than in the neoclassical approach – it is not connected with the assumption of undertaking efforts to maximize the profit. The rationality of the entities of social economics is thereby referred to two

3 I undertook this problem in the following texts: [Zboroń 2010a; 2010b].
Social economics – from the profit oriented market…

matters: gaining an income on the satisfactory level and enabling the continuation of
the venture and achieving nonmaterial benefits.

Such conditions are fulfilled by innovative companies realizing the idea of
fair trade: companies that offer organic products, the producers of healthy food,
cafeterias which offer catering services and at the same time are a cultural center,
support clubs for women – mothers of young children returning to the labor market,
etc. A common feature of such ventures is the replenishment of the market offer with
products/services that are socially valuable and which contribute to the improvement
of the quality of life and democratize the market by addressing the needs of minority
consumers.

3. The asocial nature of the management in neoclassical economics

Difficulties encountered in connection with an attempt to answer the question on
the basis of the recognition of the activities of the entities of social economics as
rational are indeed the sequence of abandoning the liberal views on the economy
and social order which were formed during the Enlightenment. Many critics of the
modern economics emphasize that neoclassical economics and the neoliberal project
of social order has little to do with classical economics cultivated in the spirit of
liberalism. The gradual “desocialization” and “dehistoricization” of economics
led to the formation of an economy model abstracted from the social content and
a representative individual, which has been deprived of both feelings and cultural
competence: worldview, ethical, moral, political beliefs. Economics since 1871 has
been concentrating on the issue of general balance (macro-rationality) and individual
rationality, which enables to achieve a possible high efficiency understood as
a relation of expenditures to obtained effects (traditional recognition) or as the most
efficient allocation of available resources (resource recognition). As a consequence,
in the mainstream economics the technical-economic issues concerning the triad:
rationality, effectiveness, balance become the most relevant. In parallel, the changes
in the dominant worldview are forming: gradual abandoning of the idea of liberal
democratic order based on the values of equality, freedom, freedom of belief, identical
(practically: close in their scope) possibilities. In exchange, a neoliberal vision of
market-oriented society, in which interpersonal relations are treated as exchange acts
and those as market transactions, is introduced. In the neoliberal conception of the
social order, the market sector clearly dominates in the social space, the role of the

4 Terms by Fine and Milonakis [2011], after Wojtyna [2011].
5 Simon [1986] analyzing the neoclassical assumption on the rationality of an individual draws
attention to three issues – differences in relations to how in other social disciplines human rationality
is understood. However, the economic approach lacks reference to individual aims and values present
in other social disciplines. Moreover, an integrity of behaviors is assumed and the existence of a “one
world,” in which behaviors are objectively rational because of their present and future conditions, is
accepted.
state is limited to its basic functions, and the third sector of civil engagement does not have any chance of growth due to the progressive atomization and alienation of individuals, which constitutes destructive in relation to the values of social responsibility and the community effect of the influence of the neoliberal ideology. It is obvious that such an encircled perspective of viewing the social-economic reality does not include custom from the point of view of the adopted assumptions of actions, in which the status of rational behaviors is taken away or they are evicted beyond the area of economic reflection due to non-economic motivations attributed to them. A reflection, particularly scientific, requires language articulation. The lack of the right concepts – category of thoughts means the inability to undertake considerations on a given topic or the necessity to “match” the reality to the lexical resources. In this situation, the mainstream economics is currently dominated by the neoclassical approach: on the one hand, attempts are taken to describe and explain economic phenomena, which clearly do not match in the too narrowly circled meaning ranges, which brings the necessity to use higher and higher levels of abstraction. Which – at the same time – provokes the forming of an accusation that economics by undertaking unrealistic assumptions forms theories referring to the “imagined worlds.” On the other hand, more and more distinctly the importance of such phenomena, which cannot be described and explained though the reference to the traditional assumptions, is revealed. In particular, this concerns the dynamically developing social entrepreneurship and reflecting it social economics, for which we do not find a satisfactory explanations in terms of the neoclassical theory.

4. Social economics and the market society

The criticism of “desocialized” economics and the market oriented society is more and more clearly articulated not only within economics but also in the wider context of social sciences. This in turn makes that the area of benignant interest of social economics, which constitutes an interesting project of solving social problems based on the known or rather differently used methods of action. Secondly, it argues in favor of a holistic recognition of economic reality, which is seen in a widely circled cultural context and in the general social practice. In particular, this contextual approach of social economics constitutes its important factor referring to the economics without adjectives, especially in relation to its main trend.

A lot has been said lately on the need of the holistic approach in economics [Acemoglu 2009; Akerlof 2007; Colander et al. 2009; Krugman 2009; Lawson 2009].

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4 The message of the neoliberal ideology was most clearly presented by Margaret Thatcher, who in one of her interviews said: “There is no such thing as society. There are individual men and women, and there are families. And no government can do anything except through people, and people must look to themselves first. It’s our duty to look after ourselves and then, also to look after our neighbour. People have got the entitlements too much in mind, without the obligations.”
The source of this position was undoubtedly discussions, which had taken place in the period after the crisis of 2008, when the view that the economic crisis revealed the crisis of economics became relatively popular. However, such opinions appeared much earlier and they were associated with undertaken by many researchers’ reflection whose subject was theoretical and methodological condition of economics. It is not my intention to take the discussion on this otherwise very interesting topic, but I would like to pay attention the point that in the widely understood social discourse going beyond the environmental debates of economists one can see a growing criticism of not only orthodox economics build on a neoclassical foundation, but also a neoliberal social order. In particular, this is about the opposition to the transfer of rules of market behaviors to the area of social relations, which leads to a gradual market orientation of society. Allowing the transfer of market mechanisms to the non-economic sphere means not only the spread of thinking about freedom and making choices (non-economic) in a transaction way, but also the recognition that the market is the best criterion for determining what is fair, what is the best measure of value of things and public goods [Sandel 2014].

One of the exponents of the social concerns connected to the threat, which may cause the direction of change in the Western culture, is Sandel, who writes: “The market economy is a tool of organizing the productive activity and, as such it has brought prosperity to many countries around the world, also in Poland. But the market society is something totally different. It is a world in which everything is for sale. It is a way of life, which every aspect is dominated by the market value and market thinking – starting from private life, through healthcare, education, to journalism and law. The fundamental problem in modern democratic societies relies on the necessity to determine, where the market serves the public good, and where its mechanisms should not apply” [Sandel 2014].

Sandel [2012] expresses concern in connection with the causes, which are evoked by a particular mechanism of thinking derived from economic sciences and transferred to political actions. Well, this not raising major doubts fact of the market efficiency in the field of ensuring the material welfare of the measured value of GDP provides specific justification for making attempts to exploit this efficiency in other important areas of social life. The problem, however, is what also Reich [2009] speaks about, that using market mechanism in relation to the non-economic area while simultaneously introducing it to a specific way of thinking on what is and what is not rational and connected with this valuation using the measure of material benefits. The expansion of the market leads to a situation, in which bigger and bigger area of social life comes under the rules imposed by capitalism, the public space where the principles of democracy operate is becoming smaller. The capitalism

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7 I discussed this problem in the following texts: Zboróń [2009; 2011; 2012; 2013a; 2013b].
8 As a decisive moment of these changes Reich indicates the end of 1970s, when there was a fundamental change in democratic capitalism in America, which consisted on the fact that the US and much
promoting the business of an individual is strengthened, democracy engaged in caring for the common good is weakened. What is more, due to the expansion of the market sector, the space in which rules of democratic social coexistence apply is becoming smaller. An imbalance between capitalism and democracy is growing, which has its consequences in the form of widening of social disparities in terms of a sense of economic security and therefore the quality of life.

5. Social economics – towards the social entrepreneurship

In the view of outlined above major concerns relating to the direction of the development of modern Western societies, the program of social economics seems to be promising for the reason that it can provide important support for the civil society – the areas of democratic values. What is more – this support has a practical and rational dimension (with the broader sense of the term). Whereas, taking into consideration the diverse nature of the entities of social economics, the range and specificity of undertaken by them economic initiatives, we can speak about a positive effect in the form of complementation the action taken under various social sectors.

Supporting tasks of the state concerns initiatives whose aim is to broaden the offers in the field of preventing exclusion and marginalization of people who are permanently unemployed, homeless, disabled. In this respect, social economics offers diverse forms of offering support, which at the same time enables achieving more permanent and more rational effects in the form of social problems reduction. Such activity takes institutional forms like: social cooperatives, social integration centers and occupational activation institutions.

The support for the civil society is done by applying – in a greater way than previously – a range of market instruments to charity organizations, whose aim is to fulfill the needs of citizens. Social economics provides the nongovernmental organizations with practical patterns of solving social problems with the use of market instruments. With respect to both of these sectors, social economics performs a similar function: it works on behalf of clients of the welfare system financed by public funds and by beneficiaries of nongovernmental organizations. The solutions of social economics should, however, be considered more effective – it is not about the emergency assistance in solving current material problems, but permanent solving of issues through job opportunities.

Entrepreneurial activities of entities of social economics also produce positive effects in the market sector. Most of all, they provide support for the idea of corporate social responsibility – balancing social and economic values they expand the area of social management. Furthermore, thanks to the engagement in propagation of fair
trade products and services, they contribute to the change of social awareness and dissemination of ethical consumption.

6. Conclusion

Sometimes social economics is called a project of social-economic system/order, which is understood as an alternative concept for the neoliberal social project which, however, can be a bit confusing. If this belief is related to the economic order according to which it is accepted that the basis of the economy is market transactions made by investors controlling the private capital, then it should be acknowledged that finding its reflection in the social economics idea of solving at least some of the social problems through economic actions using market instruments is at least partly consistent with the assumptions of the neo-liberal economy. Therefore, if we would like to demonstrate that social economics provides an alternative solution, then it should be clarified that this does not concern the methods of action, but differently framed goals and expected effects. In comparison with strictly market entities, this is about the possibility of simultaneous achievement of goals in the form of economic benefits and social values. In practice of social economics this means: expansion of market activities for obtaining social effects, less state and limiting the involvement of public finances, strengthening the civil society sector and the support of the social capital, pro-social activities done by the release of individuals from dependence on all the forms of social assistance, expanding the area of socially responsible economy, strengthening the idea of CSR, introduction of mixed practices (market and public). Thus, it can be concluded that social economics promotes the most rational actions, whose sense and final effect can be evaluated in a macrosocial context. The value of these activities makes the sum of economic and social achievements. The value of social economics relies also on the fact that on its example we realize that the rationality of management should be referred to a much wider, nonmarket context of social good.

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EKONOMIA SPOŁECZNA – OD PROFITOWO ZORIENTOWANEGO RYNKU DO SPOŁECZNEGO GOSPODAROWANIA


Słowa kluczowe: ekonomia społeczna, społeczna odpowiedzialność, racjonalność, społeczeństwo rynkowe.
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CSR KNOWLEDGE AND PERCEPTION IN POLISH SMES: EVIDENCE FROM THE REGION OF POMERANIA

Summary: The concept of CSR was created in the second half of 20th century mostly with respect to large businesses, mainly multinational corporations. Alongside with the renaissance of small and medium-sized enterprises (SMEs), which took place in the 1970s, we can observe a constant increase in the popularity of research into CSR practices among SMEs. This topic still remains under-researched, especially in transition economies, such as Poland. We know little about how popular the knowledge of CSR concepts is among owners/managers of Polish SMEs, as well as about the factors influencing the attitudes of those owners/managers towards CSR practices in their business. The aim of this exploratory study is to identify determinants of CSR knowledge and CSR perception. Data gathered during the fourth edition of the Pomeranian Economic Observatory (PEO IV) were used to achieve this aim. The general finding is that CSR concept is better known among bigger, non-family owned businesses, which are involved in a number of innovative activities, relatively competitive (like exporters are), eager to co-operate with others and owned/managed by open-minded and trustful individuals. While most of the respondents (60%) perceive CSR practices negatively (as an unnecessary cost or just fashionable phrase), little is known about the reasons for this negative perception. PEO IV data offer no explanation for this differentiated picture of Polish SMEs owners/managers. This calls for a more fine-grained research into CSR perception in Polish SMEs without limiting the research sample to one region only.

Keywords: CSR, SMEs, small business, Pomeranian Economic Observatory.
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1. Introduction

The idea of corporate social responsibility (CSR) of businesses is relatively old, as it originates from the middle of the previous century. One of the first publications dedicated to this topic was Social Responsibilities of the Businessman by H.R. Bowen, published in 1953. From that time, the number of scientific publications on CSR increased really significantly, embracing several aspects of business involvement in
resolving social problems. The most often distinguished ones are: economic, legal, ethical and discretionary [Thompson, Smith 1991].

Traditionally, the problem of CSR practices was attributed to large, especially multinational corporations [Thompson, Smith 1991; Lepoutre, Heene 2006; Russo, Tencati 2008; Morsing, Perrini 2009; Preuss, Perschke 2009; Fassin et al. 2010; Fitjar 2011]. Certainly, those are very appropriate users of CSR practices for a number of reasons:

- The drive to maximize profits results in several tendencies and changes that are doubtful for the public opinion. Some of them are or potentially can be unethical. Being fair towards business partners (especially small, local ones who are minor players and their market power is very limited) and customers (suffering from asymmetry when it comes to information, resources and legal aid) can be easily neglected in order to improve financial results. Complex CSR practices and programs can serve as a means to limit or eliminate unethical behaviors in the view of public opinion.

- Even if being ethical in their operations, multinational corporations are often perceived as greedy and focused exclusively on monetary aspects of their operations. Therefore, CSR can be useful in making such corporations perceived as responsible members of the community, focused not only on gaining from society, but also concentrated on “giving back” activities.

- Problem awareness is nowadays shaped to a great extent by the mass media. Their role is amplified by rapid development of IT, which leads to the situation that only topics present in the mass media consideration gain substantial attention. CSR practices are no exception. The dominant stream of the discussion on social responsibility in business is dedicated to large companies. Obviously, it is important for the domestic or even global economy, when IKEA, Marks & Spencer, Zara and other huge companies decide to follow fair trade policies or decide to use organic food [Morsing, Perrini 2009].

Whereas the impact of those “big players” is huge, easy to identify and assess, there is an increasing awareness that the impact of small business CSR practices is equally important, even though those practices appear to be different, less formal, more difficult to measure and assess. Small and medium-sized enterprises (SMEs) constitute 99% of operating businesses. They are responsible for a significant part of jobs and they contribute to a big share in GDP. In the EU, SMEs are responsible for as much as 66% of total employment and half of the total value added [Lepoutre, Heene 2006]. Developing CSR practices in this sector is very desirable socially and, consequently, research on SMEs CSR becomes more and more popular [Worthington et al. 2006; Avram, Kuhne 2008; Preuss, Perschke 2009].

There is not much known about SMEs CSR in Poland. Generally, the Polish sector of SMEs remains under-researched when compared with the most developed countries. This applies also to corporate social responsibility issues. That is why during the fourth edition of the Pomeranian Economic Observatory the topic of CSR activities among SMEs was raised.
This paper is aimed at presenting the results of an exploratory study into CSR knowledge and perception among Pomeranian SMEs. With the sample of nearly 700 respondents it was possible to identify key determinants of CSR knowledge and examine the perception of CSR activities among SMEs owners and managers.

2. SMEs and CSR activities

Nowadays, it becomes increasingly understandable that businesses should accept their responsibility for not only economic, but also non-economic aspects of their operations. Those non-economic aspects usually include social issues and environmental problems. This broad responsibility is called corporate social responsibility (CSR) and can be defined as “actions that appear to further some social good, beyond the interest of the firm and that which is required by law” [McWilliams, Siegel 2001].

CSR as a construct has been derived from the research into large companies, especially multinational corporations. Hence, examination of CSR activities in SMEs is rather problematic. The popular statement saying that “small business is not a little big business” explains well why the concept of CSR often turns out to be inadequate within the context of SMEs. SMEs are simply of a significantly different nature. Unlike in large companies, many areas of SMEs operations remain informal, carried out in a more spontaneous way, without much planning. The role of a business owner is much more important than in large companies. Even if small business is run by hired managers, the impact of an owner usually remains significant. To sum up, one of the major differences between large companies and SMEs when it comes to CSR is the lack of formality, planning and undertaking some socially responsible actions without necessarily calling them “corporate social responsibility.” This calls for adapting the existing tools for researching CSR to the needs and peculiarity of SMEs.

Another important problem with studying CSR practices in small businesses results from the heterogeneity of the SMEs sector. This aspect of SMEs is often ignored by researchers when conducting general research on small business [Dominiak 2005] and entrepreneurship [Gartner 1985]. The same applies to CSR research [Jenkins 2006]. SMEs range from very small businesses (employing a few people or even not employing anyone) to firms having more than 200 employees, which results in tremendous differences between them, not only quantitative, but more importantly – also qualitative. In many SMEs, especially microfirms (less than 10 employees) and small firms (less than 50 employees) the role of CEO is performed by a business owner. Their different professional backgrounds, attitudes and perceptions make their businesses highly diversified. Applying any tools when trying to research CSR activities of SMEs requires achieving more homogeneity within research samples.

In order to gain better understanding of the meaning of CSR activities for SMEs, it is worth linking this concept with social capital, defined as “connections among
individuals—social networks and the norms of reciprocity and trustworthiness that arise from them” [Worthington, Ram, Jones 2006]. SMEs, because of their scope and size, are usually embedded in local communities and networks. This allows them to create and accumulate social capital within their organizational environment. They develop closer relations with their customers, suppliers and employees than their large counterparts. That is why they are likely to build up informal contacts and personal knowledge based on reciprocity and trust. CSR activities are often a part of those relations even though SMEs owners are not always fully aware of that. In such cases they tend to perceive CSR activities as a normal involvement in the social environment of their business.

Bearing in mind complexities associated with studying CSR activities in the SMEs sector and the lack of comprehensive research into this domain in Poland it seems worthwhile to pose two basic research questions:

1. Do Polish SMEs owners/managers know the concept of CSR?
2. What is their perception of the CSR concept?

Within the first research question the basic problem is obviously the prevalence rate of this knowledge. In other words, how many owners/managers know what CSR is and how many do not. Identifying those who know and those who do not raises other questions: What are the determinants of this knowledge? What differs those who know from those who do not? Can CSR knowledge impact business operations in any way? Are there some particular characteristics of a business that result in an increased likelihood of the CSR concept knowledge?

The second research question acknowledges the fact that opinions on CSR practices may be diversified. As any other business activities, they impose costs and bring benefits. The latter, however, are always rather difficult to measure. That is why we can assume that CSR activities will be performed mostly by businesses owned/managed by those who perceive CSR in a positive way. Are those businesses different in any respect from those characterized by a negative perception of CSR practices?

It can be assumed that CSR knowledge should be connected with some personal characteristics of an SME owner/manager and this characteristics is likely to impact the whole business. As a result, CSR knowledge may be more typical for some businesses and less typical for others. The main hypothesis answering the first research question is:

$H_1$: CSR knowledge is more typical of better SMEs owners/managers rather than of worse.

The concept of “better” and “worse” business owner is decomposed into several categories captured by the respective sub-hypotheses.

First of all, CSR knowledge is supposed to be more common in bigger businesses, where it is more likely that some formal CSR activities are initiated. If such formal initiatives exist in a business, the owner/manager would know the concept of CSR. What is more, better (more talented, better educated, open-minded, innovative)
owners/managers increase the chances of their business to grow. This personal characteristics based on education and open-mindedness make it also more likely that the owner/manager knows the concept of CSR. Those two – business growth and CSR knowledge – may therefore correlate.

**H1a**: CSR knowledge is more typical of bigger businesses rather than of smaller ones.

Familiness of a business should be a quality negatively correlated with CSR knowledge for two reasons:

1. Familiness is a factor negative for growth. If H1a is confirmed by available data, family businesses should exhibit lower knowledge of CSR.

2. In family businesses owners/managers are usually family members. Belonging to a family is an important factor for playing this role. This is often at the cost of manager’s quality. Managers being family members more rarely increase their qualifications and are less educated than their non-family counterparts.

Therefore, we can hypothesize:

**H1b**: CSR knowledge is more typical of non-family businesses rather than of family ones.

Better education of the owner/manager, as well as open-mindedness should result in a more innovative business conduct. If “better” managers run more innovative businesses and “better” managers are more likely to know CSR concept, then:

**H1c**: CSR knowledge is more typical of innovative businesses rather than of non-innovative businesses.

As the CSR concept is based on the idea of “giving back” to society, it seems logical to assume that an open and trustful owner/manager is more likely to be interested in the idea of responsible behavior. That is why:

**H1d**: CSR knowledge is more typical of businesses owned/managed by people manifesting trust rather than distrust.

As already mentioned, benefits for a business resulting from CSR activities are difficult to measure and validate. The advantage of those benefits over the costs would decide upon the involvement into such activities. Theoretically, the more owner/manager knows about CSR, the more potential benefits should be noticed and, consequently, the attitude towards CSR should be more positive. Hence:

**H2**: Positive perception of CSR is more typical of better SMEs owners/managers rather than of worse.

Addressing the second research question by referring again to the concepts of “better” and “worse” owners/managers requires a short notice: the dimensions across which those two types of owners/managers are analyzed remain unchanged. They include growth of their business, its familiness, innovativeness and trust. This is reflected by a series of sub hypotheses:

**H2a**: Positive perception of CSR is more typical of bigger businesses rather than of smaller ones.
**H2a:** Positive perception of CSR is more typical of non-family businesses rather than of family ones.

**H2c:** Positive perception of CSR is more typical of innovative businesses rather than of non-innovative businesses.

**H2d:** Positive perception of CSR is more typical of businesses owned/managed by people manifesting trust rather than distrust.

In the next section of this paper the hypotheses formulated above are confronted with empirical data with the use of contingency tables and $\chi^2$ test.

3. Research sample and results

The research sample is taken from the fourth edition of the Pomeranian Economic Observatory (PEO IV). It consists of 695 businesses, mostly belonging to the SME sector. They were interviewed with the use of a questionnaire. The respondents were either business owners or CEOs. They were asked whether they know the meaning of CSR. Out of 695 respondents 674 declared CSR knowledge or its lack. As many as 21 respondents refused to answer this question and they are excluded from further analysis.

Empirical results presented in Table 1 show strong support for $H_{2a}$. Indeed, CSR knowledge is more popular with medium and small businesses when compared with microfirms. Size matters even for the category of large businesses (every third knows CSR), but in this case no statistical confirmation could be obtained.

| Table 1. Business size and CSR knowledge ($p$-value* = 0.007) |
|----------------|----------------|----------------|
| Size:         | CSR knowledge: |                 |
|               | No             | Yes            | Total          |
| [n]           | [%]            | [n]            | [%]            | [n]            |
| Micro         | 101            | 89             | 13             | 11             | 114            |
| Small         | 287            | 76             | 89             | 24             | 376            |
| Medium        | 116            | 73             | 42             | 27             | 158            |
| Large         | 4              | 67             | 2              | 33             | 6              |
| N.a.          | 11             | 55             | 9              | 45             | 20             |
| Total:        | 519            | 77             | 155            | 23             | 674            |

* $\chi^2$ test performed only for SMEs, because of insufficient number of large businesses.

Source: own study, based on the PEO IV research results.


2 The PEO research sample was created in 2006 and at that time it consisted only of SMEs. Over six years (PEO IV was carried out in 2012) some of those businesses grew, and that is why seven out of 695 businesses were classified as large.
As expected, familiness does not favor CSR knowledge (see Table 2). Clearly, CSR is less known among family businesses, which offers support for $H_{1b}$. One should notice here a very low share of those who know CSR in the “n.a.” category. This category was formed mostly by sole proprietorship and these are usually very small businesses; so the size effect is the explanation here.

Table 2. Business familiness and CSR knowledge ($p$-value* = 0.022)

<table>
<thead>
<tr>
<th>Business familiness:</th>
<th>CSR knowledge:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>[n]</td>
</tr>
<tr>
<td>Yes</td>
<td>139</td>
</tr>
<tr>
<td>No</td>
<td>217</td>
</tr>
<tr>
<td>N.a.*</td>
<td>163</td>
</tr>
<tr>
<td>Total</td>
<td>519</td>
</tr>
</tbody>
</table>

* Most businesses in this category were sole proprietorships, which did not declare whether they were family businesses or not.

Source: own study, based on the PEO IV research results.

Table 3. Business innovativeness and CSR knowledge

<table>
<thead>
<tr>
<th>Business innovativeness as:</th>
<th>CSR knowledge:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>[n]</td>
</tr>
<tr>
<td>Export activities:</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>120</td>
</tr>
<tr>
<td>$p$-value = 0.000</td>
<td></td>
</tr>
<tr>
<td>N.a.</td>
<td>303</td>
</tr>
<tr>
<td>Total</td>
<td>519</td>
</tr>
<tr>
<td>Innovation activities*</td>
<td></td>
</tr>
<tr>
<td>Low number</td>
<td>438</td>
</tr>
<tr>
<td>$p$-value = 0.000</td>
<td></td>
</tr>
<tr>
<td>High number</td>
<td>81</td>
</tr>
<tr>
<td>Total</td>
<td>519</td>
</tr>
<tr>
<td>Own marketing research:</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>231</td>
</tr>
<tr>
<td>$p$-value = 0.016</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>288</td>
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<tr>
<td>Total</td>
<td>519</td>
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<tr>
<td>Licence purchase:</td>
<td></td>
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<tr>
<td>Yes</td>
<td>123</td>
</tr>
<tr>
<td>$p$-value = 0.021</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>396</td>
</tr>
<tr>
<td>Total</td>
<td>519</td>
</tr>
<tr>
<td>Co-operation for creating innovations</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>162</td>
</tr>
<tr>
<td>$p$-value = 0.019</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>357</td>
</tr>
<tr>
<td>Total</td>
<td>519</td>
</tr>
</tbody>
</table>

* “Low number” category is assigned to businesses performing less than 5 innovation activities over the last year.

Source: own study, based on the PEO IV research results.
Innovativeness of businesses is not an easy issue to examine.\textsuperscript{3} It can, however, be captured using a few dimensions such as: exporting activities, innovation implementing activities, conducting own marketing research, purchasing licenses to implement innovations and co-operation with other businesses in creating innovations. As can be seen in Table 3, business innovativeness correlates with CSR knowledge in a statistically significant way in all examined dimensions. This should be perceived as a full support for H\textsubscript{1c}.

The last sub-hypothesis connected with CSR knowledge stipulated that owners/managers’ trust and openness should favor CSR knowledge. Similarly to innovativeness, trust and openness were examined using respondents’ declarations about issues related to trust and openness. All three dimensions are presented in Table 4. Empirical findings from this table offer support for H\textsubscript{1c}.

All sub-hypotheses posed in relation to the first research question are supported by empirical data. H\textsubscript{1} should be considered as confirmed.

Table 4. Trust and openness of business owners/managers and CSR knowledge

<table>
<thead>
<tr>
<th>Trust and openness declarations:</th>
<th>CSR knowledge:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>[n]</td>
</tr>
<tr>
<td>High and very high trust towards business partners:</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Total:</td>
<td>519</td>
</tr>
<tr>
<td>Feeling that local authorities care about entrepreneurs:</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Total:</td>
<td>519</td>
</tr>
<tr>
<td>Entrepreneurs can join actions to improve local economic situation:</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Total:</td>
<td>519</td>
</tr>
</tbody>
</table>

Source: own study, based on the PEO IV research results.

Surprisingly, the PEO IV research results do not support H\textsubscript{2}. None of the sub-hypotheses was confirmed. CSR knowledge determinants turned out worthless in explaining positive or negative perceptions of CSR. As many as 40% of the respondents expressed positive attitude towards CSR, whereas 60% believed it is only a fashionable “catchy” phrase or additional unnecessary cost, as shown in Figure 1.

\textsuperscript{3} One of the possible ways is to find the level of R&D expenditures. In practice, however, this approach turns out to be very problematic, as businesses are usually reluctant to reveal any financial data.
The failure to confirm validity of the expected determinants of CSR perception gave the impulse for continued quest for some other possible factors. A number of other variables from PEO IV research was checked, but with no positive result. Clearly, the empirical data from this research do not allow to explain the problem of CSR practices perception by SMEs owners/managers in the Pomeranian region. Thus, the research problem remains open for further investigation.

4. Conclusion

CSR is believed to be mutually important both for businesses and for their social environment. With regard to small business or more broadly – the SMEs sector – studying CSR related problems still can yield new results and findings. In transition economies, such as Poland, CSR is additionally important, as it shapes the general social attitude towards entrepreneurs and creates more favorable entrepreneurial climate [Azmat, Samaratunge 2009]. Therefore, it is worth investigating CSR practices in the context of Polish SMEs sector.

The research into this topic presented in this paper yields mixed results. On the one hand, a few determinants of CSR knowledge in Polish SMEs have been identified. Clearly, the CSR concept is better known among bigger, non-family owned businesses, which are involved in a number of innovative activities, relatively competitive (like exporters are), eager to co-operate with others and owned/managed by open-minded and trustful individuals.

On the other hand, the PEO IV data do not offer any explanation for the differentiated perception of CSR activities. With majority of business owners/managers having rather poor opinion about CSR, the scale of its implementation in Polish SMEs may remain unsatisfactory for a long time. It is strongly advisable to continue research on factors influencing SMEs owners/managers attitude towards CSR. From the data obtained in PEO IV, it is certain that CSR knowledge
determinants cannot explain CSR perception and neither can additional factors analyzed by the author. The second research question posed in this paper remains therefore unanswered.

It should be also noted here that SMEs are a somewhat peculiar research subject in the context of CSR activities. Firstly, small firms are different from their large counterparts not only because they operate using less resources and produce lower output. They also differ in terms of flexibility, hierarchical structure, ways of managing, etc. The differences between small and large firms are, therefore, not only of quantitative, but also – which is more important – of qualitative nature. As a consequence, CSR activities supposedly play a different role in small businesses management. Secondly, many activities or procedures in small businesses (business planning, strategy formulation) are informal rather than formal. This applies to many more aspects, including CSR practices [Fassin 2008]. The use of informal language to describe CSR activities in small businesses makes some research tools developed for large firms inadequate. To sum up, investigating CSR in small businesses requires a different approach, different tools and a different scope [Spence 2007]. This finding is in line with the work of Lepoutre and Heene [2006]. They postulate to use small business social responsibility (SBSR) concepts instead of CSR. What is interesting, they propose to use SBSR not only in the SMEs context, but also argue that investigations into large businesses can benefit from this approach.

Last but not least, small businesses have more problems to make their CSR practices visible to the external world. Large firms use large scale operations and the visibility of their actions is not problematic. Small firms can enjoy such visibility only in some environments, such as rural areas. That is why external motivations to behave responsibly, as well as external benefits from such behaviors, are limited in the case of many small businesses, especially from urban areas.

References


POSTRZEGANIE CSR W POLSKICH MŚP. WYNIKI BADAŃ W REGIONIE POMORZA

Summary: Koncepcja społecznej odpowiedzialności biznesu (CSR) pochodzi z połowy XX wieku i początkowo była badana jedynie w odniesieniu do dużych przedsiębiorstw, w tym najczęściej międzynarodowych korporacji. Renesans firm z sektora MŚP, jaki miał miejsce w latach siedemdziesiątych, spowodował wzrost zainteresowania koncepcją CSR, także w doniesieniu do MŚP. Pomimo tego temat ten pozostaje w znacznej mierze terra incognita, w szczególności w krajach takich, jak Polska, która relatywnie od niedawna cieszy się gospodarką rynkową. Nadal mało wiemy na temat tego, na ile wiedza o CSR jest rozpowszechniona wśród właścicieli/menedżerów polskich MŚP oraz jakie czynniki kształtują ich opinię na temat praktyk CSR. Celem tego artykułu jest identyfikacja determinant wiedzy o CSR i czynników decydujących o jego percepcji, do czego wykorzystano dane pochodzące z czwartej edycji Pomorskiego Obserwatorium Gospodarczego (POG IV). Wykazano, że znajomość CSR jest zdecydowanie bardziej powszechna w firmach większych, nie rodzinnych, zaangażowanych w szereg działań o charakterze innowacyjnym, konkurencyjnych, chętnie nawiązujących współpracę z innymi podmiotami w celu wprowadzania innowacji, a zarządzanych przez osoby otwarte i wykazujące się ponadprzeciętnym poziomem zaufania. Wielkość badanych (60%) wykazuje się jednak negatywnym postrzeganiem praktyk CSR (nieuzasadniony koszt lub moda, nic nie znacząca koncepcja). Wyniki badań POG IV nie pozwalają jednak zidentyfikować determinant zaobserwowanego zróżnicowania percepcji CSR. Sugeruje to podjęcie dalszych, bardziej szczegółowych badań, nie ograniczonych terytorialnie do pojedynczego regionu.

Słowa kluczowe: CSR, MŚP, małe firmy, Pomorskie Obserwatorium Gospodarcze.
TRIPLE BOTTOM LINE CONCEPT
IN THEORY AND PRACTICE

Summary: The article presents the concept of the triple bottom line, which proposes a way of thinking about the social responsibility of covering not only company’s profit, but also the Earth and humans (profit, planet, people). Companies must pursue objectives that are on the one hand economically justified, on the other hand, ecologically acceptable and socially expected. This involves having a clear vision of a company and including in its activities the needs and expectations of stakeholders. Implementation of the described concepts in business practice is not easy... The author has sought to verify the selected issues on the basis of opinions of surveyed managers. The purpose of research was to check how the activities of companies look like in three activity spheres: economic, social and environmental. Particular attention was paid to the issues of corporate social responsibility (CSR) theory and practice in companies, entities towards which the company is responsible and the process of shaping relations with stakeholders.

Keywords: triple bottom line, corporate social responsibility (CSR), stakeholders.

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1. Introduction

Never before have corporate social responsibility (CSR) occupied such a high position among company priorities as now. As N.C. Smith and G. Lenssen write, the financial crisis and its impact on the global economy once more indicated the fact that the stability of the global market depends on the responsible behaviors, models of sustainable business activities, active management of business impact on social life as well as on legal regulations. The global social commitment of corporate businesses is also affected to some extent by problems related to changes in the global climate and deepening social inequalities [Smith, Lenssen 2009, p. 24].

Corporate social responsibility is sometimes identified with the concept of sustainable development. Sustainable development is such course of economic development which does not significantly and irreversibly violate man’s living
environment, reconciling the laws of nature and the laws of economy [Kozłowski 1994]. The strategy of sustainable development is the basis for responsibility in modern business. In this respect, it is more relevant – as is suggested by Smith and Lenssen – to use the notion “corporate responsibility,” which does not suggest the ignorance of responsibility for environmental effects [see: Smith, Lenssen 2009, p. 29]. The implementation of the idea of sustainable development is thus the search for such solutions for business activities which are socially responsible, ecologically friendly and, at the same time, economically valuable [Rok 2008, p. 162]. The essence of this concept is the belief that the necessary condition for the survival of a given company in the long perspective is the satisfaction of social needs by providing products in such a manner so as not to enable the degradation of the natural and social capital.

The concept of permanent and sustainable development includes much more than only the respect for the natural environment. It is impossible to protect the natural environment without a simultaneous respect for local laws, principles of democracy and participation in the development of the civil society or the pursuit of the elimination of poverty. Hence the belief that an effective development strategy for a company needs to include the economic, ecological and social dimension to an equal extent [Rok 2010].

2. Triple bottom line concept

One of the foundations of CSR is the concept of the triple performance line (triple bottom line – 3BL, see Figure 1), which results from the paradigm of sustainable development and is based on the search for balance between the three dimensions: economics, ecology and ethics [Reichel, Oczyp (eds.) 2011, p. 52]. The notion of “the triple bottom line” was used for the first time in 1994 by John Elkington in an article in California Management Review and was expanded and thoroughly explained in 1998 in a book entitled *Cannibals with Forks: the Triple Bottom Line of 21st Century Business* [Gnap 2012]. Elkington’s argument was that companies should be preparing three different (and quite separate) bottom lines. One is the traditional measure of corporate profit – the “bottom line” of the profit and loss account. The second is the bottom line of a company’s “people account” – a measure in some shape or form of how socially responsible an organization has been throughout its operations. The third is the bottom line of the company’s “planet” account – a measure of how environmentally responsible it has been [Hindle 2008].

We can also find a similar definition in *The Green Paper on CSR*, where the triple bottom line is defined as the idea that the overall performance of a company should be measured based on its combined contribution to economic prosperity, environmental quality and social capital [*Green Paper… 2001*].

A more extended definition comes from Krajnc and Glavič [2005], who explain the triple bottom line as “the creation of goods and services using processes and
systems that are non-polluting, conserving energy and natural resources, economically viable, safe and healthful for employees, communities and consumers, socially and creatively rewarding for all working people.”

Andrew Savitz [2006] in turn explains that the triple bottom line “captures the essence of sustainability by measuring the impact of an organization’s activities on the world... including both its profitability and shareholder values and its social, human and environmental capital.” What is common among all of these definitions is an emphasis on sustainable development that is not focused on only one goal.

In the literature, this concept is also known as the notion 3P – people, profit, planet since its aim is for the actions of business entities regarding the environment and the social sphere to be treated like financial results – and thus clearly settled regarding the performance in these spheres. This aspiration is based on the assumption that we care only about what we look after and what we need to settle. The notion “bottom line” itself refers to company’s net earnings, namely to the sphere of economics. The triple bottom line additionally includes the social and the environmental sphere.

The triple bottom line helps organizations look not only on the economic value that they generate but also it makes it possible to incorporate environmental and social values, which may be multiplied or reduced, into the assessment of their activities. This is accompanied by the assumption that despite the commitment of companies
in generating value, in practice they are also involved in processes destroying certain values.

In the narrowest meaning, the triple bottom line may be used as the basis to measure and report the company’s performance regarding business, social as well as environmental parameters. In the broadest meaning, this notion is used to grasp the entire set of values, problems and processes that a company needs to take into account in order to minimize any harmful effects resulting from its activities as well as to generate economic, social and environmental value. This is related to a clear vision regarding the company’s purpose and to taking into account the needs and expectations of stakeholders in the company’s policy and activities [Jonker, Rudnicka, Reichel 2011].

The triple bottom line is based on the idea that a firm should measure its performance in relation to stakeholders including local communities and governments, not just those stakeholders with whom it has direct, transactional relationships (such as employees, suppliers and customers).

The TBL is a difficult concept for many organizations because it implies that firm’s responsibilities are much wider than simply those related to the economic aspects of producing products and providing services that customers want, to regulatory standards, at a profit. The TBL adds social and environmental measures of performance to the economic measures typically used in most organizations. Environmental performance usually refers to the amount of resources a firm uses in its operations (e.g. energy, land, water) and the by-products its activities create (e.g. waste, air emissions, chemical residues, etc.). Social performance generally refers to the impact which a firm (and its suppliers) has on the communities in which it works. Measuring performance against these measures is a complicated task. Shareholder value, market share and customer satisfaction are relatively easy to quantify and measures developed by one organization are readily transferable to others, but social and environment performance are almost certainly unique to each organization, or at least each industry, and they are often very difficult to quantify [Hubbard 2009].

According to B. Willard [2012], the author of The Sustainability Advantage: Seven Business Case Benefits of a Triple Bottom Line, the fully revised business case is organized around seven easy-to-grasp bottom-line benefits that align with current evidence about the most significant sustainability-related contributors to profit:

• increase revenue,
• reduce energy expenses,
• reduce waste expenses,
• reduce materials and water expenses,
• increase employee productivity,
• reduce hiring and attrition expenses,
• reduce strategic and operational risks.

One problem with the triple bottom line is that the three separate accounts cannot easily be added up. It is difficult to measure the planet and people accounts in the
same terms as profits – that is, in terms of cash. The full cost of an oil-tanker spillage, for example, is probably immeasurable in monetary terms, as is the cost of displacing whole communities to clear forests, or the cost of depriving children of their freedom to learn in order to make them work at a young age [Hindle 2008].

The question “whether the implementation of the concept of the triple bottom line is possible at various levels – organization, business, public administration and the society” is answered positively by P. Romaniuk [2011], who in her article states that the name TBL does not even have the word “corporate” and thus it refers to numerous various areas of public activities. Organizations, apart from the fact that they do not operate for profit as opposed to companies, are identical entities as companies – they also need to achieve their objectives, care for stakeholders both internal (employees) as well as external ones (beneficiaries, donors, the local community, the public opinion, etc.) and the environment. This idea may also be implemented by the public administration which has additional tools available (e.g. Green Public Procurement). However, the key to success – according to this author – is, above all, the widely understood social awareness. Without pressure from consumers or the widely understood society, changes for the better will most likely not take place too quickly.

3. Triple bottom line and three types of capital

The idea of the triple bottom line directs attention to three types of capital: economic, social and environmental [Pisz 2011]. Their abundance or shortage determine the perspective of development both in the global scale as well as in national, regional and local areas. Their use in the past generates more and more negative assessments and, at the same time, stimulates discussions about the principles of their use in the future. The issue is the preservation of the global system’s ability to renew so as to preserve conditions necessary for actions for subsequent generations for many years.

The notion “people” (human capital) refers to fair and favorable business practices towards employees, the community and the region in which a company conducts its activities. A company creates a social structure in which company’s good, work and the interests of shareholders are interdependent. Responsibility towards employees may be provided by companies, among others, by treating employees according to the principles of fairness and honesty in mutual relations, creating the best working conditions in terms of safety, ensuring satisfactory terms of employment or supporting the process of development. Companies do not use children’s labor and monitor whether their subsuppliers follow this principle. They usually also try to “give,” undertaking and supporting actions for the benefit of strengthening and developing the local community in such matters as healthcare and education. The Global Reporting Initiative (GRI) developed joint guidelines making it possible for companies and non-governmental organizations to compare statements on social effects of business activities.
The responsibility for the natural environment (the planet), namely ecological responsibility, manifests itself in the company's undertaking sustainable environmental protection practices. This is manifested, among others, in the prevention of water, soil and air pollution. This is also waste segregation and recycling, using appropriate materials and substances as well as installing filters and sewage treatment plants.

A company acting according to the TBL tries to preserve the natural environment, limit its impact or at least not to damage. As is correctly pointed out by A. Kisil, “if an organization gives the people jobs so that they have money to live, it should not, at the same time, destroy or degrade the environment in which they have to live” [Kisil 2013, p. 98]. Production companies assess the product life cycle defining the entire environmental cost.

As part of sustainable development, the aspect of profit needs to be perceived as economic benefits which society also uses. It may be perceived as a permanent impact on the economy which is exercised by an organization in its business environment. It is often mistaken or limited to the internal profit earned by a company or an organization. Therefore, the TBL approach cannot be interpreted as traditional company accounting increased by the social and environmental impact. The earned profit should take into account and should be consistent with the remaining two elements: people and the environment. The TBL concept is a continuous process which makes it possible for a company to conduct more balanced and ecological activities. It makes it possible to co-create the community, it shows that a company does not operate only for profit but also for members of this community.

The TBL concept thus refers to the need to supervise the processes of using natural and social capitals similar to reporting in terms of the economic capital management performance. The latter is observed due to the common principle of drawing up annual balance sheets by all business organizations. National systems made this principle a legal obligation for business entities many years ago. A system of control by external, specialized entities regarding the correctness of prepared annual balance sheets was also developed. The TBL idea aims at introducing the elements of natural and social capitals to reporting management performance. The TBL may be, and basically already is in many cases, a tool directing the attention of managing entities not only towards economic added value but also towards ecological and social value which an entity generates by increasing or destroying these capitals [Pisz 2011].

How performance in the area of the environment and society may be clearly measured so that it can be put in one line with financial performance, as is postulated by the TBL concept? As is indicated by P. Romaniuk [2011], there is a number of very useful tools. The social field includes, e.g. standards AA1000 or SA8000. The environmental field, on the other hand, has ecosystem service valuation methods which make it possible to translate such hardly perceptible values as the value of biodiversity in the company’s local business environment for its activities into the financial language. However, we should also remember about a very important issue. When we enter the social or the ecological sphere, we enter the sphere of values...
which are not easily translated into money; they cannot be bought or sold. Thus, it may be said that e.g. such factor as human rights – the basis of CSR (and TBL) is priceless and it cannot be easily converted into money.

The TBL concept is extremely important for the business environment, as it reinforces the belief that companies, through the implementation of TBL objectives, are co-responsible for their impact on sustainable socio-economic development. Dixon and Clifford even coin the term “ecopreneurship” to describe people and organizations that create economically viable businesses while retaining their core environmental and social values. They generate economic value as a by-product of social and environmental value and filter the potential of resources through the lenses of environmental and social commitment. These authors define ecopreneurship as a “splendid vehicle” for social and environmental change and large scale dissemination of sustainability [Dixon, Clifford 2007].

A very small number, if any, of companies or organizations in Poland implement the triple bottom line concept fully, namely so as to ensure that the sphere of economics is truly equal to the sphere of ecology and ethics [Romaniuk 2011]. The starting point needs to be the awareness and commitment of employees because they decide whether the concepts and standards of CSR remain theory or are verified in practice.

4. Enterprise activities and the TBL concept – research results

The research in the form of an online survey was conducted in order to verify the activities of companies in the three discussed spheres of activity (economic, social and environmental), whether companies focus on only one priority or whether they aim at a balance in the three aspects. The research was of a quality survey nature, with a purposeful sampling. The survey was presented to managers – the students of postgraduate studies for managers of the Cracow School of Business operating as part of the Cracow University of Economics in Kraków.

The completed research was a pilot project. Its objective was to learn opinions and attitudes of managers about the role of contemporary organizations in economic life, implementation of the CSR concept in practice and relations with stakeholders. The question about the knowledge of the TBL concept and its implementation was left out of the survey on purpose. The author wanted to verify not so much what knowledge the respondents have but what real actions in this respect are undertaken by companies they represent.

As many as 27 persons, including 16 men (59%) as well as 11 women (41%) took part in the research. The age of the vast majority of respondents ranged from 31 to 40 years (nearly 70%). Five persons belonged to the age group 41–50 years, two persons were below 30 years of age. One respondent, on the other hand, was older than 50 and he worked in his present company for nearly half of his life, namely for 25 years. The remaining respondents – taking into account the duration of employment
at their present companies – usually work there for several years. Two persons work in the present workplace for less than a year.

The respondents represented the higher (39%), the medium (39%) as well as the lower (14%) management personnel. The respondents included two owners of companies. They were employed in micro- and small (18%), medium (19%) and large (63%) companies. Taking into account the subject of the company’s activities, the majority of them was service-oriented (59%), the remaining ones were production (26%) as well as commercial companies (15%) Respondents represented companies belonging to the following industries: building, trade and repairs, food, hotels and restaurants, education, computer science, finance, banking, financial agency, telecommunications, tourism, medical, services, automotive, electrical and electronic, furniture and interior design, transport, storage and communication.

The author is aware of the fact that due to the selection and the number of sample as well as the nature of conducted research, the analyzed results cannot be generalized on all managers. However, it is possible to describe tendencies observed among the respondents from the analyzed professional group as well as to present views and attitudes adopted by them. Conclusions make it possible to create a certain qualitative assessment of the analyzed issues and the scope of disclosed tendencies towards the selected group. All quoted opinions from the respondents are original, only spelling errors were corrected if necessary.

At the beginning, the respondents were asked how they understand the notion of corporate social responsibility. Each of them responded according to his or her own knowledge and experience. What is important, however, is that all the respondents are well informed in the topic of CSR according to the “spirit” of TBL. Answers included, among others, such that CSR is: “the company’s activities consistent with the expectation of the environment – the community,” “responsibility not only towards employees, superiors but also towards the state, the society, co-workers, business partners etc.,” “being responsible for the organization’s/company’s impact on the company’s vicinity and the environment,” “impact on sustainable development: planet, people, economics,” “awareness that effects of the company’s activities affect the closer and further vicinity (people, the environment) and conducting business activities in such a manner that the vicinity also profits.”

The respondents believed that “a company in its strategy takes into account social interest, honest relations with the community as well as other organizations and others, e.g. environmental protection, care for charity institutions etc.”; “Responsible business is balanced business in action focused not only on financial profit and economic aspects but also taking into account the needs and requirements of widely understood social and environmental interest in the company’s vicinity,” and companies “take into account e.g. environmental protection apart from profit.”

Some respondents pointed to another face of CSR: “all actions undertaken immediately after a series of unfavorable behaviors of the company towards the closest environment,” “applies to companies which are very well developed and
medium but, in the case of the latter, these are only actions adopted in the paper form and are of the nature of the widely understood internal and external marketing.”

Another question related to the respondents’ opinion on the concept of corporate social responsibility and its application in management practice. Answers here were divided as a matter of principle – some respondents believed that CSR has a practical application and they indicated that “large companies conduct such activities. Medium and small companies mistake it with marketing and advertising (they search for profit, effect for themselves directly).” Others refer this idea only to theory, e.g.: “my experience, unfortunately, shows that it is extremely rare in practice”; “I have a feeling that at present this is only a beautiful advertising slogan which, in fact, does not have much to do with what these slogans advertise”; “corporate social responsibility is rather a theory. Companies refer to corporate social responsibility in advertising materials (applies mostly to large corporate businesses) as well as on their websites when writing about missions and visions. However, it is different in practice because both small and large companies, in their pursuit of profit use any possible measures in order to maximize the profit.”

One respondent even wrote that her “professional experience demonstrates the fact that this is more of a marketing element. Because I worked in a large international corporate business, I cannot state what the company’s real intentions in this scope are. While the media present my employer as an example of fiction in this respect – this is only a PR trick.”

The educational role is also indicated: “in our country, there is much to do in this matter. I believe that universities hardly emphasize this topic.”

The concept of corporate social responsibility encourages the discussion on the role of contemporary organizations in economic life. Should they undertake actions in order protect and improve welfare in the society? Or maybe they are responsible towards the society for their actions and need to be involved in social issues? Should socially responsible actions be continuous or is it enough if they are undertaken from time to time? An interesting issue was to what extent the specific attitude of particular managers is convergent with the policy of companies they work for.

The respondents were thus asked to take a personal opinion towards the opinions presented in the question as well as to assess which approach is implemented by their employer. Four theses regarding company’s activities and its responsibility were offered for selection. More than half of the respondents indicated the statement that companies should be interested not only in the maximization of their own profits but also contribute to increasing the level of life in society as the statement with which they agree the most. More than one third of the respondents believe, on the other hand, that companies are responsible towards society for their actions and need to be involved in social issues. Only one respondent (top management in a large company from the financial industry) believes that company’s activities regarding social issues increase the costs for customers and reduce the profits of investors in an unjustified manner. What is interesting, when asked which concept is implemented
Agnieszka Żak

by a company, she answered with an answer suggesting company’s obligation (companies, apart from the maximization of their own profits, should also contribute to increasing the level of life in society). In 50% of cases, the answers coincide – namely company’s activities are consistent with the attitudes of the respondents. In the case of the owners of companies taking part in the survey, these answers were convergent. Thus, it may be assumed that the concept implemented by a company results from the values and views held by entrepreneurs.

Respondents were also asked to indicate which factors – in their opinion – affect the activities of companies employing them. It was possible to provide several answers. The fact that certain factors are listed proves that they are important for a company, they determine undertaking specific actions or adopting specific strategic options. Among eight possible answers (in alphabetical order: customer satisfaction, environmental protection, ethical business activities, health and safety for customers and employees, high quality, profit, social responsibility) three factors obtained a similar number of answers: customer satisfaction (19% of answers), high quality (18%) and profit (17%). Subsequent places were occupied by health and safety of employees (13%) as well as social responsibility (10%). The respondents usually indicated several factors, one person enumerated all of them. Nine respondents, listing the factors referred to above, did not identify profit and one respondent listed only profit. Attention should be paid to the fact that only seven persons identified the environment and its protection as an important factor. It may thus be assumed that the majority of companies in which the respondents were employed does not entirely act according to the triple bottom line strategy.

Companies which are motivated by ideas of the 3P concept are able to skillfully combine the company’s responsible functioning with taking into account environmental, social and economic aspects. The respondents were thus asked towards whom their companies are responsible. The respondents (who were provided with the possibility to choose several answers) stated that companies are most often responsible towards employees, the local community and the natural environment. Other answers, apart from suppliers, also included: customers, owners, recipients, the CEO, “everyone.” One respondent, from a large company, wrote: “should be responsible towards everyone referred to above but, in fact, is responsible only towards the P&L” (profit and loss account).

The basic principles which companies employing the respondents undertake to comply with are communicated in several ways. Usually, company’s values are accepted by the board of directors and are communicated to employees. In large companies, values are usually formulated after consultations with stakeholders and are communicated to the public opinion.

The respondents were asked to answer a question whether the company they work for has a program/code of ethics. This closed question could be answered by selecting one of three options, two of which were positive (yes, as a formal document and yes, in an informal way) as well as one negative (no). Nearly half
of the companies in which the respondents work have a code of ethics as a formal
document (42%). These are mainly large companies (91%), only one of them is
a small company. Four companies have a program/code of ethics in an informal
way (not a written document) (which is 1% of the respondents) – two medium, one
small and one large company. What is interesting, the question about the manner of
the verification of the values a company undertakes to comply with was answered
by two thirds of them that there is a code of conduct which would indicate a certain
form of formal existence. On the other hand, a negative answer was given by 46% of
the respondents. According to them, their companies do not have a code or program
of ethics. Half of them are companies employing more than 250 people, while 25%
are micro- and small companies as well as medium companies.

The purpose of companies – according to the triple bottom line concept – is to
achieve economically justified objectives on the one hand and, on the other hand,
ecologically permitted and socially expected. This is related to the company’s clear
vision as well as taking into account the needs and expectations of stakeholders in
its activities. The respondents were thus asked whether the company they work for
has a written declaration of its own vision. More than half of the companies (56%)
has a vision accepted by the board of directors, in six companies the vision was
also communicated to the public opinion. In several companies, the vision is the
subject of consultations in a company or it is being reviewed. No respondent chose
the answer indicating the possibility of creating a vision prepared after consultations
with stakeholders.

The conducted research was also supposed to provide the image of the
formal position regarding the company’s actions in terms of social responsibility.
The companies for which the respondents work usually adopted the strategy of
implementing social responsibility or there is a record of obligations regarding social
responsibility. In four companies, all heads are responsible for the implementation
of the social responsibility policy, in three subsequent ones a member of the board
of directors responsible for the social responsibility policy was appointed. In two
companies, on the other hand, the implementation of the social policy was incorporated
into the action plan of the board of directors/a specially appointed commission. It
is pretty bad, however, that almost one third of respondents chose the answer that
companies do not conduct activities regarding social responsibility. The respondents
answering in this way mainly represented micro- and small companies but this group
also included large companies belonging to the public sector, the building industry,
the interior design industry, the automotive industry and the IT industry.

As already mentioned, the implementation of the concept described in this article
is impossible without shaping relations with stakeholders. At the beginning, it is
worth stating that two respondents chose the option that the notion of stakeholders
is unfamiliar to a company. One of them, which belonged to middle management,
was employed in a small service-oriented company, private partnership, involved in
sports and leisure. The second respondent, belonging to senior management, worked
in a medium limited liability company from the medical industry. The relations with all the types of stakeholders which are undoubtedly present in both companies inspire thoughts about their nature and intensity.

More than half of the respondents (53%) identified groups of their stakeholders. However, only three companies identified the nature of relations with these groups. The companies of almost 20% of the respondents identified problems regarding a company and its groups of stakeholders, four companies modified the problems and/or confirmed them as part of a dialog with the groups of stakeholders. One respondent, describing the shaping of relations with stakeholders, marked several answers – the company was not confined to identifying the groups of stakeholders but also it identified problems occurring as part of the dialog with particular groups of stakeholders.

Therefore, it may be concluded that the process of shaping relations with stakeholders is a difficult task for companies and not all companies are able to cope with it. It is important, however, that practically all companies undertake this challenge and implement them according to their capacities. It is difficult – in the light of the quoted statements – to speak about the implementation of the TBL concept, in particular: about measuring and reporting the company’s performance in these three dimensions to the public opinion.

The author sees the need for further research. As already mentioned, still few Polish companies fully implement the TBL concept in practice. As a result, further research seems to be relevant, also of quantitative nature, which would demonstrate the scale of this phenomenon in Poland. It would be also interesting to examine whether and to what extent Polish companies and managers employed in them pursue the new approach to managing the triple bottom line.

5. Conclusions

The conducted research indicates the fact that companies make certain efforts for the benefit of the widely understood group of stakeholders. In some companies, these actions assume the shape of strategies, in others – they are only ad hoc. Still too little attention is paid to environmental issues, maybe because, “although it is difficult, people may claim their rights and the planet is unable to” [Smith, Lenssen 2009, p. 517]. As is indicated by L.N. Van Wassenhove, arranging objectives related to sustainable development with the interest of employees and market stimuli may be difficult – the profit, the planet and people are three notions between which it is difficult to maintain balance [Smith, Lenssen 2009, p. 517].

However, it is worth taking this effort, taking into account long-term benefits. After all, each company is an element of the business, social and ecological infrastructure [Kuraszko 2010, p. 86]. A fragment of Nowe horyzonty may be quoted as a summary [Jonker, Rudnicka, Reichel 2011], in which the authors indicate the fact that the essence of the TBL approach is to transfer a strategic idea in a simple
way: an organization increases short-term and long-term values through gradual management of its business, environmental and social impact so as to generate more possibilities and minimize risk. Companies not only generate values for themselves, their impact also provides benefits for the community.

References


KONCEPCJA POTRÓJNEJ LINII PRZEWODNIEJ
W TEORII I W PRAKTYCE

Streszczenie: W artykule zaprezentowano koncepcję triple bottom line, która proponuje sposób myślenia na temat społecznej odpowiedzialności obejmujący nie tylko zysk firmy, lecz także Ziemią oraz ludzi (profit, planet, people). Zadaniem przedsiębiorstw jest realizacja celów z jednej strony uzasadnionych ekonomicznie, a z drugiej dozwolonych ekologicznie oraz oczekiwanym społecznie. Więże się to z posiadaniem przez firmy jasnej wizji oraz uwzględnianiem w ich działaniach potrzeb i oczekiwań interesariuszy. Realizacja opisanej koncepcji w praktyce gospodarczej nie jest jednak łatwa… Autorka artykułu podjęła również próbę zweryfikowania wybranych zagadnień w oparciu o opinie ankietowanych menedżerów. Celem badań było sprawdzenie, jak wygląda działania przedsiębiorstw w trzech sferach aktywności: gospodarczej, społecznej i środowiskowej. Szczególną uwagę zwrócono na kwestie teorii i praktyki corporate social responsibility (CSR) w przedsiębiorstwach, podmiotów wobec których firma ponosi odpowiedzialność oraz kształtowania relacji z interesariuszami.

Słowa kluczowe: potrójna linia przewodnia, społeczna odpowiedzialność biznesu, interesariusze.