Corporate social responsibility in enterprises

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ABSTRACT

Corporate social responsibility stands for actions related to economic, ethical or environmental responsibility. The aim of the research was to obtain information from the respondents concerning the applied activities in the field of corporate social responsibility. A random sample selection was used in the survey. National and foreign subject literature was also used in the study.

Keywords: corporate social responsibility, enterprise, environmental responsibility

1. INTRODUCTION

Corporate Social Responsibility (CSR) is an important instrument for managing an enterprise. Every enterprise should implement CSR rules in its activity. Such actions contribute to the achievement of long-term business objectives. It is important that these activities are undertaken responsibly and consciously.

Since the second half of the 20th century, there has been a debate on corporate social responsibility [6]. The beginnings of CSR are attributed, among others, to the work of Howard R. Bowen from 1953, in which he argued that a businessman’s duty is his responsibility towards society. The foundation of Bowen’s work was the conviction that the activities of several hundred largest enterprises had a significant effect on the life of society. In his work, Bowen poses a question regarding the responsibilities of companies towards society.

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The theoretical foundations of CSR have been formed over the centuries, and the rapid social and economic development has increased the demand for knowledge on business ethics. Increasingly, attention is being drawn to the relationship between business and society as well as to the responsibility of the entrepreneur for the effects of the conducted activity. The management staff should reconcile the needs of various stakeholder groups that may affect the functioning of the enterprise. In this context, simply considering only the interests of the company's owners or shareholders is insufficient and disadvantageous for the company.

The greatest development of CSR took place in the 1960s in the United States and it was applied mainly in large companies. The development of CSR is observed in the face of growing social problems.

The perception of an organization as socially responsible has a positive effect on the company's image and contributes to achieving a competitive advantage. More and more often, the company's stakeholders expect social responsibility from it.

2. THE ESSENCE AND DEFINITION OF CSR

CSR stands for Corporate Social Responsibility. The idea of corporate social responsibility boils down to the voluntary undertaking of socially responsible actions by enterprises. CSR is defined as socially good actions. Being socially responsible means investing in human resources, environmental protection, relations with the company's environment and informing about these activities. All these activities contribute to the growth of the company's competitiveness as well as to the shaping of conditions for sustainable social and economic development.

CSR is recognized as an element of conscious strategy of the enterprise, which may become a cause for gaining a competitive advantage [13].

One of the principles of the concept of social responsibility is to satisfy the needs of society [11]. The conviction of the society that many problems of the modern world are closely related to the economic activity of entrepreneurs has led to the development of CSR. Almost all business decisions affect the company's stakeholders as well as the natural environment.

Over the years, the CSR definition has evolved. A. Carroll is the creator of a model that covers four areas of responsibility: economics, law, ethics and philanthropy [3]. These areas co-create social responsibility, in which legal and economic responsibility is obligatory while ethical and charitable responsibility is voluntary. The main guideline in explaining the issue of social responsibility is responsibility for both internal interests of the company as well as social and environmental interests. The amounts spent by companies on supporting social or environmental initiatives are not regarded as an expense, but, on the contrary, as investments that may bring both tangible and intangible benefits in the future.

The definitions point to moral and ethical aspects or highlight relationships with the environment. One of the definitions of social responsibility that puts emphasis on moral aspects is the definition of the World Business Council for Sustainable Development. It identifies CSR with the ethical behaviour of the enterprise in relation to society, consisting in obtaining economic benefits with a simultaneous improvement of employees’ lives and the whole community.

According to C. Frederick, social responsibility stands for using means of production in such a way that production and distribution improve the life quality of society. In a broader
sense, social responsibility implies a readiness to use economic and human resources for social purposes, and not only for private ones [5].

According to H.R. Bowen, social responsibility refers to the obligations of entrepreneurs to make such decisions or follow such lines of action that are desirable from the viewpoint of the goals and values of our society [2]. According to J.W. Anderson, social responsibility is a set of commitments to protect and strengthen the society in which the organization operates [1].

K. Davis said in his work that there is an iron law of responsibility under which those who do not use their power in a socially responsible way in the long term will soon lose it [4].

According to Hopkins, corporate social responsibility is the ethical and socially responsible behaviour towards different stakeholder groups [7].

In order to unify the way the concept of social responsibility is interpreted, a definition developed by the European Commission has been adopted, according to which CSR is a concept integrating social and environmental issues as well as a voluntary impact on various stakeholder groups [12]. Within the successive 10 years, this definition has been changed, according to which CSR refers to activities of enterprises affecting society and the environment that go beyond legal requirements. In many cases, companies are encouraged to be socially responsible [14], as this has a positive effect upon the company's image on the market and contributes to the achievement of a competitive advantage.

It is noteworthy that despite the multitude of definitions of social responsibility, the authors are quite unanimous. Only environmental responsibility is not included in all definitions. Responsibility results from the respect of certain values by managers, employees and company owners. The activity of enterprises has a significant effect on the surrounding reality and manifests itself not only in the care of companies for the natural environment, employees or working conditions. It encompasses running a business based on similar values, recognizing people in production, distribution and consumption processes and implementing the principles of social responsibility in all areas of the company's functioning.

B.W. Husted and D.B. Allen introduced the concept of Corporate Social Strategy (CSS). In the model they proposed, the CSS strategy is parallel to the corporate strategy. Both of them significantly influence the growth of the company's competitive advantage. Whether the corporate social responsibility and social strategy will be treated as synonyms remains a question to be resolved [8].

Regardless of which definition we adopt, socially responsible actions should be closely related to the key activity of the company in order to become a part of the implemented strategy [13-16]. This should contribute to the achievement of a competitive advantage by the company.

For the purposes of this article, it can be assumed that CSR is a long-term concept of building social trust consisting in satisfying the needs of stakeholders, which allows both to achieve the objectives of the organization's strategy as well as to solve social and environmental problems [17-19].

3. SOCIALLY RESPONSIBLE ACTIVITIES IN ENTERPRISES

Large organizations have socially responsible activities inscribed in the strategy. Moreover, these activities are somehow induced by various stakeholder groups or by the risk of reputation loss. In the case of small enterprises, there are no similar extortion factors. This does not mean, however, that CSR is not applied in small companies, but more often than not
these are unconscious actions [20, 21]. Corporate Social Responsibility is based on four pillars: workplace, market, local community and environment (Figure 1).

The most frequently mentioned socially responsible activities include:

– activities addressed to employees. These include:
  
  (a) improvement of working conditions
  (b) creating equal opportunities in the workplace
  (c) a clear assessment system
  (d) training and professional development
  (e) financial assistance for workers
  (f) the right to privacy and safe working conditions,
  (g) ensuring safe and comfortable working conditions
  (h) health promotion and stress reduction
  (i) work – life balance
  (j) employee ethics
  (k) appropriate action to be taken in the event of termination of employment
  (l) talent management
  (m) dialogue with employees

Enterprises are obliged to respect the rights of employees and to strive to provide a friendly environment in the workplace. Employees constitute a special group of stakeholders of the enterprise, which should constantly strive to improve the competence of employees in order to respond to the changing expectations of customers, investors and society [22, 23].

– activities addressed to the public – good practices in this area concern:

  (a) promotion of healthy lifestyles
  (b) supporting local projects
  (c) participation in conferences and forums
  (d) financial and material support for local public services
  (e) improvement of local infrastructure
  (f) educating the local community

– market-oriented actions – most frequently they concern the relations with customers, who are the key stakeholders of the company. They include:

  (a) fairness towards business partners
  (b) timeliness in the performance of contracts
  (c) appropriate marketing
  (d) ensuring consumer safety
  (e) improving product quality
  (f) provision of voluntary services
  (g) fair pricing policy
  (h) cooperation with local partners, etc.

– actions for the benefit of the natural environment – in this respect, good practices concern mainly:

  (a) prevention of environmental pollution
  (b) limiting the negative effects of the company's own activity
(c) implementing environmentally friendly production processes  
(d) use of ecological suppliers' assessment  
(e) reduction of the volume of generated waste  
(f) informing stakeholders about environmental issues  
(g) manufacturing environmentally friendly goods

According to Visser, companies do not limit themselves to one type of socially responsible activity, but combine them [24, 25].

![CSR pillars](source: Own study)

### 4. STAGES OF CSR IMPLEMENTATION

The implementation of socially responsible actions in a company is a long process that requires careful preparation. All decisions made within the framework of CSR implementation should be conscious and should take into account external and internal factors influencing these activities. The process of implementing socially responsible activities is based on the model of W.E. Deming, called the P-D-C-A cycle. The cycle puts emphasis on the prevention of errors, the establishment of standards as well as on continuous monitoring of these standards.

The model is based on a consecutive logical sequence of actions [26, 27]:

- Planning  
- Doing  
- Checking  
- Acting

In accordance with the idea of the Deming cycle, the company should implement individual stages of the cycle periodically. The P-D-C-A cycle is shown in Figure 2.

The first stage of the cycle is planning. It includes:

- determining the opportunities and capabilities of the parties – at this stage, the enterprise managers should determine what they mean by CSR [28, 29].
identification of different stakeholder groups influenced by the enterprise's activity and vice versa. It is worthwhile to organize an information meeting at this point, where the staff will discuss the scope of the organization's activities, basic information about the products offered by the organization, as well as the effect they have on social and environmental aspects. Such conversations are aimed at explaining the approach of a given enterprise to CSR, they also allow the organization to get to know its stakeholders' opinions which leads to the identification of positive and negative practices in the functioning of the organization [30, 31].

– analysis of results and selection of areas where differences in priorities can be observed
– risk analysis and risk assessment – after completed meetings with stakeholders, the company should already possess knowledge about their expectations. At this point, a thorough analysis of the areas of stakeholder involvement as well as of the divergences of interests of both parties should be carried out. It is worth answering the questions about the influence of a given area on enhancing competitiveness as well as on the existing opportunities and risks.

Planning should be regarded as the most important activity, since the adopted objectives and designed activities have a direct effect on all the remaining actions [32-34].

![Fig. 2. P-D-C-A cycle](source)

The second stage includes the implementation of the adopted assumptions. In order to increase the chances of success of this stage, it is essential to provide adequate staff and other necessary resources. At this stage, the basic principles of the sustainable development policy should be established and the objectives and programmes set in advance, should be approved. It is also necessary to define CSR management procedures, as well as process supervision and performance monitoring. If the planned objectives are not achieved, preventive and corrective actions should be taken.
The next step in the second stage is to provide information on the results of analyses and CSR objectives. This information should be provided to all stakeholders involved in the process. The information can be conveyed directly or via the Internet by being placed on a website, by organising conferences or sending letters. The next stage involves the implementation of the system. It is a continuation of the previous stages. It is the part of the CSR implementation where the so-called rooting of the system takes place. It is now necessary to continuously monitor the results, take preventive and corrective actions, conduct internal audits and continue the dialogue with stakeholders.

The last stage encompasses management. It includes:

– monitoring the achievement of objectives and development,
– continuous updating of the assessment of opportunities and risks
– assessment of the effectiveness level of the implemented system and the adopted policy [35-37].

5. OWN STUDY

In order to analyse the topic of the paper, a survey was conducted in March 2019 by means of a questionnaire. The survey was conducted among 100 randomly selected companies based in the Silesian Voivodeship.

5. 1. Characteristics of respondents

78% of the respondents operate in urban areas and the rest in rural areas. The largest group were entrepreneurs aged 31-40. A detailed age distribution of respondents is presented in Table 1.

<table>
<thead>
<tr>
<th>Age group</th>
<th>Number</th>
</tr>
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<tbody>
<tr>
<td>21-30 years of age</td>
<td>24</td>
</tr>
<tr>
<td>31-40 years of age</td>
<td>18</td>
</tr>
<tr>
<td>41-50 years of age</td>
<td>33</td>
</tr>
<tr>
<td>51-60 years of age</td>
<td>11</td>
</tr>
<tr>
<td>60 years of age</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Own study

The respondents were asked to specify their level of education. According to the answers, 57 entrepreneurs declared secondary education (Table 2).
Table 2. Education level of respondents.

<table>
<thead>
<tr>
<th>Education level of respondents</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>higher</td>
<td>26</td>
</tr>
<tr>
<td>secondary</td>
<td>55</td>
</tr>
<tr>
<td>vocational</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Own study

5. 2. Data analysis

To a question examining the level of knowledge on corporate social responsibility:

- 59% of the respondents are very familiar with CSR issues
- 23% of respondents have basic knowledge on this subject
- 7% of respondents have heard about CSR practices but do not know exactly what it is about
- 11% have never heard of corporate social responsibility

57% of respondents identify corporate social responsibility with taking care of social interests and the natural environment, 32% of respondents associate CSR with marketing activities and 11% with charity (Fig. 3).

![Fig. 3. Respondents' associations on CS (%)](image)

Source: Own elaboration based on own research.
Another question concerned what kind of socially responsible activities are performed in the respondents’ companies. It turns out that 24 do not undertake any activities in this area, 58 conduct activities for employees, local communities or the environment, but do not have a CSR strategy, and only 18 enterprises have a conscious strategy of social responsibility (Fig. 4).

![Pie chart showing socially responsible actions](chart1.png)

**Fig. 4.** Socially responsible actions in the surveyed companies  
Source: Own elaboration based on own research.

When asked about CSR practices in relation to the natural environment, the respondents mentioned activities aimed at reducing the consumption of raw materials, waste segregation, the use of recycled raw materials and the replacement of cars with more eco-friendly ones. The respondents were allowed to choose multiple answers (Fig. 5).

![Pie chart showing good practices](chart2.png)

**Fig. 5.** Good practices in relation to the natural environment  
Source: Own elaboration based on own research.
The next question concerned the company's activities for the benefit of its employees. Also here, respondents had the possibility of choosing multiple answers. 64 apply a transparent system of employment, 65 care about safety in the workplace, 49 care about the respectful treatment of employees, 35 companies care about broadening the knowledge of their employees, and 19 abide by clearly defined ethical principles (Fig. 6).

![Bar chart showing actions for the benefit of employees](chart1.png)

**Fig. 6.** Actions for the benefit of employees
Source: Own elaboration based on research.

The next question concerned practices in relation to the local community. It turns out that only 13 of the surveyed companies support the local community financially, 6 apply non-financial activities, while 81 companies support local development (Fig. 7).

![Bar chart showing activities supporting the local community](chart2.png)

**Fig. 7.** Activities supporting the local community
Source: Own elaboration based on own research.

Another question concerned the most important, in the opinion of respondents, factors positively influencing the development of corporate social responsibility. Most respondents pointed to good relations with various stakeholder groups and a positive image of the company.
Among the answers there was also willingness to gain a competitive advantage as well as pressure from the public opinion (Fig. 8).

![Pie Chart]

**Fig. 8.** Factors supporting the development of social responsibility  
Source: Own elaboration on the basis of conducted research.

The last question concerned the factors hindering the development of corporate social responsibility. According to the respondents, these are: lack of knowledge on CSR and lack of sufficient financial resources (Fig. 9).

![Pie Chart]

**Fig. 9.** Factors hampering the development of CSR in enterprises  
Source: Own elaboration on the basis of conducted research.

It turns out that over a half of the surveyed entrepreneurs possess a broad knowledge on corporate social responsibility. Only 11 of them have not encountered this concept before. The
majority of the respondents (57) associate corporate social responsibility with attentiveness to social interests, 32 respondents identify it with marketing activities, and 11 perceive social responsibility as charity.

58 surveyed entrepreneurs declare actions for the benefit of employees and improvement of working conditions, however, they do not have a developed and implemented CSR strategy. 24 respondents do not take any actions in the field of social responsibility and only 18 enterprises use a conscious CSR strategy.

The good practices for the benefit of employees are listed below:

– clear employment procedures are applied
– health and safety trainings are provided
– preventive actions are taken
– human rights are respected
– a policy on the protection of personal data is developed
– all work benefits are paid by the company in a timely manner
– cyclical interviews with employees are conducted
– trainings for employees are organized
– studies are subsidized
– programmes to counteract gender discrimination are developed

Companies' concern for their employees as part of their CSR policy has its dimension in the mutual relationship between the two bodies. A satisfied employee is involved in the company's activity, which has a positive effect on the company's image. The implementation of socially responsible activities translates into greater motivation, increased productivity and willingness to stay in the workplace. When asked about supporting the local community – 13 companies financially support the local community, 6 companies provide non-financial aid and 81 companies declare support for regional economic development.

Good practices in this area concern:

– support for local sports centres
– employee volunteering
– free expert advice
– participation in local festivals
– hiring local workers
– purchasing from local suppliers

The surveyed entrepreneurs actively support the natural environment. Their actions include:

– reduction of the use of raw materials
– waste segregation
– the use of recycled raw materials
– the replacement of vehicles with eco-friendly ones.

On the basis of the received answers it should be noted that social responsibility is practiced in many enterprises, although these actions do not constitute a conscious strategy of the companies. In the respondents' opinion, the factors that have the greatest influence on the
development of CSR in Poland are good relations with various stakeholder groups (44) and a positive image of the company (31). Other answers included the willingness to gain competitive advantage (17) and pressure from the local community (8).

On the other hand, the main obstacles to running a socially responsible business are: the lack of knowledge about responsible business (49) and the lack of financial resources for this purpose (31). Slightly fewer respondents point to the fact that companies focus on short-term objectives (20).

6. CONCLUSIONS

The increase in the awareness of the society does not remain without influence on the functioning of modern enterprises. All over the world there is a debate on the role of enterprises in social and economic life. Today's authentic and well-informed consumer reflects the intentions of the actions taken [9]. Therefore, the concept of corporate social responsibility is gaining more and more supporters, both among entrepreneurs themselves as well as among various stakeholder groups. Nevertheless, the level of knowledge and practical implementation of CSR practices is still insufficient and requires further intensive information and promotion actions. A socially responsible company is a good example for others. Rational use of natural resources or reducing pollution are worth following. A worker-friendly company supporting the local community can pride itself on a positive image on the market, since such actions are a good advertisement for the company itself. The implementation of socially responsible activities eventually allows to achieve measurable benefits in the form of reduced costs (energy or water bills). One of the biggest CSR challenges is continuous education of entrepreneurs on the benefits of socially responsible activities. Supporting companies that apply the strategy of social responsibility can motivate other enterprises. It seems that actions for the benefit of an employee, community or the natural environment should become a permanent legal regulation inscribed in the conduct of business activity. Frequently, companies are seemingly involved in socially responsible practices, emphasizing their charitable activities. Meanwhile, one should not forget that CSR is not philanthropy. All CSR activities should be part of the company's strategy and be closely related to what the company does. In this way, it is the simplest method to distinguish pure marketing and PR activities from CSR. More and more entities are building their relations with others based on the principles of corporate social responsibility. It is worth noting that it is not enough to simply make a declaration in this respect. Practical CSR implementation must be based on high social awareness and real action to protect the environment or solve social problems. It is to be hoped that in the future, socially responsible activities will become an inherent part of a company's strategy, and all good practices in this area will be perceived not as a cost of running a business, but as an investment in the development of the company [37].

References


