

***Corporate Social Responsibility Politics in Small and Medium-sized Companies
from Poland***

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Abstract

It would be seemed that Corporate Social Responsibility is the domain of large companies, which due to their adopted policy and financial means, are able to perform actions according to the scope of CSR. However, as with the principles of the Sustainable Development concept, companies from the SME sector are able, to some extent, carry out activities in line with the CSR policy. The main purpose of this article was to conduct the research among Polish companies from the SME sector, related to the CSR concept implementation. The author have studied what kind of actions are being, the most often, performed, to what extent, the employees and immediate surroundings, are engaged in the implementation of these actions and whether they bring concrete results in the form of, for example, an increasing number of customers, bigger market share or higher profits. At the end, the possibility of developing some guidelines for SME companies, declaring their willingness to take action in the field of CSR, has been also discussed.

Keywords: Corporate Social Responsibility, Small and medium-sized enterprises, environment, profits, micro enterprise

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Introduction

At present, CSR is understood as a central feature in the business strategy of companies, also it means large energy resources are used by the company for CSR concept realization. The concept of Corporate Social Responsibility (CSR) first appeared in the 50s, but till the 80s there was only a definition. The first action in the field of CSR activities were purely philanthropic and very often based on personal benefits, very rarely they were taken for the benefit of business for the company. Above all, these activities were not considered as strategic activities, with considerable benefits for the company. Only when it became clear that properly conducted policy of CSR can contribute to a significant competitive advantage in the market, CSR has become an integral part of the activities, which are strategic actions for the development of enterprises. In Europe, the introduction of the concept of CSR practice took place many years later than in America. The explanation for this may be the fact that the responsibility initially was seen as a duty to perform and not as a way to expand business.

The CSR concept has been significantly expanded in comparison to the historical origins and is still the subject of public debate. The essence of CSR with a modern twist faithfully reflects the ISO 26000 norm on CSR. ISO 26000 norm, in the "Guidance on social responsibility", provides guidance on Social Responsibility defined as the organization's responsibility for the impact of its decisions and activities on society and the environment, through transparent and ethical behavior in key areas such as:

- Corporate governance,
- Human rights,
- Best practices at work,
- Environment,
- Fair operational practices,
- Consumers' issues,
- Social engagement and local community development.

The ISO 26000 norm is intended for all organizations: business, central and local government and the third sector.

The definition that summarizes the key aspects of CSR is the definition given by the European Commission in 2001, contained in the Green Paper: „Social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Being socially responsible mean not only fulfilling legal expectations, but also going beyond compliance and investing ‘more’ into human capital, the environment and the relations with stakeholders”.

It is also worth quoting the definition of CSR given by Kellie McElhaney'a, a professor at the University of California, who stated that: „CSR is not about how you spend the Money – it is about how you make the money you spend!”

The global perspective of the development of corporate social responsibility shows the study "State of Sustainable Business Survey. Comparing Perceptions of Current and Future Sustainability Leaders", conducted by 3 organizations: BSR, GlobeScan and Net Impact. To carried out periodically poll of professionals involved in sustainable development around the world, added response analysis of future leaders -

students affiliated to the network Net Impact. Both groups have agreed to assess progress in the field of sustainable development, what business has made in the last 5 years, and also what to do for the next 5 years. A small part of them (approx. 20%) agree with the statement that this progress can be assessed as very significant, but the vast majority confirms that sees a change in this respect. The most important challenges facing business leaders in the field of sustainable development, respondents received: to integrate the concept of sustainable development to the core business activities of companies; confidence of investors as to the appropriateness and cost-effectiveness of sustainable development; long-term planning and greater transparency in business. The biggest differences between the two study groups can be observed when asked about what the priorities should guide companies when it comes to issues of sustainable development. For the current business leaders are the most important human rights and workers' rights, while the future leaders of the most important recognized sustainable consumption, access to water and the fight against climate change.

Corporate Social Responsibility in Polish Companies

The results of the global survey can be compared with similar realized in Poland. The study "Corporate Social Responsibility: facts and opinions" was conducted by KPMG and the Responsible Business Forum among large and medium-sized companies operating in our country - 96% of them believe that the duty of business is to respond to societal and environmental challenges. Such an opinion prevails universally, regardless of the current commitment to CSR. Both the representatives of the top management, as well as people in other positions agree with the statement that business should conduct its business in order to respond to these types of challenges. Among the tasks of sustainable development as the most important, from the point of view of their business, respondents recognized the protection of the environment, support the development of local communities, as well as issues of science and education.

A positive surprise of this survey is the result of 77% - so many respondents agreed with the statement that the operation in accordance with the concept of CSR had a positive impact on financial results. This conviction expressed slightly less members of the top management (73% of responses) than other employees (81%). Less should enjoy that ranked the most benefit from conducting activities in accordance with the concept of CSR is to improve the company's image on the market (52%).

From the another survey conducted by the Responsible Business Forum and GoodBrand "CSR in Poland. Managers/500 as manager, leader of CSR", shows that the knowledge of the representatives of the largest companies in Poland about socially responsible business (CSR) is growing. More and more managers perceive the operation of the business in a broader perspective, the social environment, but also the impact on the environment. This mental opening does not always go hand in hand with the attitudes and practical action - clearly visible is a problem in recognizing the social responsibility characteristics of long-term social investment, having a real impact on business success. Many managers still have trouble to adopt the awareness of "do it now!", pressure on the immediate-profit and short budget perspective. In Poland we still have to deal with the preliminary stage of development of CSR, which is reflected in the fact that the main actions are still in form of charitable activities

and, therefore, mainly various types of financial and material support. However, steadily increasing the perception of business representatives on the importance of local communities and cooperation with non-governmental organizations. The least popular among managers enjoys volunteering, especially implemented during working hours. Therefore, identifying the main barriers facing the development of socially responsible business, it should be noted:

- low level of knowledge about CSR and this, which tools should be used and where the good practices should be received from;
- immediacy pressure – a pressure on short-term target and business strategies;
- related with the above, low level of engagement and lack of support from top management for CSR idea.

Based on the results of the study, a conclusion that, at present the biggest challenge is the need to disseminate knowledge on CSR and an indication of the potential market leaders CSR legible and reliable relationships existing between the principles of socially responsible business and market success, can be formulated.

The Research Methodology

The survey was conducted at the beginning of 2015 and covered polish enterprises from SME sector (including micro ones as well). The research questionnaires have been sent to 500 companies, but for the final research, 467 was included. 33 questionnaires have been rejected due to formal mistakes, also some of them have never been returned. The selected companies operate in the sector such as: oils and fats production, dairy products production, clothing production, printing and typography services, plastics production, households appliances production, kitchen furniture production, children accessories products production and toys and games production, transportation and storage, information and communication.

Table 1. Profiles of surveyed enterprises according to the polish classification of activities

Activity profile	No.	Amount	%
Oils and fats production	10.4	9	2
Dairy products production	10.5	9	2
Clothing production	14.3	106	23
Printing and typography services	18.1	23	5
Plastics production	22.2	80	17
Households appliances production	27.5	32	7
Kitchen furniture production	31.02	14	3
Toys and games production	32.4	70	15
Children accessories production	32.3	28	6
Transportation and storage	49.2	51	11
Information and communication	63.4	45	9

Source: Authors' own work.

The minimum sample size for estimating the probability of p success in a general population, was calculated on the basis of the formula for sample size with a very large population. As was evident from the calculations, the minimum sample size, should be 384 questionnaires. Due to the fact that the study involved 467 questionnaires, it can be assumed that this condition has been met.

The research results

As was mentioned in the beginning, we have studied what kind actions are being performed and to what extent, the employees and immediate surroundings, are engaged in the implementation of these actions and whether they bring concrete results in the form of, for example, an increasing number of customers, bigger market share or higher profits received by the company. But at the beginning the structure of surveyed companies has been presented.

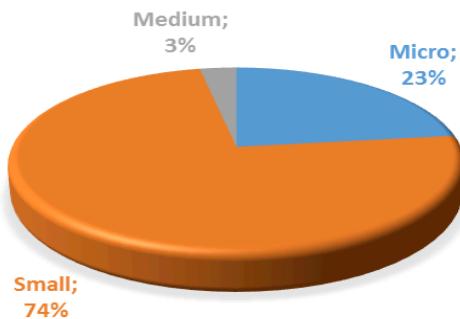


Fig 1. The structure of surveyed enterprises.
Source: Authors' own work.

From the figure is visible that small companies (from 10 up to 49 employees) are the vast majority of surveyed companies. In total, 345 of this kind of enterprises have returned the filled questionnaires. On the second place were the micro ones (up to 10 employees) – 107 companies and medium sized companies are on the last place – only 15 of them have taken a part in a research.

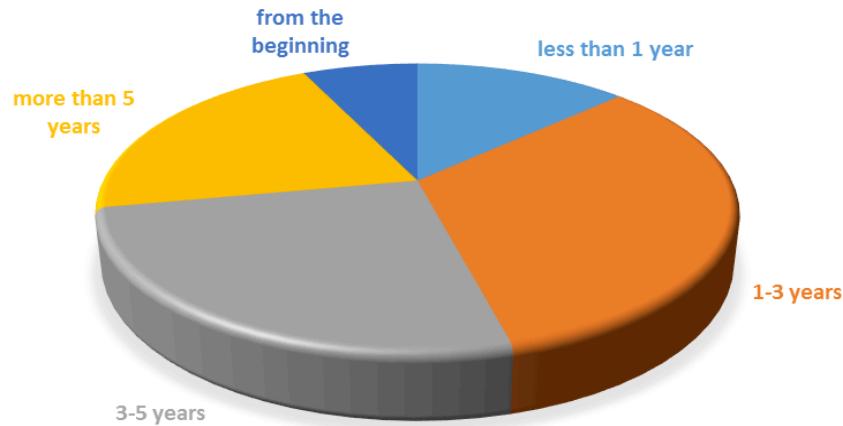


Fig 2. The period of conducting activites related to CSR.

Source: Authors' own work.

According to figure 2, it is visible that the biggest number of companies, 154 units, have been conducting CSR action for 3 to 5 years. On the second place are the companies, 121 of them, who have been performing these actions for 1 to 3 years. And only 33 of the surveyed companies have been performing these actions from the very beginning, meaning, from the time they have started operating on the market. And almost one hundred (98 units) companies have been conducting CSR actions for more than 5 years. From this we can assume that mostly, the companies have decided to take this kind of actions, when they can afford this or they have a stable position on the market. Is it clear that CSR is still not a priority for the companies operating on the polish market. From the other side, the vast majority of companies, who have been doing this for 1 up to 5 years, means that CSR issue is not a new concept any more. And we can only predict that in the following years, more and more companies will decide to implement CSR into their basic operation. Or will start treat CSR as a necessary actions during their life on the market.

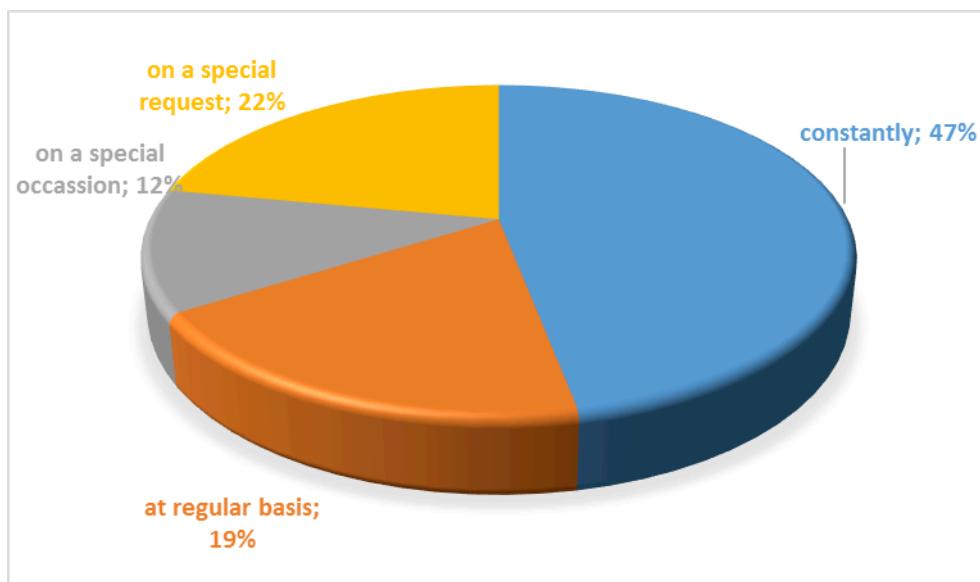


Fig 3. The frequency of taking CSR actions.

Source: Authors' own work.

Almost half of surveyed companies have stated that CSR actions are being constantly performed. It means that CSR become an integral part of the overall company's functioning. It has the same level of importance as actions such as: advertising and promotion, work and safety regulations, environment protection or communication with the clients. CSR in these companies is present in their mission, vision, targets and daily operations. As one of the managers said: "We have work and safety regulations on the walls, and also we have CSR policy on the wall". More than one hundred (103) companies perform CSR actions on a special request – the most often when they are being asked for it by the public authority, local authorities or foundations. By "special occasion" companies understand, the most often, CSR actions if the form of sponsorship. For example, one company always buys a school kit for the kids who are going to start a school – every year, at the end of holidays a city, which the company is located in, organizes a picnic called "Ready to school?" and then the company is one of the sponsors. And also, quite a large part of surveyed companies perform CSR actions on the regular basis – every year, a month before Christmas, company's employee receive a bonus in a form of money and gifts and also, company participates in a Christmas Eve dinner for homeless in the city. From the above results is visible that CSR, for most companies, is treated as an integral part of the overall company's activity. And for the rest companies will be the same soon.

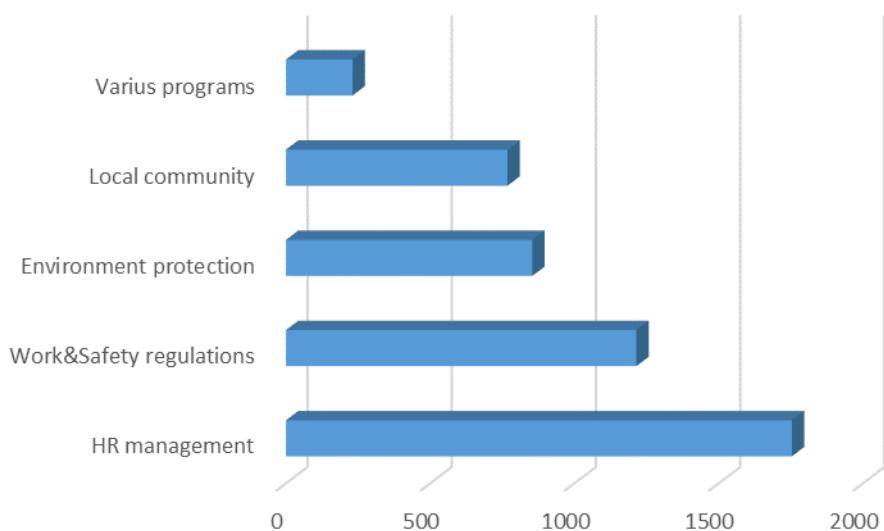


Fig 4. The main reasons for conducting activites related to CSR.
Source: Authors' own work.

As it is visible from the figure above, Human Resources department usually give a signal to perform CSR actions. Of course, HR department at first must know from the top management, that these kind of actions have the full support or CSR concept is favorable by the top management. In this case, HR department is looking for the opportunities to take this actions, based on the information from the outside or from the company's employees. Here, it is worth to notice that most of the CSR actions performed by the companies, are directed to its employees, in a less extent to local community. But, when CSR actions are directed to the local community, most often they are initiated by marketing department. The next reason are the work and safety regulations. Every company must have a work and safety policy and regulations

which must be adopted to prevent accidents at work. But in this case, CSR actions are in the form of additional protection tools which are not necessary. For example, in one company, protection glass are necessary to fulfill work and safety regulation, but the company has decided to distribute among employees, special gloves and hats as well. In other companies, employees have received a special clothes, which are also not necessary but provide extra protection for them.

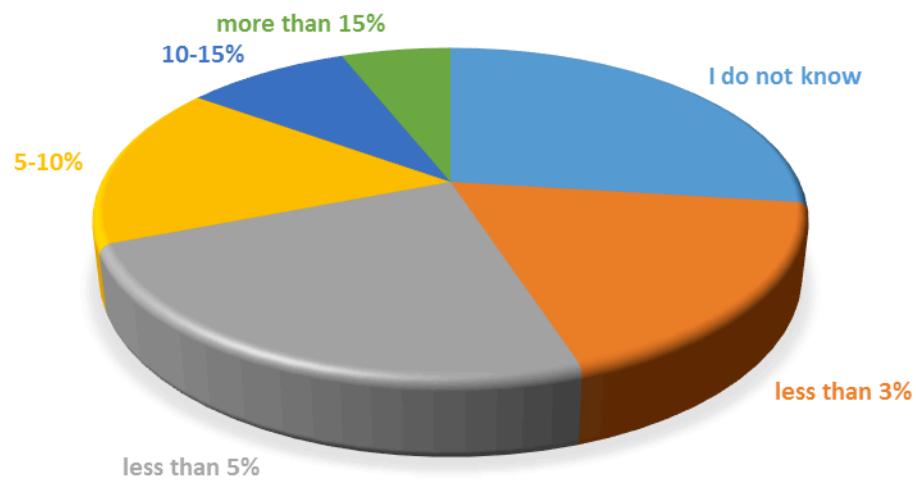


Fig 5. The percentage of the overall company's budget spent on CSR.

Source: Authors' own work.

The vast majority of surveyed companies do not know how much they spend on CSR actions and to what extent the CSR expenditures represent the budget. The most often companies spend some amount of the money to perform CSR actions but they do not know the exact number. But few managers, in a direct talk, admitted that these expenditures cannot be very high. More than one hundred (112 units) companies admitted that CSR expenditures represent no more than 5% of the overall company's budget, almost one hundred (84 units) admitted that no more than 3%. And less than 30 companies spend on CSR actions more than 15% of the budget. From the above we can conclude that, from one side CSR concept and actions are more and more popular in polish SME companies, but still most of them are not willing to spend more than 5% of their budget. Also, some companies admitted that they prefer to offer their products or services instead of money. In means, that they prefer to offer some non-material benefits, such as planting trees by the employees during the weekend. Of course, employees later can take an extra day off.



Fig 6. The profits received by the company in return of CSR implementation.
Source: Authors' own work.

To the biggest profits, caused by CSR, companies include the increasing number of customers and bigger profits. It means that people in Poland are aware of CSR adoption by the companies and they prefer these companies, who are operating with the CSR policies in mind. This also indicates that polish society do not only choose the company, its products and services, by the price criteria, but also have in mind some additional characteristics. The second profit is a results of the first one – bigger number of customers brings bigger profits for the company. On the further places are: better recognition among the potential customers, better image, bigger market share and rewards. In Poland the most recognized reward is a RESPECT Index - this award the companies which, in respect of social responsibility and sustainable development endeavor going well beyond their obligations under law and include an element of social responsibility internship in the business. The possibility of finding in the index are all companies listed on WSE excluding NewConnect and beyond WSE (dual listing). But, for the small and medium sized companies in Poland, CSR reward are in the form of medal or diploma received from the local authorities, associations or foundations.

Conclusion

From the obtained results it is visible that polish companies from SME sector are familiar with CSR concept and perform actions related to this issue. To summarize we can conclude that:

- The vast majority of surveyed companies have performed CSR action for more than 3 years, also most of them treat them as a constant actions. Only 12% companies undertake CSR actions on a special occasions,
- Most of them implement CSR actions in HR Management – so they care about their employees, on the third place are actions connected with environmental protection,
- 27% companies do no know what is the percentage of the overall budget, spent on CSR activities, and 24% of them spend less than 5%,

- As the biggest profit, companies have selected increase in customer numer together with bigger profits.

Despite its efforts, there are a number of challenges in the field of CSR, which need to be met. An increase the transparency, and build broad public support for the concept of CSR and civil society development are still they key issues. A Polish government support is also important, which now manifests eg. in Ministry of Economy activities, such as commissioned a handbook on CSR "Sustainable business handbook for small and medium-sized enterprises". The purpose of this manual is to provide knowledge about available tools and practices in the area of CSR, which can contribute to achieving a competitive advantage.

Poland participates, among others, in the project "Sustainable Production through Innovation in Small and Medium Sized Enterprises in the Baltic Sea Region, SPIN)." This project is aimed at promoting innovative solutions for sustainable development, including eco-innovation, environmental technologies and CSR. In addition, Polish Agency for Enterprise Development carries out a research project "Sustainable production patterns in the activities of SMEs - offer system solutions supporting the implementation of sustainable production in SMEs" within the Human Capital Operational Programme. The aim of the project is to provide conclusions, recommendations and proposals of system solutions to support the implementation of sustainable production in SMEs, including legislative instruments, institutional and direct support system. These activities as well as activities of smaller groups, for example Responsible Business Forum, to disseminate knowledge and facilitate access to it, allowing for a better understanding of CSR certainly to some extent contribute to increase the level of CSR importance for Polish companies. It can therefore be assumed that within a few years, the awareness and importance of CSR in the consciousness of Polish companies significantly increase and thus will they treat CSR as an integral part of business strategy, synonymous with the determination of its vision and mission, which are formulated at the very beginning of its activity.

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