

Corporate social responsibility in Poland – theory and practice

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Abstract. In the last decade Corporate Social Responsibility (CSR) has become an idea playing an increasingly important role in the activity of various enterprises. To an extent the concept is a response to new requirements faced by the enterprises. They consist mostly of a close cooperation between the enterprise and its environment as well as complying with commonly accepted norms and rules. The aim of the article is to establish a multi-directional evaluation of various CSR solutions in Poland. The intention of the author is to point out the importance of complying with the CSR premises as well as many benefits coming from non-particularist and non-individualist approach to the issues of social responsibility. Along with necessary theoretical introduction indispensable in case of a research paper the text also presents these issues basing on economic practice.

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INTRODUCTION

The purpose of this article is to propose an omnidirectional rating solution in the area of corporate social responsibility (CSR) in Poland and to investigate the role of the state in that field. The intention of the author is also to indicate the importance of a company's compliance with the principles contained in the CSR and the benefits which can be achieved when actions related to corporate social responsibility transcend individual goals and short-time gains. Along the theoretical divagations - an inherent part of any scientific study – the article presents solutions related to business practice.

Corporate social responsibility focuses on building relationships in support of all stakeholders involved in business projects. It is a concept that in addition to creating positive relationships between stakeholders, includes human resources, formal and legal conditions and environmental protection on a voluntary basis. Specifying corporate social responsibility can be defined as companies focus on seven important CSR areas: corporate governance, employee behavior, human rights, integrity in customer relations, the environment, business integrity and social commitment.

Historically speaking, we can distinguish five stages of the evolution of corporate social responsibility. The first stage was initiated in the United States in the nineteenth century. The main reason why discussions

related to corporate social responsibility have begun was a growing greed of American entrepreneurs who were building their industrial powers often using blackmail, discriminatory pricing or evasion of taxes. This lack of moral and ethical values in business has led to social unrest and consequently to a transformation of socio-economic policy. The effect of these changes was, among others, conversion of the laws that henceforth precisely regulate the relationship between the economy, the state and the society. The main advantage of these changes was to build up an awareness and persuade businesses to introduce corporate social responsibility, and therefore accountability to employees, communities, stakeholders and the environment. The second stage took place in the mid-twentieth century, after the great crisis, which erupted in the late twenties and thirties in the United States. The crisis has caused a further turn towards the corporate social responsibility initiative, especially by redefining the CSR principles in order to increase the scope of the obligations of a company towards the environment. The third stage took place in the sixties of the twentieth century. In that period a social unrest was the cause of dissatisfaction with the ever-growing polarization of the income within the working population. A positive impact of the implementation of the principles of corporate social responsibility at operational and strategic level as well as on both the company as a whole and the general economy has sealed the deal.

Fourth and fifth stage took place at the end of the twentieth and in the beginnings of the twenty-first century. At the beginning of the nineties of the twentieth century a discussion on the legitimacy of the axioms of business ethics based on corporate practice has begun. Since then proposals to apply a criterion of utilitarian ethics in the business strategy of a company ceased to be perceived as unusual and detrimental to the interests of shareholders. Many researchers directed their attention to the observable inclination towards institutionalization and processual conception of the relations between business and society. In effect attempts to include these issues in a theoretical framework have been made. And finally the past decade witnessed many studies referring to the issues of corporate social responsibility. Since then the benefits of combining an enterprise's social commitment and its financial performance, its market value, satisfaction and efficiency of employees, their professional development, efficiency of the recruitment process, innovation, customer loyalty, relationships with financial institutions and investors have been noted ever more clearly.

These considerations allow to conclude that the fundamental reason for the increased interest in corporate social responsibility is a crisis of confidence in business. Business, or to put it differently: economic activity, facing numerous irregularities such as fraud and corruption, has never had a strong moral position. In recent years, lack of belief in ethical business grew even stronger as a result of the emergence of a number of pathological phenomena, especially in the financial markets caused by the crisis, which had started in 2007 in the United States. A relatively significant weakening of the nation-state and the growth of influence of corporations has pushed that process even further. These reasons have caused more and more various environments of both practitioners and theorists to emphasize the need to include the ideas of corporate social responsibility in corporate practice. These processes are reinforced by the growing awareness of employees, customers, environmentalists and the communities aware of the intolerance and segregation.

BASIC PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY

The concept of corporate social responsibility has become an absorbing trend not only within the discipline of ethics but also in the business management theory. T. Dołęgowski (Dołęgowski, p. 125) contends "The concept of corporate social responsibility gradually emancipates itself from the traditionally under-

stood business ethics and starts a sort of life of its own – as a part of modern management theory. For some CSR has even become the next modern paradigm and a school of thought within the strategic management and the search for sources of competitive advantage. CSR is sometimes regarded as an extension of the doctrine of comprehensive quality management. As such the CSR criteria become a vital point of reference for those who have the decisive impact on national and international ranking lists and performance awards in the field of quality management and competitiveness.”

It is assumed that in order to define a company as involved in the idea of corporate social responsibility, it must comply with such requirements as: investment in human resources and environment protection, maintenance of a legal and ethical relationship with the corporate environment and thorough information of the company’s activities. In other words: a responsible business activity is the one which effects in a positive impact on society, manifesting itself in lawful behavior and mutual agreement with the social partners. In order to implement this concept a company should adapt its activity and its strategy to the rules of the social, environmental as well as ethical - related to human rights and the rights of consumers - structures. Close cooperation with the environment and compliance with accepted canons all the parts involved not only to maximize income but also to predict, prevent and minimize dangers.

Human rights and labor rights are an important foundation for responsible business. Therefore, one of the most important principles of corporate social responsibility is an investment in human resources in order to guarantee basic human rights such as: the right to free speech, freedom of assembly, the right to education, regardless of race, gender, sexual orientation, religion, ethnicity, social, national or political convictions. The lesson here is that the business of an enterprise should be in accordance with the principles of respect for the rights of employees, through the development of models and methods of implementation of personnel policies and by developing proethical management strategy, which should include:

- promotion of higher education among the future managers,
- ethics-based management education of the management staff members,
- organizing the standards forming ethical principles in the form of codes of ethics,
- introducing the employees to clear ethical system promoting an ethical conduct.

It is also important for companies to create programs for the employees, referred to as an investment in employee development. These programs are aimed at increasing the professionalism and expertise of the staff through courses and training, integration programs, programs for equal opportunities (flexible forms of employment, equal opportunities for people over 45 years of age, people with disabilities). Management systems focused on introducing transparent and efficient systems such as Quality Management System ISO 9000 (quality management system), Environmental Management System ISO 14000 (environmental management system), Social Accountability SA 8000 (social responsibility management) may prove very efficient in that field.

The next objective of CSR is the improvement of management systems aimed at the development of mutually beneficial relationships with all stakeholders. Not so long ago Milton Friedman was trying to prove that the social duty of business is to maximize profit at all cost - of course within the limits of the law and basic moral principles. Currently however most theorists and practitioners involved in ethical reflection on the economy strongly emphasizes the need to develop positive relationships in business and its environment and the correct relationship between the stakeholders as a factor equally valid as the strive to maximize income. The stakeholders are a group composed not only of management staff and employees but primarily of customers, suppliers, shareholders, government, local community, the environment and mass media. Stakeholder-oriented approach implies that although for most obvious reasons a company has to be focused on maximizing profits, this objective cannot be taken out of context and considered the only criterion for evaluation. According to those who opt for that standpoint, an important criterion for corporate evalua-

tion is the degree to which it seeks to take into account and possibly satisfy interests represented by various groups of stakeholders, which however may appear conflicting, but become vital from a long-term, overall perspective (Frieman, pp. 124-125).

Environment protection is also one of the pillars of CSR. This is due to the fact that the maintenance of environmental sustainability in production processes constitutes a remarkable economic and social value. Environmental management includes responsibility for the environment in which it operates. Business decisions consistent with this assumption should be designed to diminish the negative impact of production processes on the environment and, at the same time, introduce environmental protection programs. The issue of the relationship between the socio-economic and environmental aspects of business activities can be broadly divided into two approaches. The first one is a classic approach setting the goal of environmental regulations to increase social welfare by reducing external costs, the underline assumption being that regulations are designed, through internationalization of external costs, to alleviate market failure, which entails additional costs (Schaltegger, Wagner, 2006, p.9). That link seems to be particularly important for those industries where the impact on the environment during the production process entails more costs than the added value.

On the other hand, supporters of alternative approaches to the relationship between socio-environmental and economic aspects of business activities emphasize that being prepared to face the challenges of protecting the environment can be presumed source of competitive advantage by among others increase efficiency, reduce compliance costs, or the opening of new areas of market expansion (Porter, Lindevander, 1995, p. 120-134). Projects focusing on local communities are another vital area in building corporate social responsibility. In this field a cooperation with social institutions and non-governmental organizations, fostering educational and cultural activities, activities for the development of projects and internships as well as apprenticeships and initiatives aiming cooperation with educational institutions and research centers are of an immense importance.

According to some authors the problem of norms and the rules of human behavior in economy framed by ethical codes has become another specific and expanding study area – situated in a kind of frontierland between CSR and business ethics. In this regard a symptomatic quarrel on the ground of ethics understood as moral philosophy is a conflict between the so-called codex and the non-codex option, the latter being additionally divided into moderates and radicals. The moderates stress the importance of constructing a set of norms and rules for certain professions in a balanced, generally based on general ethics, such as Decalogue or the Human Rights. The radicals opt for constructing analytical directories of moral norms, highly detailed and targeting specific groups. Supporters of ethics without a code emphasize the complexity and the unique circumstances of a human evolution towards becoming a moral subject. That complexity causes the human conscience to be the necessary, the sole and the ultimate touchstone of ethical behavior. A human being is not restrained by any external standards rooted in the will of a norm-maker. This excludes the concept of ethical norms designed for specific professions. According to L. Fuller (1978, pp. 35-41) at the root of this belief lays the assumption that moral decisions cannot have a heteronomous nature, external to the subject in the process of decision making. Moral decisions are not conditioned by his own self, because the self is either a fiction or it is constituted in the process of the very same decisions (Fuller, 1978, p. 35-41). Incidentally ethics without ethical code is specific to existential philosophy. It exerted a great influence on Western ethical thought especially since the fifties of the twentieth century.

In the CSR-debates a great importance is attributed to the studies showing the modes of combining corporate business activity with social responsibility: a business report should present a full transparency of the business activity, indicate the statement period, include policies, aims and strategies, as well as a list of

results allowing for a comparative analysis in the following years. The reports should also take into account the interests and needs of a broad group of stakeholders.

The above presented fundamental features of CSR are the backbone of this concept. It should be noted that corporate social responsibility is a new tool in the theory of management and the theory of sustainable development perceived as a progressive field in economic policy.

CSR IN THE POLISH BUSINESS - PRACTICAL ASPECTS

Polish enterprises and in particular micro, small and medium enterprises still do not fully appreciate the importance of corporate social responsibility. They focus mainly on achieving short-term market goals without a long-term strategic vision. To a lesser extent this also applies to large enterprises. The situation is evident in a research conducted by PwC consulting firm on 287 Polish companies. The research shows that 229 large and medium companies (80 percent) have optimized their financial performance and in effect they were ranked among top 500 list of “Polityka” and “Rzeczpospolita” journals (Polityka, 2012, p.97). The most active in the research were the companies active in the fields listed in Table 1.

Table 1

Percentage indicator of businesses participating in the survey concerning CSR engagement in 2011

Trade	Percentage of surveyed companies
Power and Heat Engineering	43
Chemical	39
Wood and paper	35
Automotive	31
Financial	35

Source: Polityka nr 17/18 (2856), Pięćsetka Polityki, s. 96.

As already mentioned the discussion on CSR is not entirely theoretical. The research concerning the main areas of corporate social responsibility implies practical consequences. It appears that the most important points in terms of consumers and the market proved to be:

- actions in favor of consumers and the market which was declared by 88 percent companies surveyed, with the vast majority of companies - 93 percent - focused on the implementation of safety standards and the quality of the goods and services, compared to 92 percent focusing on standards of customer service.
- promoting sustainable consumption, consisting of informed purchasing decisions declared by 24 percent companies,
- attention paid to equal customers access to goods and services declared by 42 percent of the surveyed companies.

Another important area in the process of CSR-building is the work for local communities, done by 85 percent of the surveyed companies. These activities were in particular: cooperation with educational, scientific and cultural institutions and organization of internships and apprenticeships. Having a codified set of ethical rules was however declared by 70 percent of the companies (Polityka, 2012, p.97).

Despite the strong concern for the stakeholders the enterprises attribute a crucial importance to the development of the members of the staff, which is proven by the fact that:

- a formalized system of employee evaluation and remuneration on the basis of the results was created by 80 percent of the surveyed companies,
- evaluation system for all employees, not just special groups, such as managers is implemented by 84 percent of the surveyed companies.

The qualitative changes taking place in the Polish business are a specifically optimistic area. These changes are to be observed in the field of strategic CSR management. It turns out that among the 230 economic operators who filled out the survey (it is significant that most of these companies were also in the top 500 of “Polityka” and top 500 of “Rzeczpospolita”), 67 percent of them systematically identifies priorities related to conducting business in accordance with the principles of corporate social responsibility, while:

- 88 percent of the cases is a part of another type of strategic documents such as HR (HR policy – personnel policy, human resources policy),
- 46 percent is a part of the business strategy,
- 39 percent prepares an independent CSR strategy.

Moreover, about 50 percent of surveyed companies employ people who coordinate the tasks of CSR. More often than not they are employed in communication and PR departments - about 50 percent - and administrative offices - 16 percent, but rarely in the structure of strategic groups - 3 percent (Polityka, 2012, p.97). Table 2 presents solutions most frequently used by the Polish company within the guidelines of CSR.

In effect of an analysis of the results obtained by the consulting firm PwC it seems that it would be too optimistic and too rash to believe that corporate social responsibility is already a standard in Polish enterprises. It is proven by the fact that less than 40 percent respondents replied to the questionnaire on CSR, and only the 100 biggest companies created a management structure, implemented ethical codes and informed the environment of their activities in the field of CSR in a conscious and strategic manner. These enterprises may therefore be described as guides defining the future directions of CSR (Polityka, 2012, p.97).

Table 2

Solutions used by companies as part of CSR principles

Solutions used by companies	Percent of surveyed companies
Actions undertaken in the interest of customers, such as safety and quality of goods and services	88
Activities for local communities	85
Internal formal employee evaluation system	80
Written code of business conduct	60
Specific priorities for the company associated with CSR	67
Implemented environment protection management system	62
Report showing business management and implementation of corporate strategy with regard to socially responsible activities	60
A position created specifically in order to coordinate CSR requirements	50

Source: author's analysis based on a questionnaire conducted by PwC consulting firm in 2012.

Naturally, the presented results of the study conducted by PwC are characterized by a high degree of generalization and therefore are primarily a basis for further discussion and inquiry. It is worth considering why despite a lively debate on CSR in Poland as well as on the European, international and global level, in Poland the concept is underestimated or even ignored. It is worth mentioning that what is at stake is not a theoretical finesse, but a fundamental question about the reasons for such a matter of facts. The reasons are many, the crucial ones being the assumption that:

- enterprises should focus solely on creating profits;
- every company should focus solely on creating profits;
- social involvement of business is not able to really change the world for the better, companies do not have experience in managing social programs;
- business should not be concerned with the public institutions responsible for motivating, implementation, observation and monitoring of social and environmental standards.

It also appears that an important cause of a poor interest in this concept, in addition to the reasons mentioned above, is lack of understanding of its principles among the majority of Polish entrepreneurs and, above all, the belief that compliance with CSR does not pay off. As a result, despite the fact that CSR in Poland is ever more broadly discussed, in the economic reality only a few companies decide to implement complex CSR strategies. A vast majority of them perceives CSR as a part of social engagement, all too often narrowed down to one-time social or philanthropy acts or employee voluntary work. This approach of Polish companies to corporate social responsibility is far from the modern understanding of CSR promoted by the EU, which expects corporations to consciously and continuously comply with human rights and to prevent their violation, as well as to maintain the standards of fair trade, environmental protection, business reliability and social care. EU stresses the fact that the CSR ideas, according not only to various studies, but also to everyday practice, has a real impact on the economic efficiency and the innovativeness of enterprises. Therefore implementing CSR ought to be an investment and a source of innovative ideas and not only as yet another cost attributed to a company's business plan.

At the end of this section is also worth adding that in Poland many institutions and organizations involved in promoting corporate social responsibility and providing consultation in this area have been created. These include, amongst others, Institute for Responsible Business, Business Ethics Centre - CEBI, Centre CSR.pl, UNDP - Global Compact Responsible Business Forum, the Academy for Development of Philanthropy in Poland. There is however no subject able to coordinate, issue certificates and prepare expertise on the relations between the international CSR standards and CSR in Polish business.

DYSFUNCTION AND TRENDS RELATED TO THE IMPLEMENTATION OF CSR

Practical use of the idea of a social market economy in Poland will show in the future. As often mentioned before in this article, in Poland the implementation of the idea is still in progress. However Nordic countries can serve as a positive example. It is a region where CSR is advanced and based mostly on the idea of sustainable development as well as the following points:

- the concept of the economy serving the society,
- inculcating environmental awareness at the individual and enterprise level,
- state policy supporting the idea of CSR,
- construction of infrastructure serving to create awareness promotion of CSR,
- honesty and competence of the government officials,
- efficiently functioning non-governmental organizations,

- responsible and reliable media promoting and supporting ethically acting companies.

Practice shows that the Nordic countries which have long been acting based on the social model of the economy did not suffer as much as those of the neo-liberal stance. But according to E. Mączyńska today this model requires adapting to modern global economy. Ordoliberalism has been established before World War II, and at that time the globalization has not yet achieved the level known today; additionally the model of national economies was dominant and unburdened by the hypertrophy of the financial sector (Mączyńska, 2011, p.62).

Therefore the main issue now is to consider the determinant of an optimized engagement of the Polish state in the concept of CSR. Even more so since the requirement for a critical reflection of the politicians concerning the economy nowadays is necessary and obvious. This requirement derives not only from the need to create the conditions for developing the concept of corporate social responsibility and the applicable standards and regulations in this area, but from something much more substantial, namely the need to reflect upon the meaning of the axiological domain in the course of building awareness, market order, and finally a competitive advantage of the state. Besides, it is also about monitoring and presentation of the relationship between an economic and legal system, the culture and ethics and economic policy in the sphere of economic and management at the level of the enterprise.

In addition to the issues mentioned above, there is also a very important problem which can be described as central, namely the social costs associated with the equitable allocation of factors of production. This problem also applies to the justification of these costs. Introducing analysis involving institutional sphere along the narrowly conceived professional one seems to be another necessary measure aiming to present costs and benefits resulting from compliance with CSR in Poland. Overall the general costs of a specific operation should be compared to its cumulated benefits in order to assess CSR as effective and whether the cumulated benefits are greater than the costs. The main problem is the estimation of the benefits in monetary terms. Calculation of benefits and costs associated with ethical or unethical behavior of individual companies, although difficult, is however possible in the form of assessment of losses related to insurance frauds, tax evasion or frauds, malversations, improperly conducted tenders or extortions. In the case of non-financial costs which could not be quantified the situation looks different. Costs such as consequences of the lack of responsibility, moral damages of employees, omissions done by representatives of state institutions, growing polarization of income, consequences of the lack of control and ecological degradation. Fixing these costs is not at all easy and one is usually forced to settle for very imperfect estimates.

The considerations presented above clearly indicate the need for a paradigm shift in the economy towards the social economy and changes in the state institutions' approach to these issues. The need for this has been forced most of all by the global crisis, which resulted in the fact that the reputation of transnational corporations, and especially the financial sector as well as of the public institutions has suffered. As a result, both companies as well as state institutions are quite commonly seen as thriving at the expense of the wider community.

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