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CONTEMPORARY ISSUES IN CORPORATE SOCIAL RESPONSIBILITY

Social responsibility of companies operating in Poland

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Abstract: The aim of this paper is to identify the level of corporate social responsibility among the companies operating in Poland and, subsequently, to identify the companies that have reached the highest level of CSR implementation and to characterize such companies. The study is based on the findings of the questionnaire survey among the top executives of companies operating in Poland.

Keywords: corporate social responsibility, corporate responsibility towards the market, corporate responsibility towards employees, corporate responsibility towards society, corporate responsibility towards the natural environment, CSR status in companies operating in Poland.

1. Introduction

If we decided to make a photograph of the current state of the world economy the image would be rather grim. The centre stage would be occupied by rampant consumption, serving to expose the fragility of human nature. Next to it, we would see frauds perpetrated by companies fuelled by unquenchable thirst of gains, including: all-or-nothing goal achieving strategy, industrial espionage, personal data sales, human rights abuses, unchecked devastation of the environment, and all of that sprinkled with a heavy dose of creative accounting and different forms

of corruption. Only, when this human masterpiece is examined in more detail, somewhere in the background we are able to see, thankfully with increasing clarity, responsible corporate activities and the companies that toil, albeit with increasing effectiveness, to work their way onto the centre stage.

The irrefutable fact of today is that the largest companies are now, beyond any doubt, international and have no national character. These enterprises, tempted with more and more gains have opened themselves to the world. The international character of their organisations and the increasing globalisation enable the largest companies to realize their strategies and goals regardless of situation in a given country: no matter the economic, social or legal circumstances are – they are simply able to relocate their activities, in part or in a whole, outside the boundaries of a given country and continue to pursue their goals at peace.

For the last twenty years, the Polish economy has been a field of dynamic changes aimed at adjusting to the challenges of global competition. One of its positive aspects is the fact that the Polish economy has become more effective. Another benefit is the deep privatization of many sectors – regardless of the raging discussion on the quality of the process itself. As regards corporate social responsibility, Polish enterprises still fall far behind global leaders. Nevertheless, the increasing role of the corporate social responsibility concept in companies operating in Poland may be an interesting field of research.

The aim of this paper is to identify the level of corporate social responsibility among the companies operating in Poland and, subsequently, to identify the companies that have reached the highest level of CSR implementation and to characterize such companies. The study is based on the findings of the questionnaire survey among the top executives of companies operating in Poland.

2. The idea of corporate social responsibility

The activities of governments, in both developed and developing countries, that promote the principles of sustainable development and, in many cases, turn the said principles into laws¹ are one of the approaches

¹ The popularisation of sustainable development was achieved during the prestigious world events and by raising the social awareness on the issue. In consequence,

to limit the rampant and irresponsible expansion of companies. The main idea of sustainable development is that, at the current level of development, it is possible to meet the needs of the current generation without limiting the ability of the future generations to meet their respective needs (in more detail: Karaszewski and Skrzypczyńska, 2013, pp. 385–391).

The growing interest in issues related to sustainable development and the increasingly strict legal requirements², serve as a sort of fertilizer for the growth of corporate social responsibility. However, the evolution of the idea of social or environmental involvement of companies is influenced by many other factors, such as:

1. Lack of trust toward transgenic organisations among a growing, and increasingly powerful, group of citizens translates into growing investor interest (Rok, 2004, pp. 7–11), who in their deliberations concerning prospective investments, verify not only the financial statements but also societal reports or “responsible stock indexes”.³

many international regulations have been passed in order to facilitate implementation of the new philosophy. The key documents connected to sustainable development include: OECD’s Guidelines for Transformation through Sustainable Development, Guidelines and Rules of Global Sustainable Development included in the Rio De Janeiro Declaration and in Agenda 21, the assumptions detailed in the Fifth European Community environment programme. Furthermore, the above-mentioned guidelines – themselves based on international consultation – resulted in creation of numerous legal acts by which individual countries not merely declare their commitment to the rules but actually enforce the said rules. The key such acts are: United Nations Framework Convention on Climate Change, Convention on Biological Diversity, The UNECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters, Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention).

² The sustainable development is also present in the key Polish legal regulations: the Polish Constitution and the Act on Protection and Shaping of the Environment, dated 31 January 1980 (Journal of Laws: Dz. U. 94.49.196, with subsequent changes).

³ At present, the most popular index is the RESPECT Index. Its aim is to indicate companies managed in a sustainable and reliable manner, with respect paid to their attractiveness in the eyes of the investors. Taking into consideration factors such as: liquidity parameter, communication order, quality of reporting and the level of investor relation makes RESPECT Index a useful tool for professional investors. The leading sustainable stock indexes are surely: Dow Jones Sustainability Index Series (DJSI), Calvert Social Index (CSI), FTSE4GOOD series, KLD Global Sustainability Index Series (GSI), Sao Paulo Stock Exchange Corporate Sustainability Index (ISE), and

2. Liberal outlook and resulting meagre interest in social problems, which is so typical of many developed economies, makes the society more and more demanding in relation to the activities of largest commercial organisations and their responsibility towards their environment.
3. Societal changes such as democratization of life, or development of civil society, leading to increased transparency of actions taken in the public space, including, first and foremost, economic activities. Growing importance of human rights movements.
4. Increasing environmental awareness of societies due to, on one side, an increased access to information and, on the other, an increased degradation of the natural environment, which results from economic activities of companies ravaging the natural resources in order to “meet the needs” of the consumption-oriented part of the society.

When analysing the development of CSR we cannot overlook such factors as: globalisation and resulting changes in market competition, consumer awareness, polarization of the society seen in the disappearance of the middle class, i.e. extreme poverty of parts of the globe with the almost proportional increase in wastefulness in the other parts of the planet.

Corporate social responsibility is an attempt to realize the idea of sustainable development. A responsible company is such an organisation that realizes its vision and strategy with due care given to maintaining positive relations with a widely understood environment. Because, according to the CSR ideology, mere adherence to the legal requirements is not enough, as “the aim is [...] to go one step further – to invest more into the people, the environment and the stakeholder relations” (Żemigala, 2007, p. 20). When implementing a CSR policy, a company may undertake the variety of activities encompassing its responsibility toward the four following areas:⁴

FTSE Johannesburg Stock Exchange Socially Responsible Index (JSE SRI). Source: www.gpw.pl.

⁴ The CSR literature consists of numerous listings of related areas, e.g. in accordance with the 26000 norm, these are: organisational governance, human rights, employment relationships, natural environment protection, consumer relations and social involvement.

1. Market – covering: consumers, partners and competitors. Responsibility towards the market means applying fair practices in relation to all stakeholders, which is a key challenge due to conflicts of interests between different stakeholder groups.
2. Workplace – understood in both tangible and intangible terms. Responsibility in this area means: investing in employee benefit programs enabling employees to develop, equal opportunity programmes, removal of barriers, different means of support in order to introduce balance between professional and private life, occupational health and safety and periodic surveys into employee satisfaction.
3. Society – in this area the company may undertake a number of activities such as: initiatives toward the local community, endorsement of local organisations and private people representing important societal issues and supporting those in need, investing into the company’s surroundings, and monitoring of human rights in the whole supply chain.
4. Natural environment – care for the environment requires activities aimed at reducing the negative impact of companies on the environment by sustainable resources management, ecological education, waste segregation and implementation of ecological technologies and processes.

Due to the historical background and the relatively young character of the Polish market economy, the concept of corporate social responsibility in Poland is still in its development stage. The interest in CSR issues increases along the growing standard of living and the increasing awareness of Poles as both the consumers and the citizens.

3. Procedure of the study

The questionnaire survey among the companies operating in Poland was a main data collection technique. The survey was conducted in 2012. It was an element of a larger research project entitled “Strategic management of the key areas of Positive Organisational Potential – determinants, solutions and models recommended for companies operating in Poland” (cf. Stankiewicz (Ed.), 2013). The project was funded by the National Science Centre research grant (decision number DEC-2011/01/B/HS4/00835).

Invitations to participate in the research were sent via traditional mail to 500 largest companies in Poland as of 2011. Moreover, internet questionnaires were distributed to around 5,000 companies. Nevertheless, only 73 companies responded positively and provided their insights. There are the following characteristics of the research sample:

- capital structure: 52 companies (72%) are of Polish capital, 14 companies (19%) are owned by foreign capital, 6 companies (8%) are of mixed ownership, and in one case the respondent failed to indicate the ownership structure;
- workforce: 40 companies (55%) are large organisations, employing over 250 employees, 29 companies (40%) are SMEs and in case of 4 companies the number of employees was not indicated;
- sector: the research sample consists of: 28 industrial companies (38%), 9 trade companies (12%), 7 construction companies (10%), 18 service companies (25%), 8 energy companies (12%), 2 financial institutions (3%) and 1 IT company (1%).

The statements describing CSR implementation were grouped according to four areas: market, workplace, society and natural environment. Detailed data are provided in Table 1.

Table 1. Variables describing corporate social responsibility

Area	Variables
Market	<ol style="list-style-type: none"> 1. A company has established fair and transparent rules applied to its relations with employees and other stakeholders – when running business a company takes into account the interest of the society 2. Corporate social responsibility issues have been included into a strategy 3. A company has transparent procedures for providing its stakeholders with key information (including financial situation and results, ownership structure, corporate governance)
Workplace	<ol style="list-style-type: none"> 1. A company has established HRM policies taking into account the outcomes of surveys among employees (monitoring the employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration) 2. A company has developed and introduced the OH&S (Organisational Health and Safety) procedures going beyond the obligatory legal regulations
Society	<ol style="list-style-type: none"> 1. A company contributes to the development of its local community (cooperation with local business, job creation, education) 2. A company systematically supports the underprivileged (it contributes to the improvement of their living conditions) 3. A company has procedures allowing for control of all the entities in the supply chain in relation to human rights abuses

Area	Variables
Natural environment	<ol style="list-style-type: none"> <li data-bbox="298 227 1048 279">1. A company has an infrastructure enabling the reduction of its negative impact on the natural environment <li data-bbox="298 284 1048 340">2. A company has established the aims of reducing its negative impact on the natural environment (i.e. the average energy or water consumption)

The respondents (top managers) were asked to assess the achievements of their companies against the descriptions of the ideal states of positive organisational potential. The scale from 0% (“I totally disagree”) to 100% (“I totally agree”) was applied to measure their opinions. In order to facilitate the analysis, the answers were grouped in the following way: completely achieved (100%), achieved to a high extent (70–90%), achieved to a medium extent (40–60%), achieved to a small extent (10–30%), not achieved (0%).

In order to verify the reliability of the questionnaire, Cronbach’s alpha coefficients were calculated for the variables defined in Table 1. Their values range from .67 (responsibility towards the market) through .71 (responsibility towards the society) and .75 (responsibility towards the environment) to .85 (responsibility towards the workplace/employees). Relatively high Cronbach’s alpha coefficients confirm the questionnaire reliability.

4. Results analysis and discussion

4.1. Responsibility towards the market

The responsibility of a company in relation to the market should result in creation of such products and services that meet the quality requirements and meet the requirements related to broadly defined safety. Providing reliable product information and fair relations with counterparties is one of the key components of company’s policy in this area. Transparency is a trait that is inseparable from the CSR concept. The corporate responsibility towards the market in companies operating in Poland was verified using three conditions, that together established a bare minimum for companies that call themselves responsible, these are:

1. A company has established fair and transparent rules applied to its relations with employees and other stakeholders – when

running business a company takes into account the interest of the society.

2. Corporate social responsibility issues have been included into a strategy.
3. A company has transparent procedures for providing its stakeholders with key information (including financial situation and results, ownership structure, corporate governance).

The findings show that the responsibility of the companies under the study is focused mostly on establishing transparent stakeholder communication that allows for the effective flow of information on the key characteristics of business activity (87% of companies fulfil the third condition in full or at a high level). The second most important corporate activity is operating in the way that takes stakeholders' needs into consideration (83% of companies fulfil the first condition in full or at a high level). Making the social responsibility an element of the corporate strategy is considered as the weakest aspect of the studied companies responsibility towards the market (58% of companies fulfil the second condition of responsibility towards the market in full or at a high level). Detailed results are presented in Figure 1.

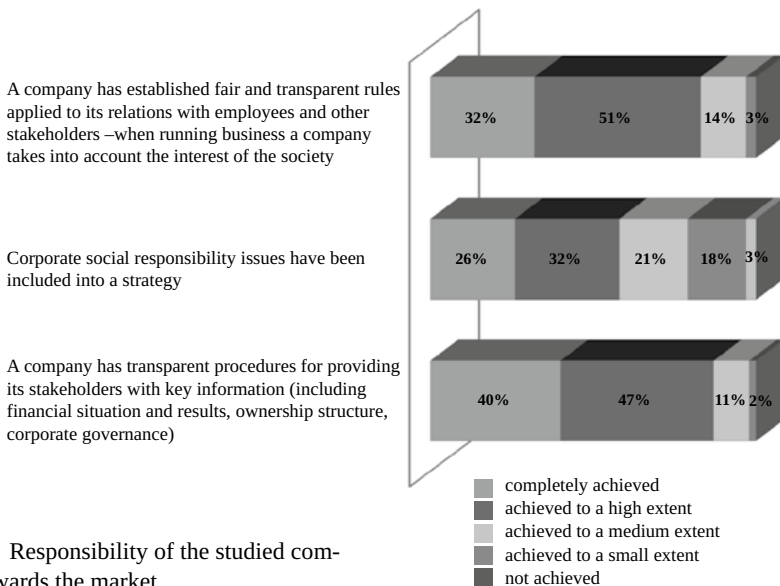


Figure 1. Responsibility of the studied companies towards the market

4.2. Responsibility towards the workplace

Care for employees is a crucial element for business activities of a company. The employee satisfaction is the component necessary to create high-level processes. On the other hand, in many cases companies suffering from an economic crisis neglect the needs of the workforce. Therefore, companies must balance their drive to cut expenses and the need to invest in human capital. Responsibility towards the employees means shaping such inter-organisational conditions that promote balance between professional and private life, offering possibility of professional development, a friendly work environment, stable employment, adherence to labour laws and fair pay. Creation of employee involvement requires high level of managerial awareness of employees' needs. In order to analyse the responsibility of companies towards their employees two following variables have been investigated:

1. A company has established HRM policies taking into account the outcomes of surveys among employees (monitoring the employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration).
2. A company has developed and introduced the OH&S (Organisational Health and Safety) procedures going beyond the obligatory legal regulations.

As the survey results show the activities undertaken in order to ensure safety and hygiene of work are more important for companies than shaping of workforce policies adequate to employees' needs

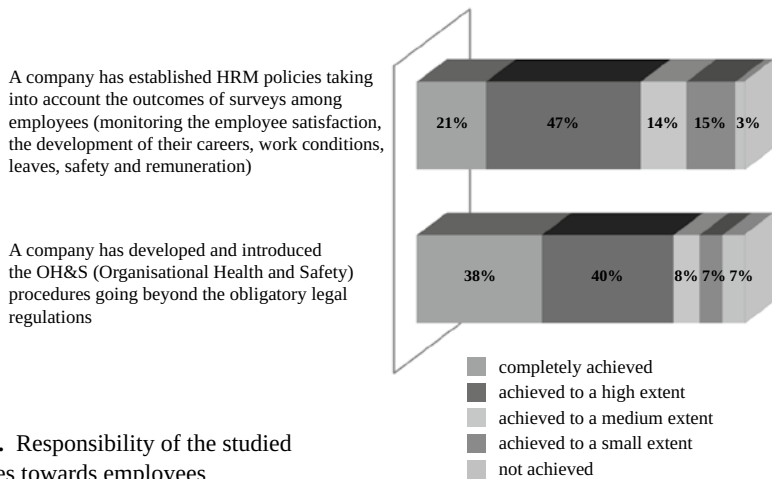


Figure 2. Responsibility of the studied companies towards employees

(respectively: 78% of companies meet the second condition of responsibility towards the employees in full or at a high level, and 68% of companies fulfil the first condition in full or at a high level). Detailed results are presented in Figure 2.

4.3. Responsibility towards the society

All companies active on the market are an integral part of the whole societal structure, and each and every business activity translates directly or indirectly to societal effects. The next area deals with the responsibility of a company towards the society and means such corporate development that is accompanied by positive changes in the social environment. A necessary element is that the undertaken activities must be of a permanent, not accidental character. To measure this area of corporate responsibility, three conditions have been established:

1. A company contributes to the development of its local community (cooperation with local business, job creation, education).
2. A company systematically supports the underprivileged (it contributes to the improvement of their living conditions).
3. A company has procedures allowing for control of all the entities in the supply chain in relation to human rights abuses.

The findings show that 71% of companies realize in full or at high level the condition of investing in local communities by cooperating with local organisations in order to increase the quality of life of the local community. Furthermore, the companies are keen to undertake

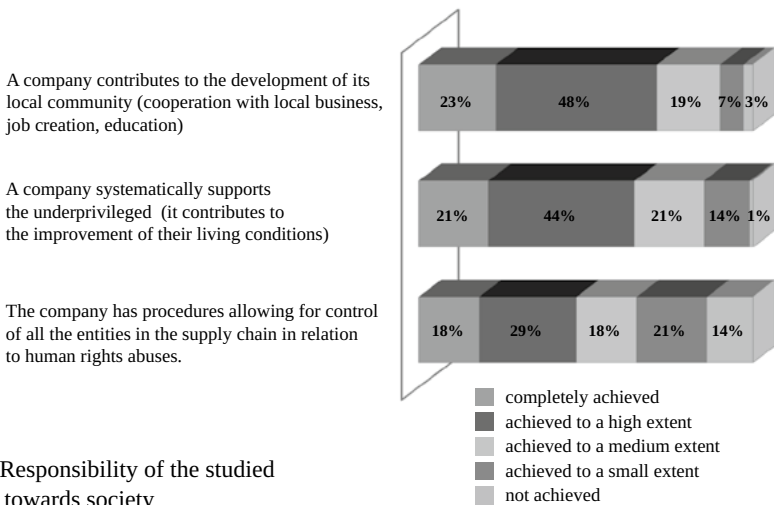


Figure 3. Responsibility of the studied companies towards society

and continue activities aimed at increasing the living conditions of the people in need (65% of companies fulfil the second condition in full or at high level). The weakest results are observed in relation to verification of other entities in the supply chain for human rights abuses – only 47% of companies fulfil this condition in full or at a high level. This result is not truly satisfactory, however it is typical of market economies where human rights are not abused or such situations are of incidental character.

4.4. Responsibility towards the environment

The last, but by no means least, area of CSR activity is the natural environment. All pro-ecological activities should be undertaken in these areas in which the company's operations have the most environmental impact. Therefore, transport companies should be especially active in reducing emissions of harmful exhaust gases and energy companies should focus on finding alternative energy sources. The following variables have been used to measure the responsibility of companies operating in Poland towards the natural environment:

1. A company has an infrastructure enabling the reduction of its negative impact on the natural environment.
2. A company has established the aims of reducing its negative impact on the natural environment (i.e. the average energy or water consumption).

The findings show that the studied companies become involved in actions aimed at minimizing their negative environmental impact by

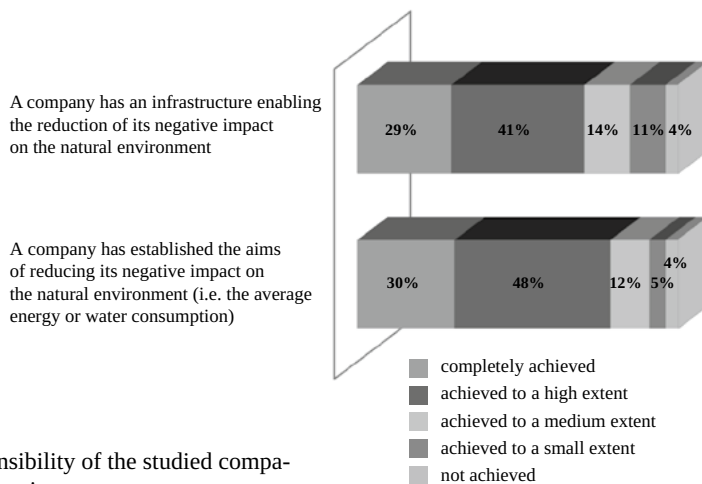


Figure 4. Responsibility of the studied companies towards the environment

establishing and reaching goals to reduce the negative impact on the natural environment (78% of companies fulfil the second condition of responsibility towards the natural environment in full or at high level). What is more, most companies own equipment and other tangible assets allowing to reduce the negative impact of the company's activities on the environment (70% of companies meet the first condition in full or at high level).

4.5. CSR leaders

Selection of the most socially responsible companies required filtering those entities which had the average score of at least 95% in the case of all the above-mentioned variables (social responsibility towards market, employees, society and natural environment). Eventually, 11 companies have been qualified to the group of CSR leaders, that can be characterized by the following features:

- capital structure: entirely Polish (64%), entirely foreign (18%) and mixed (18%);
- company size measured with the number of employees: large companies (64%) and SMEs (36%);
- sector, in which the companies are active: the division is into industrial companies (45%), trade companies (18%), service companies (27%) and energy companies (10%).

The CSR leaders have been analysed against the following indicators of their development: work efficiency, innovativeness, quality of business processes and products, employee and customer satisfaction as well as company renown. The outcomes of the analysis confirm that the studied group of CSR leaders has been very successful in all of the above-mentioned fields. When comparing the average conformity with the corporate development characteristics of all the entities participating in the survey with the average obtained by the 11 most responsible companies we can observe that the differences, in all cases, are about 25%. Detailed results are presented in Table 2.

According to the findings the companies characterized with a high level of CSR implementation – i.e. the most responsible ones – are competitive on the national, European and even the global market. The survey had the companies rated for their competitiveness on different markets, according to a scale, on which: 3 – “we have competitive

Table 2. Indicators of corporate development of most responsible companies in comparison to all the surveyed companies

In 2009–2011 the company has experienced a significant growth in:	Average conformity for all companies	Average conformity for the most responsible companies*
Work efficiency	65 %	90 %
Innovativeness	59 %	83 %
Quality of business processes	65 %	89 %
Quality of products	64 %	90 %
Employee satisfaction	63 %	88 %
Customer satisfaction	66 %	92 %
Company's renown	70 %	95 %

* companies that achieved average conformity with all the previously detailed conditions of responsibility toward the market, employees, social and natural environment of at least 95%.

advantage over our rivals”, 2 – “we compete with our rivals as equals” and 1 – “we find it challenging to keep up with our competitors”. On the basis of answers obtained, it can be stated that:

1. On the national market, the most responsible companies are the market leaders – with competitive advantage over their rivals – 64% indications. Furthermore, when analysing the results of all the surveyed entities, the best competitive position on this market is reached by only 45% of organisations.
2. When looking at the European and the global markets, the situation of companies is worse – in both cases 64% of the most responsible companies indicated that their market position is “equal” to their rivals. When taking into consideration all the surveyed entities, equal market strength was indicated by 51% of them (EU market) and 44% (global market).

Companies that are socially responsible are characterized by better results in both indicators of development and their competitive position. However, the survey does not directly state whether the high marks achieved by the most CSR-oriented companies are due to implementation of CSR or the responsibility of the companies is due to their good and stable market position.

In the author's opinion, based on observation of economic practice and analysis of source documents, implementation of CSR principles has a positive impact on the results achieved by an organisation. It is possible to draw an analogy to the famous Maslow's hierarchy of needs. Willingness to spend resources to become a socially responsible company is analogous to a given entity's development drive: only when all the basic needs have been met, the more noble needs start to emerge.

5. Conclusion

In Poland, the concept of CSR is still in the development stage which results in the increasing interest in the field and unsuccessful attempts to implement the concept in business practice. The proponents of the concept perceive CSR as a tool for sustainable development and business success. Nevertheless, in some organisations CSR is driven mainly by fashion or political correctness. Due to a wide scope of the CSR concept, providing clear guidelines and recommendations for companies is a real challenge. Therefore, some focal points and universal values shared by socially responsible companies should be identified. The research findings show that friendly workplace seems to be the key element of corporate social responsibility. Relationships with stakeholders are considered to be the second important field of CSR. The communication system, indispensable for effective interventions in the two aforementioned areas makes up the third element of the CSR foundation.

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