The Impact of Corporate Social Responsibility
on Competitiveness of Polish Enterprises

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Abstract

Corporate social responsibility is a conception of management which is more and more popular among Polish enterprises. The idea of CSR includes many areas in the field of current activities of the company. The main areas of CSR are: local and business environment, ecology and human resource management. It is obvious that Corporate Social Responsibility can bring plenty of benefits to enterprises. It can help to build enterprises’ competitiveness. What is more, CSR improves the image and reputation of companies. The first part of the article includes a definition of CSR and presents the usage of CSR in Polish enterprises. Moreover, the paper is a theoretical analyze which shows CSR influence on companies’ competitiveness.

Keywords: Corporate Social Responsibility, Competitiveness, Enterprises, Strategy

Introduction

Social business responsibility is not the new concept but in the recent years, it has been gaining more and more popularity. The interest by Polish enterprises of business being socially responsible results from the development of civil society and greater social participation in political and economical life of the proceeding globalization and activity of companies in the foreign markets as well as regard that the business sector plays important role in creation of social and economical changes.

The purpose of this article is the presentation of social business responsibility meaning as the factor of building the organization competitive edge. The available documents and reports in scope of CSR were used to the presentation of subject.
1 The idea of CSR

The term CSR is complicated enough that it is difficult to indicate one, commonly known definition. The attempts of determining the CSR standards are taken by the international and trade organizations as well as the enterprises themselves, which evolve own ethical codes and policy of responsibility. The broadest definition of CSR is concerned with what is – or should be the relationship between global corporations, governments of countries and individual citizens. More locally the definition is concerned with the relationship between a company and the local society in which it resides or operates. Another definition is concerned with the relationship between a company and its stakeholders [1].

The definition of social business responsibility appeared for the first time in 1953 in the article written by American economist H. Bowen - *The Social Responsibilities of Businessman*, who is considered as the father of current concept. However it has developed over the years which is testified by the multiplicity of formulated definitions. The CSR is undoubtedly the complex term because lack of indiscrete currently binding definition. In order to understand the essence of concept being discussed, the best solution seems to be the analysis of selected definition and finding the characteristic features of CSR. It is the way of running the company, taking responsibility by the whole surroundings in which the enterprise operates. The CSR is the consideration of requirements and needs of broadly defined social interests as well as environmental protection.

Conducting the analysis of CSR term, it is worth taking notice of the definition developed by the International Organization for Standardizing (ISO) and the norm No. 26000. According to it, the CSR is the organization responsibility for the influence of their decisions and operation on society and environment by clear and ethical behavior which includes i.a. the expectations of stakeholders, which is in accordance to the law, influences positively on balanced development, accustoms contributes to prosperity of society. The main spheres of CSR include: organizational governance, human rights, relationships at work, environment protection, relationships with consumers, social engagement [4].

Another definition of CSR concept, which is worth mentioning, constructed by The European Commission. In case when the CSR is defined as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Corporate social responsibility concerns actions by companies over and above their legal obligations towards society and the environment. Certain regulatory measures create an environment more conducive to enterprises voluntarily meeting their social responsibility”[2].

Nowadays the CSR is the strategy and the manner of business running reflecting the reputation, increasing the company's market value but also generating improved or completely new services or products. The CSR understood in such a way is not expanses but investment, not costs but savings. The CSR concerns each area of company functioning, but not, as it is sometimes claimed, only engagement in social or philanthropical programs. Some activities
are less visible and some are more, but all of them are important and constitute the coherent whole. The CSR is the way of managing the company: transparent for employees, stockholders and business partners [9]. The CSR refers to treating stakeholders in the ethical and responsible way. The terms ethical and responsible are understood here as the manner or behavior possible to be accepted in the civilized society. While one of the main purposes of CSR is creating higher standards of life preserving profitability or running the business [3]. The essential role in the concept of CSR is played by stakeholders, i.e. people, objects, organizations, institutions which influence on company functioning. The stakeholder can be employee, investors, contractors, customers, deliverers, authorities, shareholders, local society etc. There is no doubt that the crucial element of CSR is identification of particular stakeholders' groups and the forms of connections bonding them with the company as well as selecting the groups without the involvement of which, the companies cannot survive or develop. After determining the most important groups of stakeholders for the enterprise, it becomes necessary to recognize their expectations, potential impact strength, co-operation areas.

The CSR is based i.a. on skillful creating the relationships with stakeholders as well as on the usage of dialogue building process with the stakeholders aiming at perfecting the business development and building the strategy of market competitive edge. The CSR enterprises in business contacts should respect ethical values, honestly fulfill the obligations, use transparent business practices grounded on respect for employees and society.

The CSR is new philosophy of leading the business which obliges the enterprises to balanced development with the respect of economical, ecological and ethical rules. It researches the company functioning from the dynamic perspective, not static one. In other words, the idea of CSR is directed towards researching the particular processes appearing in the enterprise in its economical, ecological and ethical sphere in present and future times, but not the universal processes [11]. The most important activity spheres of CSR in reference to enterprises include [5]:
- the activity addressed to employed people, which covers i.a. equal treating, career development, improvement of working conditions, guaranteeing greater job satisfaction, including the employees into the decision taking process in the company or financial support for employees and their families,
- the activity directed towards the market i.e. timely payment of obligations, equitable price policy, improvement of products quality or co-operation with local partners,
- the activity directed towards the society, i.e. improvement of local infrastructure, material/financial support of the institutions, populations of developing countries as well as volunteering,
- ecological activities which cover i.a. limitation of produced rubbish and pollution, effective usage of resources and designing the production processes being eco-friendly.

Conducting the analysis of chosen CSR definitions, it can be claimed that the
enterprise being socially responsible is the business entity which takes into consideration the needs and expectations of social and natural environment, voluntarily implements the prosocial and proecological activities, respects the standards, ethical and law norms. Business being socially responsible, depends also on recognition, preventing and mitigation of possible negative results of functioning of a particular company. The CSR enterprises should lead own activity based on a set of values which is grounded on noticing people in the consumption, distribution and production processes. Moreover, the CSR strategy should be applied in all spheres of enterprise activity.

2 The usage of CSR in Polish Enterprises

The survey conducted in recent years reveal that implementing the CSR concept is the domain of large companies. In 2014, around 46% of Polish enterprises led activities in scope of CSR, while next 15% considered taking such activities in the following years [6]. It should not be forgotten though that the CSR activities are present also in micro and small companies. Planning the CSR activities, business entities cannot forget about the fact that the scope of their engagement and suitable instrument selection must be adequate to the scale of their activity as well as the financial potential. It seems that the size of enterprise especially has hereto the fundamental significance because usually the bigger entity obtains greater opportunities. The figure 1 presents the shares of companies realizing the CSR activities in reference to employment.

Fig. 1 Activities of CSR in Polish companies in reference to employment.

![Fig. 1 Activities of CSR in Polish companies in reference to employment.](source)

In the groups of enterprises hiring less than 249 employees, only every fourth leads the activities in scope of CSR. While in the group of the biggest enterprises, hiring over 1000 employees, 67% realizes the CSR strategies. Analyzing the application of SCR in enterprises, it is worth noticing that many companies, especially small ones, treat the CSR as single action. The realization of long-term
activities of social business responsibility which are adjusted to the profile of enterprise allows to reinforce the branch, increase the engagement of employees and realize the business purposes. On the other hand, something must be the start-up and taking the single actions can be the impulse to constant and strategic engagement into the prosocial initiatives. Besides, part of entrepreneurs may apply and implement the activities connected with the social business responsibility in the unconscious way. Moreover, the smallest business entities are demanded the application of social responsibility activities in less degree than in case of big companies. It is worth noticing that small enterprises obtain significantly lower financial and human potential which influence on the lower degree of engagement in the CSR. Small- and medium-size companies can benefit from implementing the CSR strategies even in the same way as the big corporations, it must be only known how to adjust the CSR to the needs and possibilities of own company. The great role in the process of current concept realization in small companies is played by the owner, indicated as the basic unit responsible for taken activities in scope of social business responsibility. In connection to the above, the scope and kind of taken activities depend in great degree on the level of owner's knowledge concerning the CSR.

3 CSR in process of building competitiveness

The competitiveness reflects the position of one business entity (e.g. country, company or household) in reference to other business entities by comparison of activity quality and the results in the categories of superiority/inferiority [10]. At the time of globalization and internationalization of economic processes obtaining the competitive edge is the crucial aim of enterprises. The concept of CSR indicates that the enterprise exists in the social and cultural context. The investments in the social capital can be the source of measurable benefits for business. In literature, the attention is paid on the following benefits of CSR for the enterprises [8]:
– reinforcement of company's image,
– building the new reputation as the enterprise socially responsible,
– creating the new business possibilities (new markets, innovations, better technological solutions, etc.),
– guaranteeing stabilization and understanding in environment,
– increase of enterprise attractiveness as the employer (business socially responsible cares about the development of its employees)
– increase of work effectiveness by improving and rationalization of processes,
– synergy effect in the company and in the surroundings created by the intensive communication in the enterprise and with the different social groups.

It is important to notice here that carrying out the activities in scope of social engagement can become the source of competitive edge i.a. by building and preserving its image as the organization engaged in the prosocial projects. Its positive perception by potential customers, business partners, workers, contractors, suppliers or subcontractors is strengthened as well. It must be added
hereto that building of company's image and reputation is the long-term process therefore the benefits are visible after longer period of time. The positive perception of the company and the activities carried out by it allows skillful operating in the local society and also gaining its acceptance and support. Moreover, it influences the effectiveness of activities carried out and strengthens its position on the markets where the social business responsibility has the crucial meaning. The acceptance of the enterprise by the local society is connected with determined benefits for the company. First of all, it allows getting easier access to highly qualified staff. Besides, it causes to increase of customers and suppliers number which results in increase of company's value. Undoubtedly, the CSR improves the relationships with the society, structures and authorities being the closest for the company, winning the favor and staying in the local consciousness.

One may claim that the CSR influences on the increase of company's sales by increase of recognition and change of products and services perception. Part of the stakeholders is sensitive for the social and ecological problems and what is more they will be more willing to get products of the company or to establish closer co-operation with the CSR company. Following, the CSR company can shape the long-term relationships with stakeholders and obtain higher level of customer's satisfaction.

The competitiveness of enterprise is influenced by the employed workers. The CSR activities help to draw, motivate and keep the best employees. The prosocial and proecological activities shape the positive image in the eyes of present and potential employees. Due to the ethical behavior towards stakeholders, or for the sake of environment, the enterprise brings trust among the employees as well as increases the interest on the work market. The crucial issue is also to raise awareness of employees about the carried out the CSR activity because it can bring better integration among the workers. The ethical and just treating of workers can result in higher effectiveness and improvement of organizational culture [7].

The activities such as engaging the employees into implementation of CSR strategy by working volunteering, increase of employees shares in schooling or implementation of solutions in scope of balance between the career and private life can undoubtedly result into the increase of satisfaction and loyalty of employees.

In obtaining the competitive edge, the level of costs generated by the company is not without significance. Due to the CSR activities, there is the possibility of limiting some costs. For instance, buying the more effective machines/ production lines or introducing the modifications in the product allow lowering the costs of water, materials and energy. The increase of recycling of rubbish in the production process can lead to lowering the rubbish produced as well as lowering the costs of their utilization. The ecological education of employees can also play important role in lowering the costs. The limitation of expanses for the CSR company can result from saving connected with i.a.: both-side printing, repairing of appliances, switching off the devices from sockets for night, segregation of rubbish. The other example of CSR activities can be
hiring the handicapped people which gives the measurable financial benefits for
the employer and simultaneously becomes the fight with social and career
excluding.

The strategy of CSR introduced gradually allows to increase the economical
results. Moreover, the significant activity is publishing the information connected
with the CSR activities of company. This activity is to encourage also other
entrepreneurs to keep the rules of social business responsibility. Informing about
the CSR activity has positive influence on company's contracts with stakeholders.
The news about the units activity in this scope are given to outside information by
the CSR reports or other media. It leads to highlighting the company among the
competitive ones by making it more attractive from the point of view of customers
and the public institutions.

Conclusions

Only those enterprises which go for building their competitive edge in the
creative and smart way can count for the favour of more and more conscious and
demanding customer. Therefore, the CRS constitutes the crucial element of
strategy for many enterprises. Due to the activities being socially responsible, the
companies can gain the competitive edge in various spheres of business. The
broad list of short- and long-term benefits, which can be gained by the company,
states undoubtedly for usefulness of the concept.

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