

CORPORATE SOCIAL RESPONSIBILITY AND ITS APPLICATION IN THE ENTERPRISE

Bartłomiej Zinczuk

Maria Curie-Skłodowska University, Poland

bzinczuk@post.pl

Abstract:

Extensive changes in today's business environment, increasing globalization and the problems of social life force companies into a constant search for effective ways to adapt to new conditions, both in the social and economic activity. A high rate of integration processes and the development of modern information and communication technologies make many organizations enter into new relationships with the environment in business and society. In the era of globalization and growing competitive rivalry, the application of Corporate Social Responsibility (CSR) seems to be necessary for all modern enterprises. The elimination of unethical activities as well as undertaking projects in the field of social programs to improve the image of companies on the market increase the confidence in such companies, thus contributing in the long run to the increased earnings from their business activity. Without doubt, the implementation of main principles of CSR brings positive results for the economic activity. Some uncertainty concerning CSR cannot be questioned, either. Whether to overcome obstacles connected with the implementation of CSR in a company depends on the proper attitude a given organization that wishes to use the foundation concept of CSR and is ready to divert from pre-established principles and values.

Keywords: CSR, relationship, environment.

1. INTRODUCTION

Modern companies are subjected to a dynamic change of social environment, both cultural and economic. The dynamics of integration processes and the development of IT technologies enable numerous contemporary organizations to enter into new relationships with the participants of the environment. Both the creation and strengthening of a beneficial relationship between business and society pose challenges not only in the field of the organization but also with respect to its ethics. Therefore, the notion of Corporate Social Responsibility (henceforth: CSR) is becoming more and more popular, both among theoreticians and practitioners of management. It is noticeable that the attitude of consumers also undergoes a radical change. Nowadays, their expectation does not only focus on the production of the company according to the reported needs but also becomes more extensive, playing an active role in solving complex social and environmental problems. The implementation of CSR calls for the increase of all participants, such as employers, employees, public sector and local communities. It is also vital to strive for the development of social dialogue, which allows to eliminate all barriers and develop common solutions giving satisfaction to all participants.

2. THE ESSENCE OF CSR

The concept of Corporate Social Responsibility (CSR) has been widely disseminated since the early 90s of the XXth century. In literature the notion is described as 'a certain sensitivity to the matter of the external environment (social as well as ecological), [and] the ability to maintain the balance between the interests of customers, employees and shareholders, and certain services for the local community' (Żemigala, 2008, p. 15). CSR is also defined as 'a new global direction of change in strategic management company, which commits the company to sustainable development while respecting the principles of economics, ecology and ethics' (Korpus, 2006, p. 11). The above definitions of CSR are indicative of its interdisciplinary nature of interest including philosophy, ethics, economics, sociology and management science. CSR encompasses the entire business relationship with all market participants, stressing primarily their ethical dimension. The growing interest in contemporary business social responsibility is the result of the following parameters (Adamczyk, 2009):

- an increase in social expectations resulting from the inability of state institutions to provide basic social needs (both social and environmental),
- the process of economic globalization,
- progressive expectations of business transparency; the improvement of business reliability in the wake of economic affairs known via media,
- the lack of acceptance of aggressive marketing and the exploration of new ways of competition based on trust.

Allowing for all aspects of business dimension that display accepted legal and moral standards is the answer to the search of a modern enterprise in a changing environment. Focusing solely on the company's possible profit often raises a number of adverse events such as unfair competitive struggle, human defined standards of business conduct and environmental degradation.

In the era of globalization and the growing competitive rivalry, the application of CSR seems to be a necessary factor in the policy of modern enterprises, both domestic and foreign. The elimination of unethical activity and undertaking the projects in the field of social programs to improve the image of companies on the market increases the confidence in such companies

and contributes to their increased sales (Bojar, 2007). It is worth mentioning that a socially responsible organization is a learning organization, serving the needs of a public sector and ready for changes, not only to maximize its profits but also to contribute to the surrounding environment. It is required that the organization of the future should learn how to meet the needs of society, create the common good and take an active part in the life of society (Żemigła, 2007).

According to the principles of CSR, moral and legal responsibility of the enterprise must be addressed to all market participants such as owners, shareholders, employees, customers, social and environmental organizations, suppliers and collaborators (Zbiegień-Maciąg, 1997). Nowadays, the company should meet the expectations of various interest groups in various interactions. A key goal is to investigate the balance between the organization and other market participants, as well as provide the services that meet the needs of entities in the environment. R. Speamann enumerates the following areas of responsibility (after Żemigła, 2007):

- the elimination or mitigation of conflicts of interest resulting from diastase to objectively and subjectively,
- the protection of employees' satisfaction with their work,
- the care for the welfare of employees,
- environmental protection,
- ensuring the welfare of mankind.

J. Adamczyk in turn identifies four areas of Corporate Social Responsibility (Adamczyk, 2009):

- economic issues,
- the area of sociology,
- ecological area,
- the area of ethics.

In case of economic area, many authors have different approaches to the interpretation of the company's liability. M. Friedmann stresses the importance of the company's increasing profits rather than the solution of social problems. This view is often criticized for the simplification of the role of business in the economic environment as well as one-dimensional view of its mission. Many researchers of the entrepreneurship phenomenon and the role of business in the modern market economy claim that, besides the ability to profit and minimize losses, the primary objective of the company should be the strive for continuous improvement, possessing skills to adapt to changing environmental conditions, the continuing improvement of competitiveness, quality and use of innovative behavior on the market as well as the creation of positive image of the organization. The implementation of CSR should result in the following parameters (Nelson, 1996):

- the flow of investments and returns,
- the employment,
- the production of goods and services,
- the creation of infrastructure for social development,
- the transfer of technology,
- the implementation of best practice standards and actions,
- the development of local entrepreneurship.

The sociological area of CSR focuses on the responsibility of companies towards society, taking into account the interests of employees, customers, suppliers, investors and the local community. Business activities in this area should stress in particular a growing concern about social welfare, job creation, education and skills of employees, workplace health and safety. Considering human resources as the organization's most valuable asset, a special deference should be applied to people's needs, expectations and working conditions. The concept of human resource management exposes the company to employees in the process aimed at ensuring the organization in a specific place and time the required number of staff with appropriate qualifications, as well as the creation of such conditions which stimulate efficient behaviour, organization and the use of personnel complied with the overriding objective of the organization (Król & Ludwicyński, 2006).

The third area of CSR is the area of ecology. Contemporary change in the approach to environmental protection is essential. It takes into account both health conditions of life on Earth and aesthetic qualities of the landscape. Nowadays, the concern about natural environment and the quality of human life is considered to be one of the most important social objectives. Thus, CSR can be implemented not only to avoid actions which might have a negative impact on the environment but also to anticipate future consequences which result from environmental degradation. The increased environmental awareness and sensitivity of human society to the issue of environmental protection has a significant impact on businesses and the entire industry, which reveals not only in the creation and regulation allowing for the natural environment, but also in undertaking a series of environmental initiatives by the companies, which in turn contributes to the positive perception of companies adopting this rule, and increases their positive image.

Finally, the ethical dimension of CSR is the area which stresses the responsibility for the company concerning its business in terms of ethical and moral aspects. The ethical side of the company consists in seeing the effects of its own decisions and bearing responsibility for them and is often inspired by the common good even at the cost of losing part of its profits (Minus, 1995). Ethics in business is associated with the introduction of formal rules set out in compliance with law. The process of establishing ethical patterns of behavior in the company should not only disseminate guidance on the accepted standards and train personnel in this field but also monitor such activities and create an efficient system of open communication. Any company which represents industries and a range of services or manufactured goods sooner or later affects individual components of the environment regardless of its size. Business activities to the local community can be expressed in terms of three levels of engagement (Wilson, 2000):

- the level of compliance according to the existing legal system (paying taxes, respecting the rights of workers, compliance with environmental standards),
- reducing the level of damage caused by economic activity and relating to the environment or social sphere,
- the level of positive effects on the increase in economic activity and creating value by investment, innovation and partnership for social and environmental good as well as the quality of life (new job creation, concern for social development and economic growth).

The strength and quality of the relationships created between the company and the local community are widely discussed in literature (Żbikowska, 2005) and can be enumerated as follows:

- trust,

- credibility,
- predictability,
- proximity,
- common interests,
- mutual benefit,
- the urgency of collective needs.

3. ADVANTAGES AND LIMITATIONS OF THE USE OF CORPORATE SOCIAL RESPONSIBILITY IN THE ENTERPRISE

The issue of CSR triggers numerous discussions and digressions. Theorists and practitioners of this concept present the results of their work in numerous papers. The concept of CSR is considered by many researchers as a tool for gaining competitive advantage in the global market where customers, employees and investors pay an increasing attention to non-economic values (Adamczyk, 2009). The implementation of CSR strategy and its success is determined by the following criteria (Nelson, 1996):

- reputation – based on such parameters within organizations as: reliability, quality, honesty, trust, responsibility towards stakeholders and credibility;
- relationship – pointing to business relationship towards primary and secondary stakeholders;
- sensitivity to the needs of the environment - the ability to respond to market demands manifested in the form of new trends and social needs. Sensitizing companies to the market plays a vital role in building the reputation and competitive advantage;
- efficient use of resources and increasing their value - the availability of the company to all the resources and the ability of their application in business.

Elements of CSR strategy can be viewed as social benefits used in domestic and foreign companies. It is usually the following criteria that are taken into account (Nelson, 1996):

- the increase in the commitment and motivation of employees;
- creating an organizational culture;
- lowering the cost of supervision;
- the increase in innovation;
- marketing the benefits achieved through donations.

Among the advantages concerning foreign companies the following points are listed:

- a positive image among stakeholders;
- peaceful activities in the community;
- the increase in the number of loyal customers;
- the increase in competitiveness;
- the interest of investors;
- prestige in the environment due to sponsorship and charitable activities.

The primary benefits of the society include:

- active participation of enterprises in solving social problems;
- environmental protection;
- activation of the local community;
- educational programs for residents;
- ability to use employees' time (volunteering);

- financing of sport, cultural and charity activities.

Numerous researchers stress such reasons for adopting the objectives of CSR as the following points (after Robbins & de Cenzo, 2002):

- social responsibility of companies corresponds with the expectations and is based on a cultural base and stimulated by modern science and policy;
- CSR promotes the adoption of its offer on the market;
- business organizations should be socially responsible in certain circumstances to show that they can also be guided by their own conscience;
- CSR shapes the public image of the company, helping to attract more customers and strengthening their loyalty;
- adopting the policy of CSR in the field of environmental protection business improves the environment, which in turn improves the quality of life of the country;
- the development of CSR in a given country reduces the need for government regulations in the areas of CSR and the areas affected, which greatly reduces the tendency to the bureaucratization of the economy and society and reduces the involved costs;
- social responsibility promotes the balance between responsibility and authority;
- CSR develops and strengthens the bond between the company and its stakeholders as well as resolves conflict situations;
- companies have the resources in this particular knowledge and skills so that, without jeopardizing their own interests they may support projects of public nature;
- developing CSR helps to prevent or mitigate conflicts occurring between the company and its internal and external environment. This is a set of preventive measures to reduce or prevent the effects of such phenomena.

Arguments against the adoption of CSR concern the following issues (Robbins & De Cenzo, 2002):

- the breach of the principle of profit maximization;
- CSR may contribute to the dispersion of forces and resources of the company and thus reduce its economic efficiency;
- many socially responsible actions are unprofitable because of high costs;
- companies expanding their social responsibility increase control over society.

It seems that the implementation of CSR in the enterprise brings more benefits than limitations. The presented counter-arguments concerning CSR may be considered as valuable critical comments of the concept which, after a thorough analysis, may be applied improve the functioning of enterprises in the context of the discussed notion.

4. SUMMARY

The application of main principles of CSR to the economic activity casts numerous doubts on a practical implementation of the notion. Undoubtedly, enforcing the policy of CSR depends on a proper attitude of the organization and its members who want to use the foundation concept of the notion and carry out changes in the form of pre-established principles and values. This is directly linked to the organizational culture willing to carry out a wider organizational change. Each change is associated with resistance to its progress and impact. To overcome this tendency, it is vital to remember about the effective communication process that will reduce uncertainty among members of the organization concerned about

transformations and their possible negative consequences. Making changes without the participation of employees is usually doomed to failure. However, despite many difficulties which are inevitable at any transformation, it is important to see positive results which CSR brings on ethical, social, organizational and business scale.

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