

# GOOD PRACTICES OF POLISH ENTERPRISES IN AREAS OF CORPORATE SOCIAL RESPONSIBILITY

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## Abstract

This paper aims to present good practices of enterprises in particular areas of the CSR.

According to guidelines of the International Standardisation Organisation expressed in ISO 26000, 7 fields of Corporate Social Responsibility can be distinguished: corporate governance, human rights, labour practices, environment, fair operational practices, consumer issues, social threats, and development of local community.

Two research hypotheses concerning the quantity and structure of good practices introduced by Polish enterprises in the individual areas of the CSR have been postulated.

A survey of Mazovian enterprises conducted in 2014-2016 and a national survey by the Responsible Business Forum have been used to verify the hypotheses.

The analysis implies enterprises increasingly often implement good CSR practices. What is more, most actions taken are intended to improve working conditions of their staff and to improve quality of local communities where the enterprises operate.

The theoretical section of the paper applies a critical review of CSR literature, whereas the empirical part utilises statistical analysis of data derived from the author's email survey and secondary research by the Responsible Business Forum.

**Key words:** Corporate Social Responsibility, good practices, enterprise.

**JEL Code:** M14, D22

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## Introduction

Corporate Social Responsibility is a concept according to which enterprises voluntarily go beyond minimum legal requirements and address social and environmental issues in their commercial activities and relations with stakeholders. These problems are the subject matter of many publications whose authors focus on explaining the essence of CSR (Dahlsrud, 2008), its theoretical status (Garriga & Melé 2004; Marková et al., 2014), CSR reporting

(Křištofík et al., 2016; Lament, 2016; Maráková et al, 2015), impact of CSR on competitiveness (Olejniczak, 2012) and innovation (Wolak-Tuzimek, 2016), and effect of CSR on financial performance of enterprises (McWilliams & Siegel 2001), inter alia.

Corporate Social Responsibility is not only business in compliance with prevailing standards and regulations but also guarantee of fair working conditions, implementation of innovative systems for environment protection, and care for good relations with the environment. It should be emphasised enterprises ought to, as far as practicable, become involved in socially responsible actions, that is, implement good practices.

This paper aims to present good practices of enterprises in particular areas of the CSR.

Enterprises which have implemented CSR act responsibly and ethically in relation to social groupings which they affect, with maximum possible respect for the natural environment.

The following research hypotheses are advanced in this paper:

H1: Polish enterprises increasingly often implement good practices in the area of Corporate Social Responsibility.

H2: Enterprises most commonly pursue socially responsible actions in the fields of social commitment and development of local communities and carry out good labour practices.

Measures of position and dispersion, used in descriptive statistics, are applied to verify the hypotheses. The analysis bases on data from the author's electronic mail survey and secondary research by the Responsible Business Forum (RBF).

## **1 Areas of Corporate Social Responsibility**

Enterprises realising the idea of Corporate Social Responsibility voluntarily agree to maintain a balance of three aspects of their operations: economic, social and ecological.

In line with CSR, an enterprise attempts to maximise its profits and goodwill while bringing benefits to society and engaging in environment protection activities.

Specialist literature offers various theories to divide the area of CSR. A.B. Carroll (1991) distinguishes four principal dimensions of Corporate Social Responsibility, namely, economic, legal, ethical and charity. J. Adamczyk (2009) expands it with ecological and sociological fields, while R. W. Griffin (2005) groups enterprise activities into three areas: the natural environment, external shareholders, and general public welfare. Each area focuses on another sphere of enterprise operations, follows different rules, and is addressed to another group of stakeholders.

**Tab.1: Areas of CSR according to selected authors**

Author	Area
A.B. Carroll	<ul style="list-style-type: none"> <li>• <b>Economic responsibility</b> – refers to profitability and allows for actions in the remaining areas,</li> <li>• <b>Legal responsibility</b> – actions in compliance with applicable laws,</li> <li>• <b>Ethical responsibility</b> – defines behaviour and patterns of conduct,</li> <li>• <b>Charity responsibility</b> – performance or financing of actions for specific social issues</li> </ul>
R. W. Griffin	<ul style="list-style-type: none"> <li>• <b>Natural environment</b> – actions reducing harmful impact on the environment and waste disposal</li> <li>• <b>External shareholders</b> – actions of an organisation for its stakeholders</li> <li>• <b>General public welfare</b> – enterprise activities to improve welfare in its environment</li> </ul>
J. Adamczyk	<ul style="list-style-type: none"> <li>• <b>Economic</b> – enterprise attempts at generating not only profits but also growth and innovation, improvement of competitiveness, increasing share in the market, and propagation of a positive enterprise image</li> <li>• <b>Legal</b> – obedience to prevailing legislation</li> <li>• <b>Ethical</b> – noting consequences of its own decisions and shouldering responsibility, respect for the public good as part of generally acceptable standards,</li> <li>• <b>Charity</b> – donations or other aid in response to requests from public organisations or individuals in need,</li> <li>• <b>Sociological</b> – orientation towards staff, investors, customers, suppliers, distributors, local communities, etc.</li> <li>• <b>Ecological</b> – environment protection and improving quality of life, e.g. health conditions, aesthetic values, beauty of the landscape.</li> </ul>
A.Skrzypek	<ul style="list-style-type: none"> <li>• <b>Activities addressed to employees</b> – including equal treatment, training and professional development, improved working conditions, financial aid to staff and their families,</li> <li>• <b>Market-oriented actions</b> – including timely payment of liabilities, fair pricing policies, improved quality of products or cooperation with local partners,</li> <li>• <b>Activities addressed to the public</b> – including improvements to local infrastructure, material or financial support for institutions and populations of developing countries, voluntary activities,</li> <li>• <b>Actions for the natural environment</b> – including effective use of the resources in place, cutting waste and pollution, design of environment-friendly products and manufacturing processes.</li> </ul>

Source: The author's own compilation on the basis of: Carroll, 1991; Griffin, 2005; Adamczyk, 2009; Skrzypek, 2015.

Areas of Corporate Social Responsibility have also been defined in ISO 26000. Guidelines of the International Standardisation Organisation distinguish 7 areas (ISO 26000: 2010):

1. Corporate governance – the decision-making process in an organisation which should be transparent and follow ethical rules.
2. Human rights – inalienable rights that accrue to men by virtue of being human.
3. Labour practices - any relations between an organisation and its employees.
4. Environment – actions of an enterprise that have impact on the natural environment.
5. Fair operating practices – ethical conduct of an organisation in relation to other entities.
6. Consumer issues – responsibility for goods and services offered to consumers.
7. Social commitment, development of local communities – relations with other organisations and actions taken to improve quality of local communities where the organisation operates and to develop civic society.

## **2 Characteristics of the research sample**

Results of the author's research into enterprises based in the Mazovian region and statistics on good practices from reports published by the Responsible Business Forum (RBF) are discussed in this paper.

A study of enterprises seated in the Mazovian region, drawn at random from a database available at [www.b2bbank.pl](http://www.b2bbank.pl), was conducted in 2014-2016.

The research sample was selected in line with the first and second laws of randomisation, namely, each element of the general population had a chance to be drawn and elements of the same category were taken into account. Simple random selection was applied.

Interviews with the respondents were carried out as part of an electronic mail survey. In June of 2014, 2015 and 2016, a survey questionnaire (research tool) was distributed to 400 enterprises. Phone calls were also made to invite participation and progress of the survey was monitored. The survey included a specification and 25 closed-end questions on determinants of enterprise development, including 10 concerning issues related to Corporate Social Responsibility. One question asked for specifying areas of CSR where an enterprise implements good practices. Rates of return of the surveys were 26.5%, 30.5%, 29.5% in the particular years, respectively.

**Tab.2: Numbers of enterprises applying principles of Corporate Social Responsibility**

Year	Number of enterprises		Micro-enterprises		Small enterprises		Medium-sized enterprises		Large enterprises	
	Total	with CSR	Total	with CSR	Total	with CSR	Total	with CSR	Total	with CSR
2014	106	66	38	22	29	17	25	17	14	10
2015	122	72	45	27	36	18	31	19	10	8
2016	118	70	47	26	32	16	29	19	10	9

Source: The authors' own research.

Responsible Business Forum (RBF) has prepared the report 'Responsible Business in Poland. Good Practices' every year since 2002. This is the most extensive review of socially responsible business in Poland which contains examples of good practices and enterprises' actions.

124 (2014), 137 (2015) and 180 enterprises (2016) were involved in the RBF reports. Those entities implemented actions in several areas in parallel.

### 3. Results

Good CSR practices, namely, actions, programmes or projects realised by enterprises, have been grouped by areas listed in ISO 26000.

Analysis of the data (Table 3) indicates numbers of good practices implemented have tended to grow. In 2016, the enterprises carried out 461 good practices, that is, 8.9% more than in the initial period. A similar dependence could also be observed among the enterprises active in Mazovia. Numbers of good practices in this region rose by as much as 64.8%. This demonstrates the concept of CSR is expanding and increasing ranks of enterprises perceive their businesses in terms of value and not merely of financial profits. This is a result of years' worth of efforts by managers, non-government organisations, institutions and academic circles that prove one can work and act jointly for society and environment protection.

**Tab. 3: Numbers of good practices in the national research and in Mazovia**

Area	2014		2015		2016	
	Poland	Mazovia	Poland	Mazovia	Poland	Mazovia
Corporate governance	35	4	36	11	19	18
Human rights	14	1	13	5	11	9
Labour practices	84	25	114	32	99	46
Natural environment	50	19	57	25	72	31
Fair operating practices	29	3	22	10	28	16
Consumer issues	21	2	26	9	42	16
Social commitment, and development of local communities	187	74	186	77	190	75

Total	420	128	454	169	461	211
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Source: Results of the author's own studies, RBF data.

By means of position measure (arithmetic mean, median) and dispersion measure (standard deviation, variability, coefficient of variation), statistical tools used to describe a test group, key properties of the areas in question are analysed. The results are shown in Table 4.

**Tab. 4: Basic descriptive statistics of good practices in CSR areas in Poland and in Mazovia**

Area	Mean		Median		Standard deviation		Variability		Coefficient of variation	
	Poland	Mazovia	Poland	Mazovia	Poland	Mazovia	Poland	Mazovia	Poland	Mazovia
Corporate governance	30.00	11.00	35.00	11.00	9.54	7.00	91.00	49.00	32%	64%
Human rights	12.67	5.00	13.00	5.00	1.53	4.00	2.33	16.00	12%	80%
Labour practices	99.00	34.33	99.00	33.17	15.00	10.69	225.00	114.33	15%	31%
Natural environment	59.67	25.00	57.00	25.00	11.24	6.00	126.33	36.00	19%	24%
Fair operating practices	26.33	9.67	28.00	9.83	3.79	6.51	14.33	42.33	14%	67%
Consumer issues	29.67	9.00	26.00	9.00	10.97	7.00	120.33	49.00	37%	78%
Social commitment and development of local communities	187.67	75.33	187.0	75.17	2.08	1.53	4.33	2.33	1%	2%

Source: The author's own calculations.

Arithmetic mean is a fundamental measure of position. It represents average level of a statistical variable in a population. In the case of both the national data and those obtained in the Mazovian region, the results approach the median (the median value), evidence the arithmetic mean is a good method of indicating the average result.

Results of the study in Mazovia and data derived from the RBF reports suggest social actions, including those for local communities, and good practices addressed to employees and designed to improve working standards, welfare, environment, health and safety are the most popular. This is substantiated by the highest arithmetic means in the areas of: social commitment and development of local communities (75.33 and 187.67, respectively) and labour practices (34.33 and 99.00, respectively).

Analysis of the standard deviation, determining how broadly values of a tested variable are dispersed around its mean, indicates:

- In the national study, the minimum values were generated for human rights (1.53), social commitment and development of local communities (2.08). In the case of Mazovian enterprises, on the other hand, the lowest values were obtained for the areas of social commitment and development of local communities (1.53) and human rights (4.0).

This means good practices in these CSR areas have been steadily implemented in each year to a similar extent, since this low value of the deviation is proof of a minor dispersion of the results around their mean.

- The standard deviation was maximum for the area of labour practices, a sign of significant dispersion of the results around the average. As far as the Mazovian study is concerned, the result is produced by a substantial rise of good practices in this area in 2016 (84% over 2014), whereas, in the national research, this is caused by dramatic fluctuations. Numbers of good practices in 2015 were 35.7% greater than in 2014, to drop by 13.2% in the following year.

Coefficient of variability is another measure of dispersion. In contradistinction to the standard deviation, which defines absolute variation of a characteristic, coefficient of variability is a relative measure that is dependent on the arithmetic mean. It was minimum for the area of social commitment and development of local communities. It equalled 2% for the Mazovian region and 1% in the case of the national studies. This points to a minimum variability of numbers of good practices implemented in this field.

Numbers of good practices in the area of social commitment and development of local communities are highly concentrated around the mean, which is reaffirmed with the variance results. The low level of this measure shows enterprises have implemented comparable numbers of good practices to support local communities and resolve their problems each year.

## **Conclusion**

An enterprise desiring to be regarded as socially responsible is obliged to consider social and environmental issues in its decision-making. Added to this, it should use energy and other resources efficiently, have a code of ethics in place, realise programmes for its local surroundings and the natural environment, and supply reliable information about its products to consumers (labelling, advertising). Promotion of social responsibility and education of other entities in this respect are some other major considerations. Good practices of enterprises serve to carry out such intentions.

In light of results of both the national study and the author's survey of enterprises operating in the Mazovian region, the hypotheses postulated in this article can be said to be true. The results prove:

1. Numbers of CSR good practices pursued by enterprises have been on the increase. The national studies imply enterprises implemented 461 good practices in 2016, 8.9% more than in 2014. In Mazovia, meanwhile, numbers of the good practices rocketed by as much as 64.8%.
2. All the enterprises realised most good practices in two areas: social commitment and development of local communities and labour practices in the entire time under discussion. The trend is corroborated by the highest arithmetic means generated for the national research (187.67 and 99.00 for both the areas, respectively) and for the enterprises in Mazovia (75.33 and 34.33, respectively). What is more, the low measures of dispersion for the area of social commitment and development of local communities show comparable numbers of good practices in this domain were performed each year.

Good practices by enterprises bring palpably positive results. They are good means to improving quality of life. They teach how to expand your knowledge by taking advantage of other entities' experience. It is of paramount importance, therefore, that their numbers continue increasing with every year.

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