

CORPORATE SOCIAL RESPONSIBILITY AS AN OPPORTUNITY FOR THE SUSTAINABLE DEVELOPMENT OF SMALL TO MEDIUM-SIZED ENTERPRISES

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Abstract. On an increasingly competitive market, corporate social responsibility is one of the most important business strategies. Activities of this type are not, however, widely promoted among small to medium-sized enterprises. This is why there is a need to deploy the principles and instruments of CSR in a way which is adapted to the specific ways in which such businesses function, as it represents an opportunity for sustainable development. The purpose of this article is to attempt to transpose the concept of corporate social responsibility to the small to medium-sized enterprise sector, and to determine the main benefits of and barriers to the development of that idea in the strategies applied by business people with a particular focus on businesses in the voivodeship of Malopolska in Poland.

Key words: corporate social responsibility, sustainable development, SME sector.

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Introduction

In a dynamically developing market economy, it is increasingly often possible to observe a growing interest in the concept of corporate social responsibility, which involves engaging in economic activities, which are focused not only on profit and efficiency, but also on ecological and social interest understood in the broader sense.

The growth in ecological initiatives being taken in the development of businesses is leading to them increasingly, taking environmental aspects into account, as a factor with an influence on being perceived more favourably on the market (Wielewska I., 2016). This is reflected in the application of the idea of corporate social responsibility (CSR) by business people. The need to develop the aforementioned concept stems not only from those businesses themselves, but also from the local community, the competition, local and central authorities and many other participants in socio-economic life, which have an indirect or direct influence on economic entities (Zuzek D., 2012a).

The purpose of this article is to present the concept of corporate social responsibility, and to determine the main benefits of and barriers to the development of that idea in the strategies applied by business people with a particular focus on businesses in the voivodeship of Malopolska in Poland. The analysis of the results of the studies conducted is concerned with the small to medium-sized enterprise sector. The studies

were conducted using the survey questionnaire method in 2016. The aim of the studies was to assess familiarity with the concept of corporate social responsibility and the possibility of applying it to the businesses surveyed. 150 correctly completed surveys were accepted for the purposes of the analysis, and were subjected to statistical analysis.

Research results and discussion

1. Theoretical notion of corporate social responsibility (CSR)

For several years now, it has been possible to observe a growing interest in management based not only on generating profit and efficiency, but also on ecological and social interest understood in the broader sense. This is a result of the growing awareness among business people of the importance of principles of sustainable development and the widespread belief that taking voluntary initiatives in the area of corporate social responsibility can lead to making businesses more attractive and reliable partners on the domestic and international market, where good practices are highly valued (Zuzek D., Wielewska I., 2015).

In the subject literature, it is possible to find various approaches to the notion of CSR, which results from the fact that the scope of corporate social responsibility is not understood in a uniform way (Wasowska A., Pawlowski M., 2011). CSR-related considerations are the subject of work not only in the field of economics, but also in sociology, philosophy and ethics, too.

Corporate social responsibility is defined as a moral duty to the environment, both internal and external, in which each business operates (Zbiegienaciag L., 1997). It is characterized by a particular sensitivity to matters relating to the external environment, such as the social and ecological aspects thereof, as well as the capacity to maintain a balance between participants in the market and the provision of certain services for the benefit of the local community (Zemigala M., 2007). CSR means businesses taking responsibility for the effects of the decisions and actions they take with regard to the community and the environment (Wielewska I., 2014).

According to J. Korpus, it is a new direction of change in sustainable development, which respects the principles of economics, the natural environment and ethics (Korpus J., 2006).

Corporate social responsibility is also associated with an obligation on the part of business people to make decisions which are desirable in terms of the objectives and values of society as a whole (Bowen H., 1953). Today, the phenomenon is increasingly understood to take the form of actions involved in conducting economic activity in such a way that takes pro-social and pro-ecological considerations into account. Responsible business practices consist of observing ethical standards in relations with employees, competitors and business partners, as well as engaging in activities favourable to development of the local community and to protection of the natural environment (Marek S., Bialasiewicz M., 2011).

In practice, CSR also includes the following (Zuzek D., 2012b):

- 1) activities aimed at employees of the company (concerning improvements in working conditions, ensuring better levels of satisfaction and opportunities for professional development);
- 2) activities aimed at the market (on-time settlement of liabilities to suppliers and business partners, keeping to terms of

- commercial agreements, improvement of the quality and safety of products, ethical advertising, cooperation with companies from the region);
- 3) activities for the benefit of the community (improvement of local infrastructure, financial or material support for local public institutions, activities to foster social integration);
- 4) activities related to the natural environment (use of environmentally-friendly products and production processes, efficient use of resources, conducting "ecological assessments" of suppliers, limiting the amount of waste and pollution generated).
- 5) Corporate social responsibility can, therefore, be understood as an obligation on the part of business people to make a contribution to sustainable socio-economic development that goes beyond the minimum set out by legal requirements or obligations of a social or environmental nature (Bernatt M., 2009). In practice, this means the balancing of benefits and losses in three areas: the economy, the community and the environment (Wielewska I., 2015).

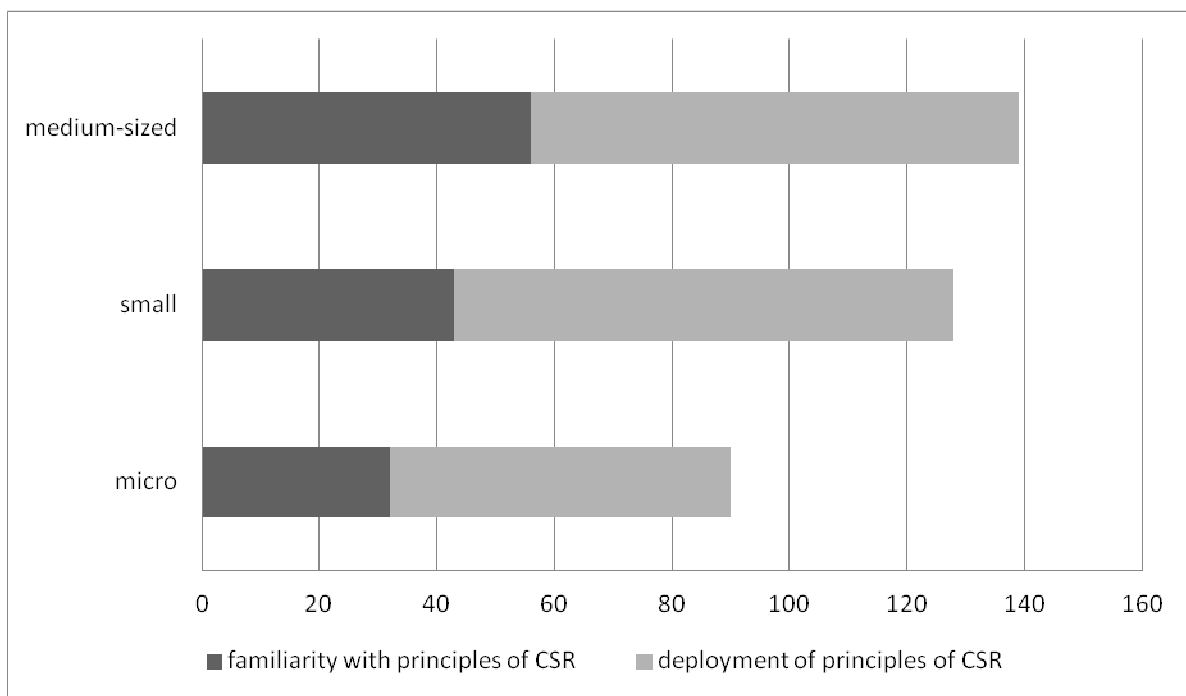
The idea of corporate social responsibility has met with both positive and negative opinions, as a result of the variety of ways in which the phenomenon is perceived by business people. Proponents of the idea point to the fact that a business is not just an economic entity focussed on generating profit, but that it also has a responsibility for its activities in the economic, social and ecological spheres, which contributes to greater stability and facilitating dialogue between different economic entities. Opponents of the idea of CSR underline that the main purpose of a company's operations is to increase profits and to pursue its economic objectives. CSR is a new, voluntary strategy which takes account of social, economic, ethical and ecological aspects of economic activity and interaction with the environment. In practice, it

most often manifests itself in activities such as social campaigns, sponsoring of cultural events, the sale of products with part of the profit earmarked to be put towards a particular social cause, the creation of ethical codes or the eco-labelling of products. The social perception of activities taken in the sphere of CSR may also be of interest (Zuzek D., 2013).

Taking both points of view into consideration, CSR is a position which represents the business community's response to the needs of the contemporary world (Wielewska I., 2014).

2. Benefits of and barriers to development of principles of corporate social responsibility in business

Corporate social responsibility is an initiative which is still relatively unknown in Poland, especially in the SME sector or in local communities. An increasing number of businesses are, however, coming to understand the significance of the concept and starting to take action to promote sustainable development. As a result of surveys conducted in the field, it can be seen that familiarity with the idea of CSR depends above all on the size of the business (Fig. 1).



Source: author's research

Fig. 1. Familiarity with and deployment of the concept of corporate social responsibility in businesses from the SME sector (as a %)

Among businesses from the SME sector, around half of the medium-sized enterprises confirmed that they were familiar with the principles of CSR. Around 43 % of small businesses were familiar with the notion, but only 32 % of those running micro-enterprises were able to explain what the phenomenon involves. It is also worth noting that among the businesses that say they are familiar with the concept in question around 83 % small and medium-sized enterprises deploy it within their company. However, only 58 % of micro-enterprises deploy

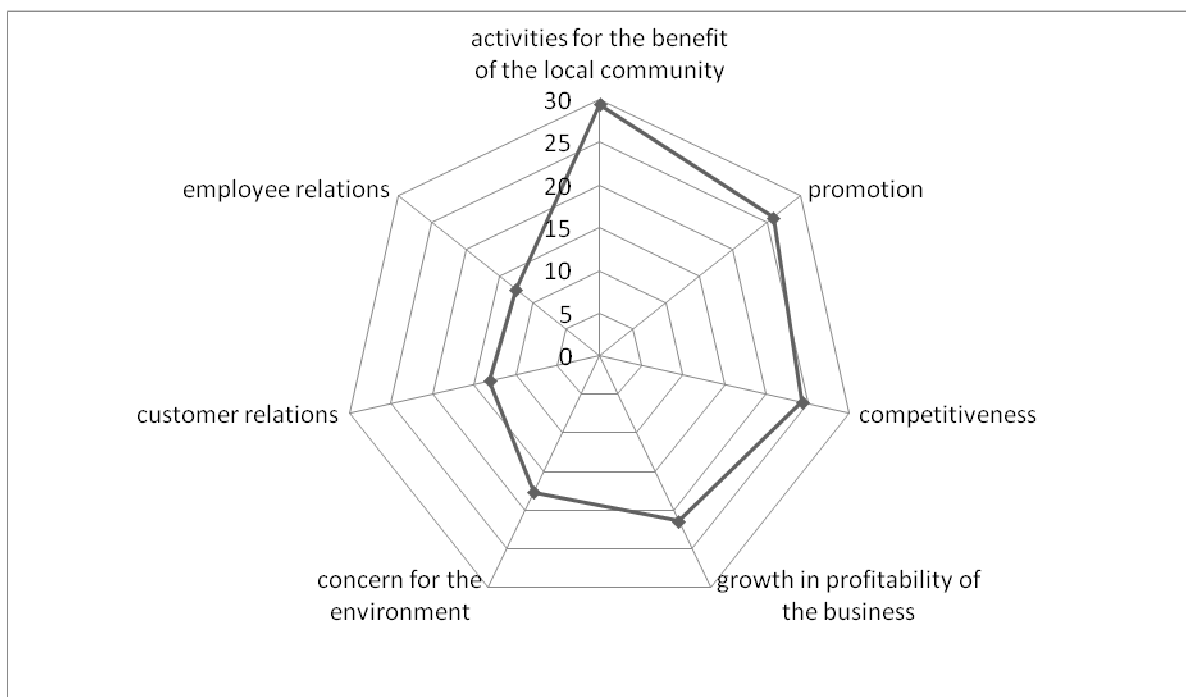
elements of CSR in the business activity they conduct. Small and medium-sized enterprises frequently apply principles related to CSR without being aware they are doing so, which means, as a result, that such activities are not a part of their business strategy and thus do not bring the same effects as if they were to be applied consciously. This approach to the issue may result from the fact that, as mentioned previously, the notion of CSR is also defined in various ways by different business people. The business people surveyed mainly understand

corporate social responsibility as activities undertaken for the benefit of the local community (around 30 %). The other most popular responses were such as: a form of promotion (26 %), competitiveness (24 %) and growth in profitability of the business (over 20 %). The least popular responses indicated by business people were relations with customers and employees (Fig. 2).

The positive influence of corporate social responsibility can be assessed not only in terms of financial results, but also and above all in terms of actions taken to improve the reputation of the business, and growth in its competitiveness, which may result in an improvement in the company's image.

Customers, who are increasingly aware of environmental threats most importantly expect products and services that are environmentally-friendly and are ready to pay more for them.

Businesses which are active in the sphere of corporate social responsibility experience benefits which can lead to an increase in revenue (45 % of responses) (Fig. 3). The benefits resulting from the deployment of principles of corporate social responsibility most frequently pointed to by respondents were associated with a change in the company's image (45 %). Nearly 40 % of the businesses surveyed also observe benefits in the form of better employee motivation and an improvement in relations with the local environment.

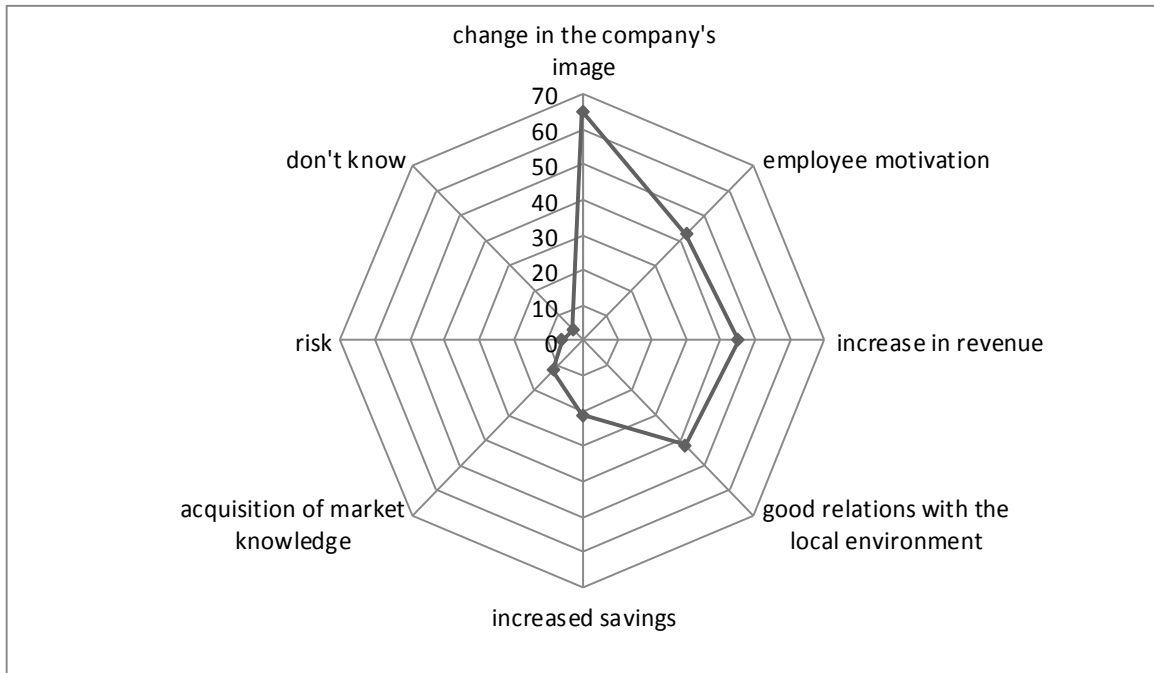


Source: author's research

Fig. 2. Definition of corporate social responsibility by business people (as a %)

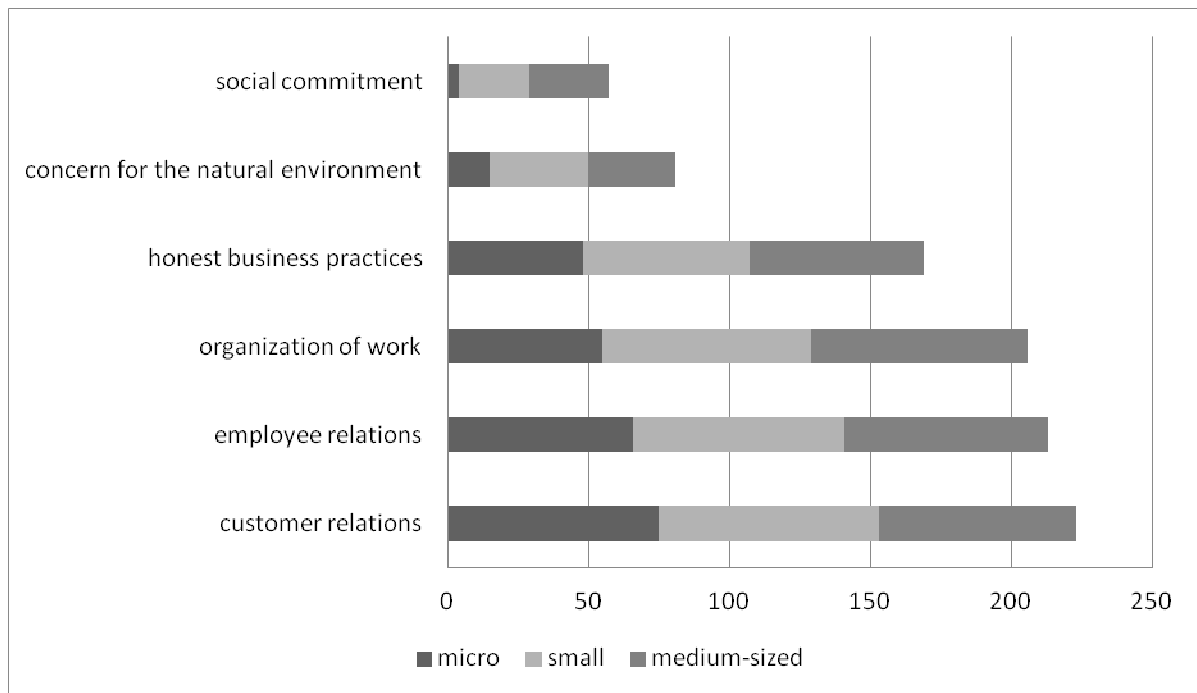
In the subject literature, the predominant point of view is that pro-environmental stances adopted by businesses, related to their ecological responsibility, have a positive influence on their competitive position (Chodynski A., 2011). Such activities are concerned with achieving environmental goals, which are the result of a

conscious approach to business management. Ecological criteria may also have an influence on local communities, which increasingly frequently expect businesses to adopt ethical modes of conduct that are beneficial to the natural environment.



Source: *author's research*

Fig. 3. Benefits observed by businesses related to application of the idea of CSR (as a %)



Source: *author's research*

Fig. 4. Ways in which CSR is perceived by business people surveyed (as a %)

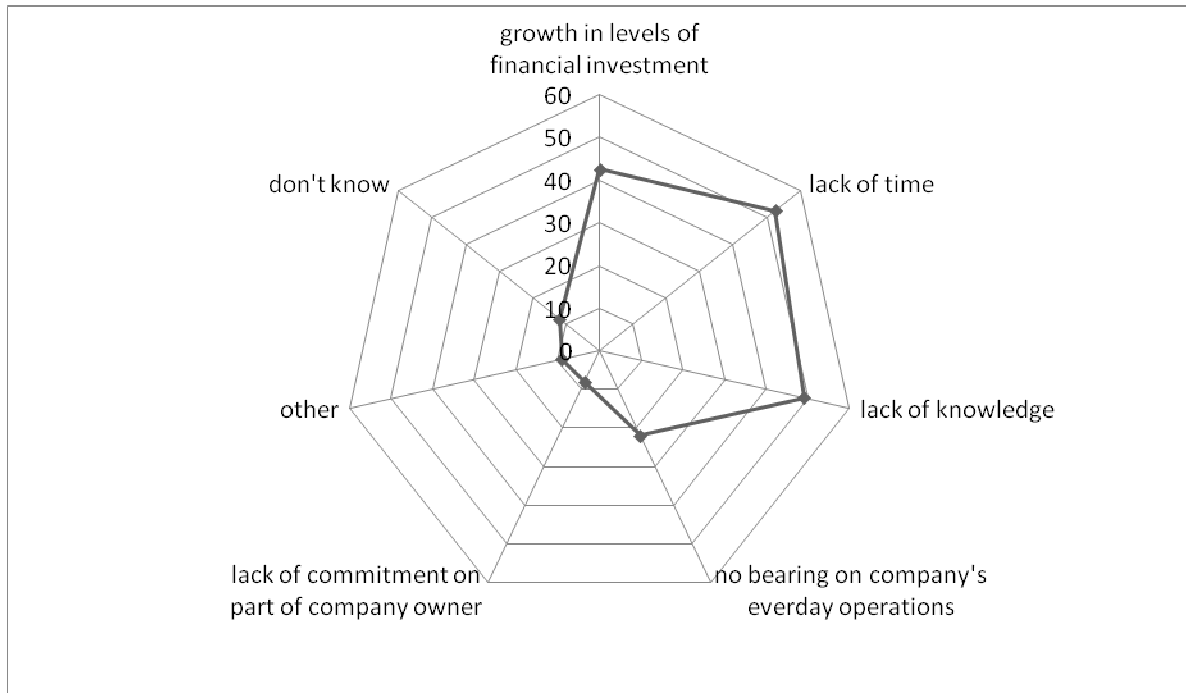
Familiarity with and level of deployment of principles of CSR in the businesses surveyed is not the only issue which those running businesses draw attention to. The way in which the phenomenon is perceived by business people is also of important significance here (Fig. 4).

Analysing the results of the surveys conducted, it can be seen that the majority of

business people treat the concept of CSR as a tool which serves to improve organization of work or to build proper relations with employees. In the opinion of the business people surveyed, there are, however, barriers to compliance with the principles of corporate social responsibility (Fig. 5). This results from the fact that business people perceive those activities as not being

directly related to the main purpose of the business, which is to generate profit. They thus

prefer to assign funds to be invested in another activity than to generate additional costs.



Source: author's research

Fig. 5. Barriers related to deployment of the principles of CSR (as a %)

The surveys conducted in the field indicate that the fundamental barriers to promoting the principles of corporate social responsibility are financial resources or an inadequate level of awareness of the phenomenon. Over 42 % of business people say they are experiencing problems related to the growing levels of financial investment involved in implementing the principles of CSR (Fig. 5).

The surveys showed that nearly half of the business people surveyed said they had a lack of knowledge about conducting socially responsible activities. Other factors singled out by respondents were barriers resulting from a lack of time to deploy such principles or the belief that they have no bearing on the company's everyday operation or on its competitive advantage.

Conclusions, proposals, recommendations

1) The dynamically changing environment in which they do business, coupled with intensifying globalization and growing social and ecological requirements are leading to increased pro-ecological awareness among

business people. Engaging in this type of activities results in the idea of corporate social responsibility being introduced by these business people. The surveys conducted in the field show that businesses are aware of the necessity of applying an environmental protection policy and introducing ecological aspects into their strategy. According to the respondents, the benefits resulting from this contribute to an improvement in the company's image. Over the longer term, they may also have an influence in terms of strengthening their competitive position.

2) The scale on which businesses are deploying the concept of CSR allows us to conclude that the scope and type of activities being engaged in depends to a large extent on the knowledge of business people in that area. The low level of participation of businesses in the deployment of the concept of CSR is above all a result of a lack of knowledge, time or appropriate financial resources. In the deployment of CSR, people running small businesses overwhelmingly associate it with

shaping the environment external to the business, though there are a few who devote attention to building relations with employees and customers.

- 3) The surveys conducted show that business people are aware of the role that they have to play in ensuring sustainable production;

however, they are not fully aware of the potential that lies therein. The effective implementation of the concept of corporate social responsibility in businesses requires the creation and application of a comprehensive activity that takes account of both its economic and social specifics.

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