

## A Socially Responsible Entrepreneur

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### Abstract

*The functioning of enterprises depends on many factors. The number of these factors is constantly increasing causing specification of conditions determining not only the present but also the future of the organization. The operation of modern organizations is influenced by the environment, information and time. However, the most important are people who make decisions related to the existence of companies on the market. The effectiveness of using all the resources of the organization depends on their skills, competences and knowledge. Responsible and ethical business is a strategic approach. It should be based on the principles of social dialogue and the search for solutions beneficial for both the employer and the employee. Corporate social responsibility is equated with expenses. They relate to philanthropic activities as well as ecological investments. The use of modern ecological technologies as well as new management practices reduces resource consumption and, above all, reduces transaction costs. They result from the partnership built with the company's stakeholders. In Poland, more and more enterprises are engaging capital and their own employees for the benefit of the local environment. Entrepreneurs defend the idea that organizations are interested not only in profit but also in supporting social activities.*

**Keywords:** Entrepreneur, Social Responsibility, Business, Entrepreneurship, Business Ethics.

## Sosyal Sorumluluk Sahibi Giriřimci

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### Öz

İřletmelerin iřleyiři birok faktöre baėlıdır. Bu faktörlerin sayısı sürekli artmaktadır, sadece mevcut deėil, aynı zamanda kuruluşun geleceėini de belirleyen kořulların belirlenmesine neden olmaktadır. Modern organizasyonların iřleyiři çevre, bilgi ve zamandan etkilenir. Ancak, en önemlisi řirketlerin piyasadaki varlıėına iliřkin kararlar veren kiřilerdir. Kuruluşun tüm kaynaklarını kullanmanın etkinliėi becerilerine, yeterliliklerine ve bilgilerine baėlıdır. Sorumlu ve etik iř stratejik bir yaklařımdır. Sosyal diyalog ilkelerine ve hem iřveren hem de alıřan için faydalı özümmler aramasına dayanmalıdır. Kurumsal sosyal sorumluluk giderlerle eřdeėerdir. Hayırseverlik faaliyetlerinin yanı sıra ekolojik yatırımlarla da ilgilidir. Modern ekolojik teknolojilerin kullanımı ve yeni yönetim uygulamaları kaynak tüketimini azaltır ve her řeyden önce iřlem maliyetlerini azaltır. řirketin paydařlarıyla kurulan ortaklıktan kaynaklanıyorlar. Polonya'da giderek daha fazla iřletme, yerel çevrenin yararına sermaye ve kendi alıřanlarıyla ilgilenmektedir. Giriřimciler, kuruluşların sadece kârla deėil sosyal faaliyetlerin desteklenmesi ile de ilgilendikleri fikrini savunuyorlar.

**Anahtar Kelimeler:** Giriřimci, Sosyal Sorumluluk, İřletme, Giriřimcilik, İř Etiėi

## **Introduction**

The implementation of tasks resulting from the adopted strategy is the result of the entrepreneur's responsibility.

Entrepreneurship is a key area for economic development. It mainly includes the propensity to start a business. Also the ability to launch development processes in a company. Undoubtedly, it is associated with such features as innovation, creativity, ability to predict in the long run. And also the ability to identify market trends and a willingness to take risks.

Conditions for the development of enterprises are determined by the perspective of economic development. In the situation of persistent slow-down, Poland's economic results can be considered good. The economic growth at the level of 3.8 was one of the highest in the European Union. Entrepreneurship is an important issue. The changes introduced for entrepreneurs as part of the Entrepreneurship Development Package bring measurable results nationwide.

Corporate social responsibility is a concept according to which companies at the stage of building a strategy take into account social interests and environmental protection as well as reactions with various groups of stakeholders. Therefore, it should be understood that being responsible is not only about meeting all formal and legal requirements by organizations. But also increased investment in human capital, environmental protection as well as reactions with stakeholders. Recognizing the importance of this issue affects both the efficiency of business operations and their innovation.

## **Literature Review**

### *The Importance and Development of Business Ventures*

The economic system created in the conditions of Poland's cooperation with the European Union has identified new development-friendly factors. The background to all changes is entrepreneurship treated as a process of undertaking actions related to adaptation to market requirements. It is above all an attitude towards life. Most often it is identified with an effective way

of thinking and acting. In addition, it reflects readiness to make independent decisions, especially economic ones.

Entrepreneurship is a method of using local resources. Thanks to business activity, they are transformed into measures that meet local needs as a result of initiative and their own activity. According to Schumpeter, entrepreneurship is characterized by people full of ideas, initiatives and perseverance in overcoming barriers, breaking stereotypes, resistant to stress and failure. Areas of application of entrepreneurship (Drucker, Warsaw 1992, p. 30-37)

- introduction of a new product or technology
- opening a new market
- obtaining new sources of raw materials
- introduction of a new organization

The main goal of economic solutions should be greater work effects than before. Initiative and perseverance in pursuing the goal are important. Entrepreneurship is a process of creating value, creating a new product or service. Entrepreneurship functions are a reflection of the current situation of business entities in terms of real opportunities to meet the needs of society, their competitiveness as well as efforts to introduce changes. In relations with the environment, management by entrepreneurship primarily requires the ability to adapt to a given situation.

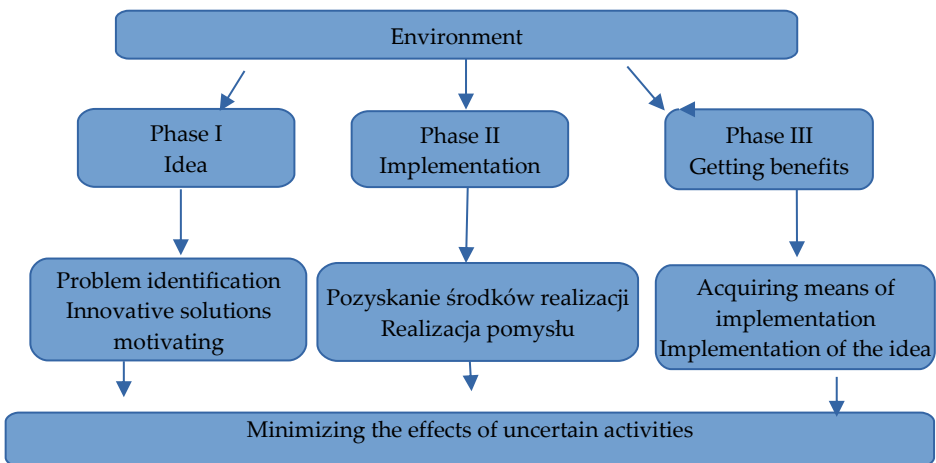


Figure 1. Fig. Characteristics of the entrepreneurship process

Source: Strużycki M. (2002). Small and medium enterprise management. European conditions. (Diffin, p. 112-113.)

The socioeconomic conditions of the country affect individual stages of entrepreneurship. The task of entrepreneurship is to minimize the effects of uncertain activities. The factors conditioning entrepreneurship are internal and external factors. Internal factors include the size of the company, strategy, mutual relationship and the employees' willingness to innovate. External factors conditioning and shaping entrepreneurship are the market situation, as well as the tendency of society to change.

The development of entrepreneurship depends on the conditions created by the economy.

**Table 1. Determinants of entrepreneurship in a given region**

Types of conditions	Characteristic
Morphological	They result from physical and geographical features of individual regions
Demographic	They reflect the state of human resources, population and distribution
Economic	They depend on the level of economic development of the region
Organizational	They reflect the structure and efficiency of power and administration in a given area
Structural	They express the degree of adaptation and location of economic entities to the distribution of resources and outlets
Interactive	They reflect the system of external connections of the region, its alliances and prestige

**Source:** Kuciński (1997). Spatial aspects of entrepreneurship IFGN Warsaw, p. 11-12

These conditions may inhibit or develop entrepreneurship in a given area. Economic conditions create a specific economic situation. Markets and the changes taking place on it determine the entrepreneurial behavior of small and medium-sized enterprises. An equally important aspect of the environment on which entrepreneurship depends is the availability of workforce resources. Also finding them according to your needs. It should be noted that the development of the market economy in Poland is conditioned by external and internal factors.

## Standards of Social Responsibility

Enterprises implementing CSR assumptions should include them in strategic programs. CSR standards used in strategic management help to increase the organization's efficiency and credibility in this regard. They allow you to manage the risks associated with the social environment. They help identify ethical factors.

They increase the efficiency of companies efficiency by collecting and analyzing information, fewer crises and better knowledge of the market.

There are a number of standards and tools that facilitate management and implementation of corporate social responsibility in the company's strategy.

The most popular are, among others, SA 8000 or AA 1000, which was developed by the International Organization for Standardization on corporate social responsibility. It was developed on the basis of human rights and labor rights standards. The SA 8000 standard allows organizations to comply with the principles of equal treatment of all employees, ethical behavior and social responsibility for manufactured products. This is extremely important in the globalization of business, in particular in relations with organizations moving within different cultures and nationalities:

Prerequisites for SA8000:

- Forced Labor
- Occupational Health and Safety
- Freedom of Association
- Discrimination
- Disciplinary Penalties
- Work Hours
- Remuneration
- Management Systems

The preconditions apply to respect for fundamental human and labor rights. They are the basis for corporate social responsibility. As part of the management system, the organization is required to meet relevant standards (Makuch, 2011 p. 24)

The most important of them include:

1. Formulation of corporate social responsibility policy

2. Choosing a representative responsible for all issues related to SA8000
3. Documenting the rules, ways of implementing their results
4. Periodic training and programs for employees on CSR
5. Continuous monitoring of the management system
6. The process of continuous improvement through the implementation of corrective or preventive actions, periodic reviews of compliance of the company's social policy
7. Selection and control of suppliers
8. Social communication system

The AA1000 Standard is another equally important tool used in enterprises. It was created by the Institute for Social and Ethical Responsibility. It refers to general standards promoting responsibility in the context of sustainable business. It is market oriented. It concerns the selection and selection of contractors taking into account corporate social responsibility. It serves enterprise self-improvement through external evaluation of the organization in terms of CSR and ethics.

AA1000 rules:

1. The principle of responsibility
2. The principle of participation
3. The principle of completeness
4. Principle of measurability
5. The principle of regularity
6. The principle of quality assurance
7. The principle of availability
8. The principle of comparability
9. The principle of credibility
10. Materiality principle
11. The principle of intelligibility
12. Principle of comprehensiveness
13. The principle of continuous improvement and market position.

## **Principles of Ethical Business Conduct**

The situation of economic life in Poland both in terms of ethics and its social responsibility leaves much to be desired (Gasparski vd., 2004, p. 20)

The stereotype of unethical business dominates. The false belief prevails that what is not prohibited by law is allowed. Thus, the concept of ethics can be interpreted in two ways (Kowalczyk J., 2009, p. 9)

1. A set of norms characteristic of a given community
2. The science of morality dealing with determining categories such as good, evil, conscience, responsibility and setting out rules and norms of conduct

Organization ethics is an important issue in business. Its task is to define ethical behavior through the prism of achieving goals that should be consistent with the standards in force in society. In addition, compliance with ethics applies to the creation of ethical infrastructure, ethical awareness and organizational culture. Therefore, the company should set values that will be the basis of ethical behavior.

The declared values and norms have a regulating function. They determine how employees behave in situations critical to the organization. All declared values should be constantly checked and corrected. This is due to the requirements that put the company environment.

Principles are used for the ethical development of each organization (Fobel, Fobelova, 2007, p. 46)

- Ethical development of an organization must be treated as an ongoing process. An organization at a certain level of development may fall to the lowest level of ethical
- Organization development with a certain level of development may fall to the lowest level of ethical development
- There is no time limit for the ethical development of the organization
- Two similar organizations may be at the same level of ethical development but one of them may be more developed in this respect

In 1986, the business principles were adopted during the Caux Round Table (www 2010)

1. Principle - Responsibility in running a business from liability to shareholders towards the concept of responsibility to stakeholders
2. Principle - The economic and social impact of business towards innovation in justice and the global community
3. Principle - Business behavior goes beyond the letter of the law towards a spirit of trust
4. Principle - Respect for legal rules



5. Principle - Support for multilateral trade
6. Principle - Respect for the environment
7. Principle - Avoiding illegal activities

The employment level, quantity and quality of services provided to the market determine the social value of business. Business should share the goods it creates, thus improving living conditions. The task of business is to keep commitments that increase the company's credibility on the market. In addition, they mitigate conflicts between enterprises and above all streamline the transaction process. Another important business task is the protection and improvement of the environment as well as prevention of excessive use of natural resources.

In 2001 a document of the Global Agreement was published which included the principles of business operation (Kowalczyk J. 2009 pp. 149-150) in the following areas:

1. Human rights - the promotion and perception of human rights and the elimination of all human rights violations by the company.
2. Labor standards - respect for freedom of association and the right to collective bargaining. And especially counteracting discrimination in the sphere of employment and also in the exercise of professions (Anrdovicova et. all, 2017, 2-3)
3. Natural environment - supporting the development, application and dissemination of environmentally friendly technologies.

Ensuring proper work standards through a management system based on the requirements of the SA8000 standard on social responsibility. The basic purpose of this standard is to improve working conditions on a global scale. The rules on which this standard is based are derived from the International Labor Organization conventions and also from the Universal Declaration of Man. Activities in accordance with the standard are to improve and protect the company's image on the market.

ISO 26000 is a standard that systematizes knowledge about corporate social responsibility. Highlights CSR areas ([http from day, year](http://www.iso26000.org/));

- Organizational order
- Human rights
- Employment relations
- Environmental protection
- Fair market practices

- Relations with consumers
- Social involvement

Good corporate governance practices are aimed at improving management efficiency. Each enterprise should respect human rights, in particular civil, cultural and economic rights as well as political rights.

Good practices should pay attention to social protection, health and safety at work, working conditions and social development. The company should implement tasks to prevent unfair competition and respect for property rights.

### **Social-Ethical Aspects in Organizations**

The area that creates the most serious problems is the business sector. This is influenced by both the complexity of market processes and globalization.

Recognition of enterprises as entities also morally responsible is necessary due to the need to sort out many economic problems and maintain the level of individual responsibility (Dereń, 2014, p. 19-21).

Avoiding responsibility by a company weakens the ethical attitude of its employees.

The effect of the lack of corporate responsibility is a sense of impunity among employees as well as a decrease in the quality of their work.

It is important to pay attention to the company's moral responsibility. It is associated with the selection of the appropriate organizational structure. And also the management system by the organization's managers.

The model of social responsibility divides into types (Carolla A.B.) (Rybak, 2004, p. 29-30)

1. Philanthropic - desired by society
2. Ethical - expected by society
3. Legal - required by society
4. Economical - required by society

The basis of corporate social responsibility is economic and legal responsibility. The company must be profitable and must survive in the market because these are social expectations. Based on these elements, there may be ethical and philanthropic responsibility.

Enterprises have different attitudes towards social commitments. This applies to such attitudes as resistance, social duty, social contribution as well as social reaction. Organizations that adopt an attitude of resistance are not involved in solving social problems and in conflict situations they run away from responsibility or make attempts (covering up matters). Acting in accordance with social obligation, the organization operates only within the framework of obligations arising from existing law. Unfortunately, companies often show a passive attitude only by responding to requests for financial support.

### **Corporate Social Responsibility**

Is a way of managing a company. Is a strategy that contributes to increasing the competitiveness of the organization. It builds its reputation and trust not only at the company level but also overall business operations.

Two aspects of social responsibility should be noted. First of all, companies must stop socially harmful activities, even those that bring profit.

At the same time, they should take measures that prevent and eliminate socially negative phenomena. Particular attention is paid to the creative role of business in creating social well-being.

Assumptions of corporate social responsibility:

- Business and society are important elements of the whole in which the idea is to contribute to improving the quality of life of citizens
- The dynamic nature of the social system urges organizations to take preventive behavior in the social area
- Communities living in certain conditions of a given stage of social development decide on the minimum level of economic and legal responsibility of business
- The consequence of the scope and type of responsibility towards society adopted by the company is its organizational and structural preparation for achieving social goals that meet the expectations and requirements of target consumer groups

Corporate social responsibility can occur under one of four attitudes:

1. Resistance
2. Social obligation
3. Social reaction

#### 4. Social contribution

Well understood business responsibility means in practice that business managers and leaders must:

- Be sensitive to matters that affect the lives of the people they live and work with
- Understand the conditions in society to have a positive impact on them
- Consider the social effects of financial and business decisions that affect a wide range of choices, stakeholders and the environment
- Be aware of ways of obtaining production and financial results
- The value of CSR activities can be determined by the following methods:
  - Significant increase in sales
  - Greater ability to attract new customers
  - Better customer retention rates
  - Lower operating expenses
  - A more motivated and committed workforce
  - Better brand image
  - Greater ability to attract talent
  - Better comprehensive employee training
  - Higher employee retention rate

#### **The Role and Place of CSR in the Organization**

An organization that undertakes social obligations should develop patterns of conduct that facilitate its management of social responsibility. Introduce it to the structure in order to achieve the adopted assumptions and verify the achievements. It is assumed that the organization acts responsibly only when its ethical, social and ecological aspects of business operations are included in its strategy and when it is geared to permanent contacts with stakeholders (Konieczny, 2014, p.151-152).

Strategy of a socially responsible organization on both a theoretical and practical level. A prerequisite for maintaining effective business operations is a balance between the expectations of both shareholders and stakeholders. It should be emphasized that each of these groups has conflicting expectations. This applies to both the form and functioning of the enterprise.

Shareholders expect the greatest profit. Stakeholders, on the other hand, expect fair remuneration, care for the environment and special care for social issues.

Effective social responsibility should be an integral element of the organization. It should not be treated superficially and even as a "necessary evil". This approach will not bring results to the company or the environment. Responsibility applies to both employees and the management of the organization. Therefore, corporate social responsibility must be reflected in the company's strategy. It becomes necessary to apply standards, norms and principles whose compliance can be verified (Kroik , 2014, p.46).

Strategic management consists in the preparation and implementation of strategies. A direction is set, competition is analyzed to identify both opportunities and threats. The simplicity of the strategy is needed and it results from four reasons (Obłój, 2009, p. 4-5)

- Communication needs
- Explicitness
- Strategy is a remedy for complex organization management processes
- The right strategy makes it easy to accurately determine the competencies and resources required for its implementation

For a strategy to succeed, it requires internal and external consistency. Particularly noteworthy is the external strategy, which consists in adapting it to current market trends and changes in the environment.

The adoption of CSR principles is of a strategic nature and should therefore focus on (Gasparski, 2003, p. 69):

- Mission
- Vision
- Rules of conduct
- Code of conduct
- Conflict resolution procedures
- Procedures for supervision, implementation and control of the perception of standards and postulates.

Enterprises that want to introduce corporate social responsibility have various tools at their disposal. One of the most frequently used is the code of conduct, which is a set of technical logical rules and moral rules.

The social report is another important CSR tool. It is a way of communication between the enterprise and the environment. It should be noted that a good social report fulfills a number of functions (Chudy, 2010, p. 111-112)

- Management support
- Building a relationship
- Building reputation

Management support is the relationship of the organization with the environment and the way of communication and presentation of its values. Strengthens internal corporate social responsibility management systems.

Building relationships is primarily to strengthen relationships with stakeholders as well as with the entire environment.

Building reputation strengthens transparency.

## Conclusions

The current market situation requires the entrepreneur to accept legal, financial and moral responsibility. Public opinion expects ethical behavior not only from companies due to the need to sort out many problems of economic life but also to maintain individual responsibility. The organization's task is to make a profit. Giving the company a social role sets a different scope of its obligations. The often used division into internal and external obligations defines the types of liability.

Today, the ethical conduct of the organization in the environment becomes not only a moral requirement but also a market one. Entrepreneurs must act on the basis of social responsibility. The relationship between entrepreneurs and employees should be based on respect for their personal dignity. It is important that the company accepts and promotes employees taking into account the qualifications required for a given position. In addition, organizations will participate in activities for the benefit of the local community.

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