



Perspective Paper

Social Responsibility Model of the Sustainable Development in Enterprises in Poland

Polonya'daki İşletmelerin Sürdürülebilir Gelişmesinin Sosyal Sorumluluk Modeli

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ABSTRACT

The aim of the article is to present good practices of corporate social responsibility (CSR) and diagnosis of the concept of sustainable development in Polish enterprises.

The used data and information were collected through literature overview and own research. Analyzed data allowed to create the CSR model in Polish companies. Innovative models of CSR used in Poland give the opportunity for competitive advantage of Polish Companies on European market.

Findings were discussed in terms of their contributions to the management and organization literature and practical implications.

ÖZ

Bu çalışmanın amacı Polonyalı işletmelerdeki sürdürülebilir kalkınma kavramının gelişim sürecinin belirleyicilerini ve bu işletmelerdeki başarılı sosyal sorumluluk kavramının gelişim sürecinin belirleyicilerini ve bu işletmelerdeki başarılı kurumsal sosyal sorumluluk uygulamalarını ortaya koymaktır. Kullanılan veri ve bilgi literatür incelemesi ve kendi araştırmamız yoluyla elden edilmiştir.

Analiz edilen veri Polonyalı işletmelerdeki kurumsal sosyal sorumluluk oluşturmaya izin vermiştir. Polonya'da kullanılan yenilikçi kurumsal sosyal sorumluluk modelleri, Avrupa piyasasında Polonyalı şirketlere rekabet avantajı açısından fırsatlar sunmaktadır. Çalışmanın bulguları yönetim ve organizasyon ile pratik uygulamalara katkısı açısından tartışılmıştır.

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1. INTRODUCTION

There has been a change in the approach to social responsibility. In the 70's Drucker talked about taking up by entrepreneurs the responsibility for solving social problems, often not resulting from the activities of the company and its theory was interpreted as "the use" of social problems for the business development (Drucker, 1993). Similarly M. Porter confirmed the thesis about the mutual value, which means the strategies and operating practices that enhance the competitiveness of the enterprises, while improving the living conditions of local communities, in an environment where it carries out its activities (Porter & Kramer, 2011). Just J. Ruggie (2010) accepted that the business should be held liable if, directly or indirectly, leads to the violations of human rights. This approach explained that social responsibility has become not only a moral duty to conduct business in accordance with ethical standards or an effective strategy to strengthen the competitive position, but also a responsibility. The concept of sustainable development involves the use of broadly defined resources in such a way that it does not impact the condition of the environment and at the same time guarantees the preservation of the quality of life of present and future generations. The most important transformation in the market is the "digital revolution". The emergence of the new economy uses more recent digital elements and innovations, often contributing to sustainable development.

The knowledge and information have become the competitive advantages in the market. In the case of Poland as an emerging market in the world, over a few decades there have been major transformations, the changes relate to the implementation of sustainable development. Poland in the context of sustainable development and CSR is not in the forefront, but the innovations in the implementation of the new rules emerge gradually. Noteworthy is the practices in the sector relating to food production and agriculture. The management of closed loop of the supply chain which reduces the amount of waste, investing in the development of local communities, the activity in the area of consumer education. Emphasizing the specific nature of the food industry as, on one hand, the industry having a significant impact on pollution and on the other hand, the industry with high ecological potential. The challenge is turning out to be the specifics of managing the closed loop of the supply chain and the concept of zero waste. The new economy of knowledge and information is a way to achieve a competitive advantage. New generations, mostly the millennium generation, which use the knowledge and information, are the

consumers turn towards the companies that implement good practices in the direction of CSR and SD.

CSR in Poland still applies mainly to large enterprises, most of them (although these proportions are gradually changing) with the share of foreign capital. Since 2007, a Ranking of Responsible Enterprises is published- a list of largest companies operating in Poland, assessed in terms of the quality of Corporate Social Responsibility management. The firms participating in the Ranking are audited for CSR criteria.

Until now, more than 2000 companies of various sizes have been awarded in another project verifying Corporate Social responsibility – the Fair Play Enterprise contest. These numbers show just how modest- as far now- is the scale of CSR development in Poland, and even though many enterprises declare having applied the principles of responsible business, not all of them are willing to subject themselves to external verification

It is confirmed that in the present time many companies see CSR as a strong competitive impact and factor that promotes growth. A company that is good at CSR is well placed to recruit employees with appropriate qualifications and the skills the company needs

The aim of the article is to present the specifics of the changes and the new trend of sustainable development for the implementation of socially responsible practices in Poland. The data and information were collected through literature overview and own research.

2. NEW ECONOMY AND SUSTAINABLE DEVELOPMENT

New economy, new economics, knowledge economy, knowledge-based economy, e-economy, digital economy, network economy. This is, what the new economy is characterized by, a larger share of knowledge and information in order to achieve the economic objective. The acquisition and use of knowledge become the primary way of achieving the competitive advantage. Hence, the process of creating the innovations and ensuring the continuous development of own services and products, gains the importance. Under the influence of new technologies that facilitate communication and the globalization phenomena, the behaviour, and even the cultural norms of whole societies, change (Benkler, 2008).

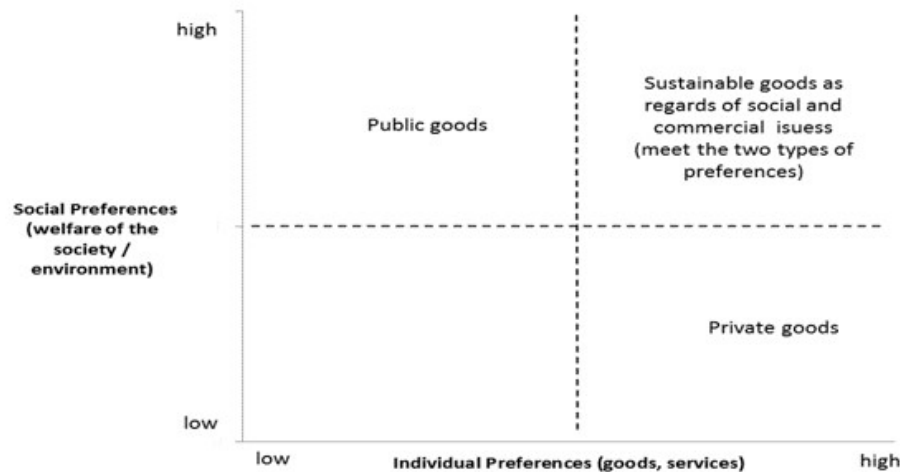
New technologies make use of communications, computers, mobile phones, network - Internet, social media. Under the influence of the emergence rate of new technology, the economy itself is changing. In the organizations, the key link is searching for the appropriate employees, the use of networking, which provides the ability to acquire and to develop the new knowledge. The global nature of interactions and activities of entities and above all the rate of exchange of information and enterprises' independence from physical resources facilitates the international expansion and allows the global reach of operations. The connections between economic entities become more complex, include more areas and this is what makes the world economy vulnerable to crises in different parts of the world (Wheeler, Colbert & Freeman, 2003).

Also the new social behaviour creates the need for new business opportunities and even the emergence of new sectors of the economy. According to Metcalfe law the benefits of the network economy grow along with the increase of network users and it also shows that entrepreneurs should be open to and be sensitive to their environment of stakeholders (Boyett & Boyett, 2001). More and more people from all corners of the earth, from different backgrounds, of different ages, with different culture and religion, businesses and investors - large and small – understand that the development of the company based on the universal principles of humanity, social inclusion and care for the environment are not in conflict with the creation of economic value. They are collectively “guardians of tomorrow” – like everyone else - who understand the power of persistence to create positive changes. They are S-Generation (Kell, 2016). It's hard to say that the traditional economic laws immediately cease to function in their existing models. Constant changes and their consequences, however, have an impact on the understanding of the globalization, economy in combination with methods of communication, travelling, production, understanding of markets, money circulation, finance, shapes of organisations, military, ecology, health care, legislation, and above all, people's awareness (Rock, 2010). It is also emphasised the importance megatrend, that is the strength in the market, which fundamentally changes the functioning of economic entities, their mode of operation, competition, significant movement, tendency or force that occurs and has a chance to act in the future and affects almost every aspect of societies' functioning, it affects both the individuals as well as the economic operators (Sultan, Mantese, Ulicny & Brown, 2008). It can be considered that between business and society the megatrend appeared, which is determined by the concept of sustainable development. A new era of sustainable

development causes changes in business priorities and it changes the image of competitiveness. Today the companies have to look more broadly at the creation of values from a social perspective. The business is struggling with a new concept of value that goes beyond focusing solely on profit, and additionally it includes the non-financial aspects (United Nations Global Compact, 2010).

The theory of waves of innovations was created against the background of J. Schumpeter's theory and distinguishes several stages in the history of the world (defined as waves of innovation). The last two periods is 40 years from 1950 to 1990, when civilization flourished thanks to innovations in petrochemical industry, electronics and aviation, and the next 30 years is a modern phase and years 1990 – 2020, which are dominated by innovations based on digital networks, software development and new media. In the previous period, the development of civilization was possible thanks to the use of numerous raw materials, rapid and expansive development of industry, transport and infrastructure (Grudzewski, Hajduk, Sankowsak & Wańtuchowicz, 2010). Nowadays, when we know that the resources, which are at our disposal, are limited, and the development of various industries brought as much harm as benefits, an innovation seems out to be everything which reversed the previous course of planet exploitation. The modern, environmentally friendly technologies, innovative products and services that contribute to improving the quality of life and reduction of poverty, the relationship with the market environment based on trust and openness instead of aggressive competition. A modern wave of innovation means the total turn in the approach to business and the “old ways” of doing business “business as usual” cease to apply. In addition, a number of phenomena occurring in the business environment means that the development of business in a standard way involves the risk. The problems such as climate change, depleting resources (including oil, drinking water), demographic changes, the increasing scale of poverty and progressive degradation of the environment, force the search for new methods of management (World Business Council for Sustainable Development, 2010).

The opposite of the current development, not taking into account the social and environmental effects, is the sustainable development - that enables the widespread harmonious long-term progress that does not detract from the opportunities and possibilities of successive generations. The answer is the concept of corporate social responsibility, which indicates which management paradigms must be changed and in which direction these changes must follow, in order to implement the sustainable



Source: Own study based on: Strategic CSR Innovation. Serving Societal and Individuals' Needs, Research Report 2/2009. BI Norwegian School of Management (Midttun, 2009).

Figure 1. Optimal business functions according to the criteria of social responsibility.

model. It is about the responsibility of the company towards the stakeholders, resulting from *compliance with the law* and partly from voluntarily adopted codes of conduct. The optimal functions of companies' approach, according to the criteria of corporate social responsibility are shown in Figure 1.

3. CSR MODELS IN POLISH COMPANIES

In 2015 during the UN General Assembly there were adopted 17 Sustainable Development Goals, (SDG) allocated for the years 2015-2020 (AISEC, 2015). In the case of the Polish economy over several decades, there have been major transformations. Changing the regime and the membership in the European Union gave rise to the fact that in recent years, the attention is paid to the implementation of sustainable development. Its impact on the economic sector is clearly increased since the role of the sustainable resource management has been increased and the responsible management of stakeholders gains the importance. In Poland, in the context of sustainable development and CSR we are not in the forefront, but there were changes in the absorption of the new rules. They are visible in many fields, especially in the area of relations of employers with employees, the ways of building the a competitive advantage by the companies and gaining credibility in the local communities (by investing in the development of local communities, the activity in the field of education as well as more and more apparent patronage of culture and commitment to sport) (Stawicka, 2015a).

As a member of the global community, Poland, through the 17 goals of SDG and 169 specific tasks and performance indicators, executes the need for multilateral partnership with a clear focus on business. Currently, the entrepreneurs analyse and identify the CSR specific solutions within the arbitrarily set goals of sustainable development. For many Polish companies, these changes resulting from the megatrend towards the sustainable development are still a huge surprise. However, there are better practices, often innovative, which for some time now in a responsible and sustainable manner have been shaping the competitive advantage in the market.

Particularly noteworthy is the use of broadly defined environmental resources, which have become a real and significant expense of any business and constant element of business strategy. Mainly in businesses related to food and agriculture, a particular attention is paid to the FMCG industry (Fast Moving Consumer Goods). It includes the fast moving consumer goods, among other groceries. Recently in Poland the hot topic, in the context of business management and supply chain, is the concept of management of closed loop of the supply chain. This involves focusing the efforts among others in adaptation of production residues, by-products and waste in such a way as to minimize the level of waste transferred to landfills or incinerators. It turns out that the food and agricultural industry, due to its specificity, generates a lot of challenges in the area of reuse. The closed loop of the supply chain includes the flow within the supply chain covering the four main areas of logistics activities: supply, production, distribution and backflow.

In practice, there are several possible configurations for the closed loop of the supply chain. The basic form is an internal recycling. It involves the use of waste from production processes in the subsequent processes as well as in other production processes.

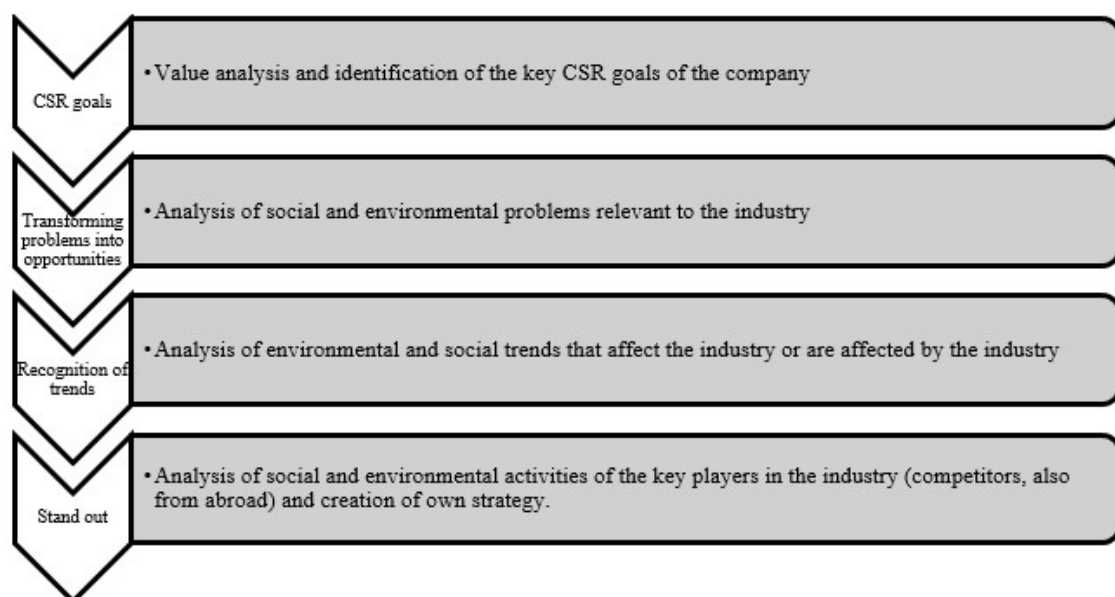
There is also an extended version involving two entities, e.g. two manufacturers of the supply chain. There is a possibility to transfer the production residues, which may be useful for another company. One manufacturer who produces meat, sausages and meat products can sell the production waste to the other manufacturer e.g. bones, internal organs for the production of animal feed or pet food. There are also solutions for inclusion of other participants from other industries into the supply chain. The raw materials of animal or vegetable origin can be used in the pharmaceutical and cosmetic industry. The practices of inclusion of customers into the supply chain become more popular. The used product or its residues, most often the packaging, are transferred to the manufacturer of goods or other interested party in order to recover the value and use many of these resources to manufacture new products. This form of loop is the most desirable, but the most difficult to achieve (Wells & Seitz, 2005).

The food industry has a significant impact on environmental pollution. Agricultural production, including animal husbandry in Europe, contributes significantly to the deterioration of the environment. It is given that it is responsible for 90% of the ammonia emission, 50-80% nitrogen loads discharged into fresh water, 10% of greenhouse gas emissions, including 80% of methane emissions.

Among the products of the food industry, beef and dairy products are mentioned as those with the greatest negative impact on the environment (Tukker & Jansen, 2006).

The food industry is therefore the industry of great ecological potential, greatly unused. Today there are new solutions and innovations such as green design, which takes into account the economic categories on a par with environmental categories before the product is introduced into the market. There is a development of research in the use of the “zero waste” concept (Szmelter, 2016). The ecological/responsible practices in Poland become more common, the emphasis is put on raw materials from selected farms, without artificial feed, antibiotics. The education about agriculture and organic food is extended. In Polish companies, the social strategy, as a supplement to business strategy, becomes more common (see Figure 2).

Still, social responsibility in Polish companies is under development. The organisations are not able to combine social responsibility with respective competences and business strategy (Stawicka, 2015b). Better models/CSR strategies are created as this constitutes a competitive advantage by increasing the number of conscious consumers demanding the implementations of the solutions towards the sustainable development.



Source: Own study.

Figure 2. CSR strategy as SDG implementation and building a specific competitive advantage

4. DISCUSSION

In a globalized world, it is difficult to survive for enterprises that do not optimize costs, according to the rules prevailing in the industry. The responsibility is not a state, but a process - the same company one day can demonstrate an ethical attitude, another day on the contrary. It also appears that the speed of information transmitted today via the Internet distances us from indifference and, in consequence, set the responsible course of action and gaining the competitive advantage for the companies.

The entrepreneurs analyse and identify the CSR specific solutions within the arbitrarily set goals of sustainable development. For many Polish companies, these changes resulting from the megatrend towards the sustainable development are still a huge surprise. However, there are better practices, often innovative, which for some time now in a responsible and sustainable manner have been shaping the competitive advantage in the market.

In the same time can be noticed that CSR in Poland still applies to large companies and most of them with the share of foreign capital.

The practical implications on conducting business in a socially responsible manner are:

- the adoption of sustainable development as the only right way to economic development and this results in paying attention to the actions of entrepreneurs not only in terms of economics, but also in environmental and social terms;
- the change in the approach to the role of enterprises in the economy - the purpose of economic activity is not only a profit and the creation of value for shareholders, but also a concern for the natural environment and social issues;
- the disclosure, in the context of rapidly transmitted information, of unfair practices applied by the entities concerning human rights violations, the use of aggressive marketing, manipulating the consumer, influencing the investors' decisions, creating and providing incomplete or incorrect information - Such activities resulted in a loss of confidence in companies and increased demand for ethical and responsible behaviour in the socioeconomic field.

Previous studies on CSR were primarily focused on large companies for which CSR is almost standard. It is essential to focus future research on the SME sector in Poland and to compare research with European companies. The conducted research shows the need for further analysis of changes and implementation of CSR in Poland as an emerging market in Europe and the world.

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