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CORPORATE SOCIAL RESPONSIBILITY IN THE POLISH COMPANIES

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Abstract: The aim of this study was the attempt to investigate corporate social responsibility in the selected Polish companies. During the research procedure it was possible: to determine general awareness in the investigated companies in terms of their social responsibility activities; to determine the level of competence and the use of available tools as well as CRS standards. Due to the established aims of research, the following assumptions were formulated: Corporate social responsibility plays a significant role in the business activities that are undertaken by the researched companies. Selected Polish companies abide by international CRS quality standards.

Introduction

The concept of corporate social responsibility is still a new subject, which accompanies crucial decisions in many companies. On the other hand, this complex idea has a long history. It dates back to 18th century, when it was connected with philanthropy and was not identified with the company itself. However, over the course of time its “disinterested simplicity” changed into a particular business tool, which determines strategies adopted, among others, by managers. CSR, which has still been developing, sets standards of interaction quality with stakeholders. Thus, it also gives an impulse for positive changes in business. Over the last ten years, broadly defined Polish society has changed the way CSR is perceived. A company, which undertakes CSR activities compares favourably with the one, which does not include stakeholders in its activities (Mazurkiewicz 2006, p. 22).

Social responsibility standards

Corporate Social Responsibility is the idea that undoubtedly left a mark in the development of the global economy last year. It contributed to a more detailed examination of the companies which declare ethical and sustainable activities. Year by year, more and more organizations publish codes and social reports.

Over the course of time, the act of asking people from the circles of the company, thus the public as well, about the actually completed ethical principles, included in the companies' programs, becomes more and more popular. The question arose due to more and more frequent disparity between the code which officially determines the company's policy and the prosaic or natural decisions in the company.

It was not long before the business replied. As CSR was developing, clearer procedures and standards were being introduced. They enabled to "install" sustainable development more easily at the operational and strategic level of the company. Since the early 90's of the last century, it was common among the companies to undergo ethical and social audits, which made their image more positive.

Methods, internal systems and institutions measuring CSR

The company's activities, which are well thought-out and socially responsible, usually have the quality aspect. However, despite this fact, only the quantitative aspect can be used to measure their effectiveness. That is why the world of business had to establish certain measurements, which would estimate the effectiveness and appropriateness of CSR implementation in the company (analyzing at the same time the assessment scheme incorporated by external benchmarking and rating companies) in an easy and effective way.

As Bolesław Rok emphasizes sample quantitative indicators, broadly used in CSR reports, can be distinguished. Due to these indicators, the assessment of the scale of efforts made by the organizations for socially responsible activities becomes possible (table 1). Another issue is using external tools, such as stock exchange indices.

Table 1. Social and ecological indicators used in CSR

Ecological indicators	Employment indicators
<ul style="list-style-type: none"> ▪ Global Warming Potential (the amount of exhaust gases); ▪ Eco-efficiency indices (the relation between the emission of exhaust gases to the revenues); ▪ Recycling (the relation between the disposed and produced waste); ▪ The worth of environmental investments to the total investments; ▪ The number of environmental standards violations 	<ul style="list-style-type: none"> ▪ The range of salaries; ▪ Female salaries vs. male salaries; ▪ The number of dismissals to the total number of dismissals; ▪ Trainings budget vs. annual operating costs; ▪ The number of workers participating in trainings vs. the total number of workers; ▪ The number of women employed in managerial positions to the total number of women employed; ▪ The percentage of workers affiliated to trade unions
Indicators of social engagement	Indicators of relationship with business partner
<ul style="list-style-type: none"> ▪ The amount of funding allocated to social investment; ▪ The number of projects (from social organizations) to the number of projects completed; ▪ Charitable financial subsidies as a percentage of gross profit 	<ul style="list-style-type: none"> ▪ The number of the (accepted) complaints to complaint in total; ▪ The average time needed to square payments (invoices);

Source: B. Rok (2004, p. 53).

In the global economy, there are 9 indices currently, where only sustainable business companies are quoted ; the most important ones include:

- Dow Jones Sustainability Index,
- FTSE4Good,
- Arese Sustainable Performance Indices (ASPI),
- Audit and social reporting standards,
- Social Accountability 8000,
- AA1000,
- Global Reporting Initiative (GRI).

Dow Jones Sustainability Index

The described index (DJSI) follows current business and plans of over 10% of socially responsible corporations. It does not include companies from military, gambling, alcohol or tobacco sectors. It was formulated in 1998 by the specialists from Dow Jones and the Swiss company SAM Sustainability Group. It aims to create the opportunity for companies which include social, environmental and economic aspects in their development, to boost at the stock exchange.

Many criteria are used in order to measure the quality of social responsibility. There are three categories which reflect the above aspects in the company's activities. Each of the aspects is of certain importance and the rating is measured by the means of particular formulas. In the case of social category, the following factors are summarized: the way the employees are kept, the development of human resources, philanthropic activities and social reports. However, in the case of environmental category, the so called eco-efficiency factors (Key Performance Indicators*), the factors characteristic to the branch and reports about pro-ecological activities, are taken into account. The next criteria, economic one, gives points for the system called Corporate Governance in a certain company. It takes into account the size, structure and the powers of the supervisory board as well as a business conflict concerning financial audits and salaries. Risk management is also important (a definition created, a map and a risk assessment), potential corruption (norms of conduct, practices and systems preventing corruption). To sum up, the above criterion, DJSI index includes a lot of factors which establish the quality of CSR systems. That is why the development of these systems, creating or applying the existing measurements connected with corporate social responsibility should be of most importance for the decisive managers (cf. www.sustainability-index.com).

FTSE4Good

FTSE4Good indices as one of the most important indicators in creating international CSR standards were launched in February 2001. FTSE4Good comprises the most detailed requirements for organizations, which aim at incorporating CSR or developing the scope of CSR.

The originators of this index distinguished three main tasks, which are also the reasons for its existence. The first one was to create a tool for the investors to select an organization, which meets CSR standards. The next step was to create benchmarking, i.e. the measure of comparison in the selection of the socially

* A set of KPI measure, is used to measure the so-called eco-efficiency, i.e. it assesses the quality of materials management in the company. It measures, among the others, the amount of waste, vehicle emissions, the amount of water used during the manufacturing processes.

responsible investments. However, it was the intended input into the expansion and the development of socially responsible business, which was the third reason for FTSE4Good to come into existence. FTSE4Good consists of companies quoted in FTSE All-Share and FTSE Developed indexes. The prerequisite for the company to be placed in the described index is to stand out in its socially responsible activities, i.e. it has to fulfill six criteria: environmental, the support of human rights, cooperation with stakeholders, corruption prevention and good cooperation on the suppliers-companies-clients line. Similarly to DJSI index, each of the criteria mentioned, is described precisely and measured by the measurements for the assessment of this index. The following similarity is the exclusion from FTSE4Good of the companies from the following sectors: military, tobacco, energy- tied up with nuclear energy and production of nuclear systems elements.

The activity of the companies is assessed on the basis of the analysis of the comparison between the companies of equal status. Social expectations, binding legislation, international conventions also play an important role in the assessment. In the process of preparation the summaries, annual reports, questionnaires, information published on the official websites, press and media are the sources of information (cf. www.ftse.com).

Arese Sustainable Performance Indices (ASPI)

Vigeo – a company, which creates indices and stock ratings launched ASPI index in July 2001. The originators underline the need of promotion of corporate social responsibility and the resulting idea of Triple Bottom Line.

In the case of the described index, this idea refers to the company's reports concerning its activities. It should present its financial, social and environmental reports.

ASPI includes a hundred and twenty companies from DJ EURO STOXX index, including only European companies. All of them are distinguished by their ethical performance. Unlike DJSI and FTSE, ASPI does not eliminate companies because of their profile. However, companies from the military or tobacco sectors are subjected to much stricter criteria of evaluation.

Estimating the ASPI index takes five factors into account:

- environmental performance,
- corporate governance (internal guidelines that determine the action),
- community,
- suppliers and customers,
- respect for labor rights and labor standards.

Each company is assessed in accordance with the above criteria. As the result, ranking of the leading companies in terms of socially responsible business management skills is formed. The index value is estimated on the basis of information obtained directly from the companies

(e.g. social, environmental reports), questionnaires, interviews with stakeholders, databases, media and the press. It is worth noting that these indexes rely their activities on benchmarking, which is a comparison of financial performance of socially responsible companies. However, ASPI constitutes the ranking of socially responsible companies. It ascribes a certain number of points for initiatives, which are the canon of CSR activities (cf. www.vigeo.com).

Audit and social reporting standards

Increasing globalization of business, carrying both the benefits and danger, has become a stimulus for the creation of cross-border businesses. As the result, many institutions that control corporations every day have lost a real oversight over them. In particular, it refers to the organizations that control the correctness of the production process in terms of compliance with environmental standards. The effect of globalization is also a loss of oversight of the so-called corporate governance. So, not only is it a loss of oversight of measuring the financial activities but also the influence on social environment of the company (Kozłowski 2005, pp. 201–210).

Meanwhile, the tremendous growth in the market of electronic media makes stakeholders have unprecedented access to current information about the company, and thus more or less trust in it. Consequently, it can result in the increase and decrease in profits, depending on the ‘hot’ information they receive.

These trends, to a large extent, triggered new reporting standards. The need to create them has been expressed both by financial institutions, companies and government bodies. The international character of the new standards is still evolving. They were adopted on a voluntary basis. However, over time, a new trend of legislative changes leading to the coercive use of certain new reporting standards, has appeared in some countries.

Social Accountability 8000

SA8000 standard, which correlates with ISO (International Standard Organization) standard allows operating in the system of independent verification, i.e. it sets requirements for social activities, which a company should meet. It was created by the non-governmental organization - Council of Economic Priorities Accreditation Agency, which assumed that this standard should be a kind of a guideline to conduct business in accordance with the concept of CSR (this standard only defines the obligations of corporate social responsibility relative to workers’ rights). These guidelines are mostly based on the UN and the International Labor Organization documents.

SA8000 describes eight elements directly related to employment law. According to the standard, the company will not employ anyone under the age of

18. The employers have to provide staff-training and create appropriate documentation in the case of child labor. They also must not force anybody to work. Moreover, they need to ensure safety and minimize the risk to zero in fulfilling the duties by the employee through education, trainings and other programs. Another element of the standard imposes on the employers the freedom to associate in trade unions. What is more, companies can not promote and engage in any discriminatory practices based on religion, race, nationality, sexual preference, etc. SA8000 also specifies the maximum number of hours of work and the principles and rules of compensation for work (cf. www.sa-intl.org).

AA1000

The London Institute of Social and Ethical Accountability created a standard called AA1000. This standard evaluates the ethics audit. It was created as a result of international consultations conducted by business organizations, governmental and NGOs. It sets a process consisting of twelve elements, i.e. sub-processes, allowing to characterize the company in its present form. This standard also provides a detailed definition of the social model to which the company aspires.

The essence of the AA1000 standard, is the concept of accountability. This concept is characterized by three elements:

- transparency,
- responsiveness,
- compliance.

The management process, which is distinctive of this standard, is also very important. Embeddedness is its integral part. It clearly sets out the need for integration and cooperation between CSR and the already functioning systems in the company. CSR cannot be cut off from the gainful activity. According to AA1000, CSR should be correlated with the continuous process of learning, i.e. the constant improvement and the assignment of ever more ambitious projects (cf. www.accountability21.net).

Global Reporting Initiative (GRI)

The main regulations and schemes of Global Reporting Initiative were included in Sustainability Reporting Guidelines publication. It contains the most comprehensive rules and guidelines concerning public reporting of business activities. Moreover, it shows the organization the opportunity to present its activity in three segments: economic, social and environmental. GRI provides clear rules, which enable the comparison of activities and reports between the particular companies, thus it also provides the practical instruments to optimize the cooperation with the stakeholders.

GRI standard is based on the eleven principles by which a company can reliably provide information about its activities. It can also compare its activities in time and confront the quality of socially sustainable management in many organizations (cf. www.globalreporting.org).

Taking everything into consideration, the above standards and methods for measuring CSR are complementary to each other. Despite the fact that methodologically most of them touch upon different aspects of corporate social responsibility, together they form a tool with a broad spectrum of impact on ethical and sustainable functioning of the company. It is similar, as far as the definition of CSR and ethical programs are considered. There are many attempts to systematize them, however, only gathered together they give a picture of the idea that can realistically change the view on modern business.

CSR in some of the Polish companies

The aim of this study was the attempt to investigate corporate social responsibility in the selected Polish companies. Having specified the objectives, it has become possible to systematize such information: to determine general awareness in the investigated companies in terms of their social responsibility activities; to determine the level of competence and the use of available tools as well as CRS standards.

In accordance with the established aims of research, the following assumptions are formulated:

- Corporate social responsibility plays a significant role in the business activities that are undertaken by the researched companies.
 - Selected Polish companies abide by international CRS quality standards.
- In the research, a diagnostic poll method with the use of surveys was adopted..

The findings from Polish and English specialist literature and source materials were used in the research. The questionnaire of the survey was sent by an e-mail to selected companies, with the request to fill it in and return to the indicated addressee. Companies were chosen among hundreds of companies publishing their social responsibility activities in the reports in Responsible Business Forum in 2006–2009. The key was their annual presence in the RBF report- Good Practices. The fact that sixty companies were chosen gave the opportunity to get the full picture of an international company, which “boasts about” its good practices, a company which should know CRS by definition. The survey was sent to all of 60 companies, which undertook CRS activities systematically between 2006 and 2009. Among all of the received surveys, 20 were admitted to the research, which comprised 1/3 of all the companies. According to the collected data, the biggest number of the respondents, almost half of them, carried out activities in

