COMPANY’S CSR ACTIVITIES ADDRESSED TO ITS CUSTOMERS

Abstract: Entrepreneurs increasingly perceive the need to engage in corporate social responsibility activities, which in the long term bring many benefits, both for the company and its stakeholders. The article adopts the thesis that the key stakeholder of every enterprise is its clients. The purpose of this article is to indicate what corporate social responsibility is and to formulate CSR activities that entrepreneurs can take. Presented practices are addressed to customers - the most important stakeholders of enterprises.

Keywords: Corporate Social Responsibility, CSR, Consumers, Stakeholders

JEL: M14, L20

INTRODUCTION

The globalization process, the growth of the concept of sustainable development, the increase of social awareness and the growing expectations of consumers have a significant impact on the functioning of today’s business entities. The idea of corporate social responsibility is the answer to new trends and changing business environmental conditions. CSR is widely recognized by theoreticians and management practitioners, thus gaining the title of the most popular and important management concept in the 21st century.

Numerous studies prove that the implementation of CSR demands brings many financial and non-financial benefits to enterprises. To achieve positive results arising from involvement in the idea of CSR, long-term actions based on ethics should be carried out. It should be emphasized that the concept of CSR is directly related to the concept of stakeholders, because enterprises direct their activities to various interest groups.

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The article presents the thesis that consumers constitute the most important group of stakeholders of each enterprise. Customer has a direct impact on the competitive position, profit level and overall financial situation of the company; in this connection every company should pay special attention to long-term, transparent and open relations with clients. CSR activities focused on consumers can be helpful in achieving this goal. Unfortunately, many companies underestimate the “weight” of their clients and ignore them in socially responsible activities. This situation is noticed by the authors of the report “Odpowiedzialny biznes w Polsce. Dobre praktyki 2018” - the number of sent practices within consumer issues significantly differs from other areas presented in the report.

The purpose of the article is to present the concept of corporate social responsibility and to indicate ways to get companies involved. The presented actions taken have been addressed to consumers - the key stakeholders of each enterprise.

1. THEORETICAL ASPECT OF CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) seems to be one of the most effective management strategies in the 21st century; nevertheless the literature lacks a clear definition of the term corporate social responsibility. Corporate social responsibility is a multidisciplinary concept - is recognized in a variety of ways by both scientists, business practitioners, social organizations and international institutions, which significantly impedes indicate of a homogeneous definition. In the original approach, proposed in 1953 by Howard R. Bowen, CSR meant “refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” [Bowen, 1953, p. 6]. Over the years, along with the changing business and social environment, corporate social responsibility has acquired a new, broader meaning. Currently, CSR is a fully-fledged management strategy that assumes building a transparent, long-term relationship between the enterprise and its stakeholders, and conducting activities in line with the expectations of society and the environment [Mazur-Wierzbicka, 2016, p. 245].

Nowadays, exist many viewpoints on what constitutes CSR, therefore, in the Table 1 are presented selected CSR definitions occurring in domestic and foreign literature.
Table 1. Selected CSR definitions

<table>
<thead>
<tr>
<th>The Definition</th>
<th>The Author</th>
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| CSR includes four levels of responsibility:  
1. the economic responsibility to generate profits, provide jobs, and create products that consumers want;  
2. the legal responsibility to comply with local, state, federal, and relevant international laws;  
3. the ethical responsibility to meet other social expectations, not written as law (e.g. avoiding harm or social injury, respecting people’s moral rights, doing what is right and just);  
4. the discretionary responsibility to meet additional behaviors and activities that society finds desirable (e.g. contributing resources to various kinds of social or cultural enterprises; providing employee benefits such as training and improved salaries). | Carroll, 1979, p. 499                           |
| The term corporate social responsibility is defined as the voluntary (not forced by law) involvement of enterprises in certain problems of society and the environment.                                                                                                                     | Kotler, Hessekiel, Lee, 2012, p. 16              |
| Corporate social responsibility can be described as conscious actions for the society that exceed the basic goal of the organization, which is to increase profits.                                                                                                              | Żelazna-Blicharz, 2013, p. 16                   |
| CSR is a long-term approach aimed at economic development and at the same time improving the lives of employees, local communities and the general public.                                                                                                                          | Hopkins, 2014, p. 2                             |
| The responsibility of enterprises for their impacts on society.                                                                                                                                                                                                                                                                           | European Commision, 2011, p. 6                   |
| Responsible business is a strategic and long-term approach, based on the principles of social dialogue and the search for solutions that are beneficial for everyone.                                                                                                                                                        | Rok, 2004, p. 18                                |
| In their activities, organizations voluntarily take into account not only economic interest, but also social interests, environmental protection and relations with broadly understood stakeholders.                                                                | Zadros, 2017, p. 452                           |
| The concept of CSR is providing positive financial returns for the company as well as positive social or environmental impact.                                                                                                                                                                                                 | McElhaney, 2009, p. 7                          |
| CSR is about how companies manage the business processes to produce an overall positive impact on society.                                                                                                                                                                                                                        | Mei Peng Low, 2016, p. 6                        |

Source: own study.

Based on the above definitions, it can be seen that corporate social responsibility is expressed in long-term, conscious, voluntary and transparent activities for various interest groups. The first task of enterprises that want to act in accordance with the concept of corporate social responsibility is to define areas of involvement. Literature on the subject contain numerous divisions of CSR areas, they are clearly described in the ISO 26000 standard. The standard distinguishes seven core subjects of corporate social responsibility, which are [ISO, 2019, s.11]:
- Organizational governance;
- Human rights;
- Labour practices;
- The environment;
- Fair operating practices;
- Consumer issues;
- Community involvement and development.

Undoubtedly, involvement in the idea of corporate social responsibility has significant impact on the overall business of the company. Activities in line with the CSR idea bring benefits that strengthen over time [Rok, 2004, p. 53; Liczmańska-Kopcewicz, et al., 2019 p. 3]. The main benefits that the enterprise will achieve as a result of implementing the CSR concept include [Siddique, 2015, pp. 27-28]: increase of competitiveness; enhanced brand image and reputation; highly motivated employees; employees’ loyalty and commitment to the company; reduction of operation overheads; increase in sales; developing relationship with stakeholders; improved relations with Society; building a strong corporate culture.

It is worth emphasizing that only long-term, conscious, transparent and voluntary involvement in the CSR concept brings long-term, positive effects, both financial and non-financial.

2. CHARACTERISTICS OF THE STAKEHOLDERS

On the basis of the definitions presented in the Table 1, it has been noticed that the company’s stakeholders are a fundamental element of corporate social responsibility. With regard to the stakeholder concept presented by R. E. Freeman, a stakeholder is any person or group that influences or is influenced by an organization [Freeman, Evan, 1990, pp. 337-358]. In view of the above, it should be assumed that corporate social responsibility is a stakeholder oriented concept. In literature of the subject, the most common division of stakeholders is into internal and external, which is presented on the Figure 1.

The activities of enterprises as part of the CSR concept should be targeted at specific groups of stakeholders, while responding to their needs and expectations. It is worth noting that only well-thought-out and well-formulated CSR activities will lead to positive results, both for the company and its stakeholders [Sznajder, 2013, p. 200].

The article takes the thesis that the customer is the most important stakeholder of every enterprise. As P. Drucker noted, “there is only one valid definition of business purpose: to create a customer” [Drucker, 1986, p. 47]. Today, the importance of consumers as stakeholders of a responsible company is demonstrated by the ISO 26000 standard. Standard devoted a separate area to “relations with customer”, which lists 7 issues [Bossink, 2012, pp. 160-161]:
1. Fair and transparent marketing, true information and fair contract practices
2. Consumer health and safety
3. Sustainable consumption
4. Consumer support, complaints and dispute resolution,
5. Consumer data protection and privacy
6. Access to basic services
7. Education and awareness.

Figure 1. Enterprises stakeholders

<table>
<thead>
<tr>
<th>External stakeholders</th>
<th>Internal Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>• supplier,</td>
<td>• owners,</td>
</tr>
<tr>
<td>• customers</td>
<td>• investors</td>
</tr>
<tr>
<td>• competitors</td>
<td>• managers,</td>
</tr>
<tr>
<td>• the media,</td>
<td>• employees,</td>
</tr>
<tr>
<td>• natural environment</td>
<td>• unions.</td>
</tr>
<tr>
<td>(and its representatives),</td>
<td></td>
</tr>
<tr>
<td>• trade associations,</td>
<td></td>
</tr>
<tr>
<td>• governments</td>
<td></td>
</tr>
<tr>
<td>• non-governmental organizations,</td>
<td></td>
</tr>
<tr>
<td>• local society.</td>
<td></td>
</tr>
</tbody>
</table>

Source: own study based on Sznajder, 2013, p. 197.

The future of the enterprise depends on the consumers - their decisions influence the development of the organization. The customer decides about the volume of sales, achieved profits, or a positive image of the organization. If the enterprise does not meet the clients’ expectations, they will choose the products or services of a competing company. Organizations focused on development and long-term functioning cannot afford it [Mazur-Wierzbicka, 2015, p. 298]. Socially responsible activities focused on this group of stakeholders are a great way to retain customers. The idea of corporate social responsibility facilitates establishing: long-term, open and based on trust, loyalty and credibility bonds between the enterprise and its clients. [Rudawska, 2005, p. 13].

There is a specific interdependence between the enterprise and the client. On the one hand, consumers’ choices are forcing enterprises to undertake CSR activities. On the other hand, voluntary initiatives taken by organizations have an influence on consumer identification with the company, their loyalty level and purchasing decisions. [Mazur-Wierzbicka, 2015, p. 299]. Therefore, the “reward” for companies conducting activities in the area of corporate social responsibility
will be the increase in customer confidence, which translates into their loyalty. In addition, CSR activities targeted at consumer groups result in [Stopczyńska, 2013, p. 52]:

- Shaping a positive image and reputation;
- Improving customer relations;
- Increasing the size and frequency of orders;
- Attracting new customers;
- Retaining existing customers;
- Weakening competition.

The achievement of these goals is possible only with the help of accurate and thoughtful actions, examples of which are given in the next paragraph.

3. RELATIONSHIP BETWEEN COMPANIES AND CUSTOMERS

The task of modern enterprises is not only to meet the material needs of the client. Companies must also take care of the sociological and emotional consumer needs [Rudawska, 2005, s. 14]. The concept of CSR is one of the effective ways to meet material, sociological and emotional customer needs. In order to determine which corporate social responsibility activities should be undertaken for consumers, the Author analyzed the available literature and the report “Odpowiedzialny biznes w Polsce. Dobre praktyki 2018”. This is the 17th edition of the report, whose publisher is the Responsible Business Forum - the largest and oldest non-governmental organization handle with CSR in Poland.

At the beginning it is necessary to emphasize that the basis of a responsible relationship between the company and the consumer are products and services of the highest quality [Krzepicka, Tarapata, 2013, p. 86]. A socially responsible company declares that its products and services do not adversely affect the natural environment and society. In addition, the organization operating in accordance with the concept of CSR is designed to provide the consumer with detailed information about the product, its defects and possible risks associated with use [Wołoszyn, Stawicka, Ratajczak, 2012, p. 23]. Ethical dialogue with the consumer includes issues such as: fair, reliable and legible information about the expiry date, conditions of use of products and services, proper use, price level, delivery costs, safety for the consumer and his environment, percentage composition or product properties. A precise description containing the composition, detailed instructions for use, contact to the hotline give consumers a sense of security and increase their satisfaction with shopping [Mazur-Wierzbicka, 2016, p. 247]. Moreover, the dialogue between the organization and its clients includes transparency of the company’s policy by providing and publishing information about the company (e.g. in the annual reports of the Responsible Business Forum).
Reliable and true information is just one of the CSR tools that a responsible company should use. Elements that demonstrate compliance with CSR principles in relations with consumers also include the withdrawal from the market of products that may threaten consumers. Organizations must be aware that they have overall responsibility for side effects and non-compliance of products with quality or safety standards. Moreover, a company operating in accordance with the idea of corporate social responsibility promotes sustainable consumption by offering products: safe for the society, produced without harming the natural environment, easy to repair and recyclable [Wołoszyn, Stawicka, Ratajczak, 2012, p. 23]. Furthermore, a socially responsible enterprise is responsible for educating consumers in the field of environmental protection, health and safety.

Ethical behavior towards this group of stakeholders is also manifested in the pre- and after-sales process. It is about obtaining legal data about the customer and limiting the stored information to the necessary minimum. The consumer of a socially responsible company should have a sense of security that the company provides with appropriate procedures for securing the collected data. The responsibility of enterprises at the after-sales stage includes upright consideration of complaints (according to strictly defined procedures) as well as informing consumers about dispute resolution and redress mechanisms [Musiał, Kubacki, 2017, p. 86]. Elements that demonstrate compliance with CSR principles also include monitoring customer satisfaction levels and responding to their needs and expectations.

An interesting view on the relationship of enterprises with their stakeholders was presented in 1994 during the deliberation of The Round Table in Caux. The Caux Round Table is an international network of business leaders guided by ethical principles and working to promote moral capitalism. It consists of representatives of Japan, Europe and the United States [Buczkowski, 2016, p. 22]. The main effect of The Round Table work was to formulate rules for dealing with customers [Freeman, 2010, p. 257]:

1. Provide customers with the highest quality products and services corresponding with their requirements;
2. Treat customers fairly in all aspects of business transactions, including a high level of service and remedies for their discontent;
3. Make every effort to ensure that products and services are health and safety for customers, as well as the quality of environment will be sustained or enhanced;
4. Provide respect for human rights and dignity in products offered, marketing, and advertising; and respect the integrity of the culture of customers.

A different view on the actions that socially responsible enterprises should take is presented in the report of the Responsible Business Forum “Odpowiedzialny biznes w Polsce. Dobre praktyki 2018”. This report presents real CSR
activities implemented in polish enterprises. One of the areas of the report is consumer issues, which is divided into 7 categories. Table 2 displays selected examples of practices in the field of consumer issues that were implemented in 2018.

Table 2. Examples of responsible practices from polish enterprises

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of practices</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of products and services</td>
<td>33</td>
<td>The Carrefour hypermarket chain has joined the „Big Family Card” program, which entitles every family with a minimum of three children to take advantage of special discounts while shopping.</td>
</tr>
<tr>
<td>Consumer education</td>
<td>30</td>
<td>ALDI has taken measures to raise customer awareness when making purchasing decisions. Weekly advertising brochures set up a place where customer can find information about: sustainable fisheries, MSC certification, Fairtrade, UTZ and organic cotton. Certified products are better displayed in stores - they have special markings on the shelves.</td>
</tr>
<tr>
<td>Facilitations for customers</td>
<td>18</td>
<td>The Leroy Merlin network enables the customer to bring animals to over 50 stores throughout Poland.</td>
</tr>
<tr>
<td>Responsible consumption</td>
<td>8</td>
<td>Frosta has launched an information and educational project that aims to promote conscious eating habits and reading labels.</td>
</tr>
<tr>
<td>Responsible marketing</td>
<td>3</td>
<td>Aflofarm Farmacja Polska is committed to advertising its dietary supplements in a responsible manner. This means, among others: emphasizing that the product is a dietary supplement and not a medicine; a ban on using the image of a doctor in advertising spots.</td>
</tr>
<tr>
<td>Consumer participation</td>
<td>2</td>
<td>mBank collects, analyzes and sends to the relevant units all opinions and comments of customers received through various service channels and social media.</td>
</tr>
<tr>
<td>Consumer health and safety</td>
<td>3</td>
<td>Wawel does not use unnecessary preservatives, artificial flavors, palm oil, dyes and E476 emulsifier. The company focuses on natural ingredients of the highest quality.</td>
</tr>
</tbody>
</table>

Source: own study based on report “Odpowiedzialny biznes w Polsce. Dobre praktyki 2018”, pp. 128-142

The cited examples are only a part of CSR activities that enterprises can undertake. The presented practices illustrate how diverse the activities of socially responsible enterprises are. The examples included in Table 2 refer to companies from various industries (food, pharmaceutical, banking) and are the best proof that every enterprise can conduct an ethical and responsible dialogue with consumers.
CONCLUSION

In times of globalization, the growth of the idea of sustainable development, rapidly changing trends and growing expectations of consumers, managers are looking for ever newer tools and methods that will allow them to maintain their position on the market, strengthen a positive image and build open relationships with all stakeholders. One way to achieve these goals is to implement the CSR concept, which assumes economic growth while respecting the needs and expectations of the company’s stakeholders. The comprehensive interest of scientists and business practitioners impedes the creation of one proper definition of the concept of CSR. However, it should be remembered that corporate social responsibility must be a consistently implemented sequence of events, planned and included in the company’s strategy. Only reliable, well-thought-out and long-term actions can bring positive results to the company and its stakeholders.

This article assumes that the consumer is the key stakeholder of each company. Therefore, it is the responsibility of social organizations to create and strengthen positive customer relationships. The article reviews responsible practices towards consumers. The relationship between the company and clients was identified, and various activities targeted at this group of stakeholders were presented. What is important, every company (regardless of industry, size or budget) can start CSR activities. Lasting relationships with consumers will definitely bring many benefits to the organization and its stakeholders.

BIBLIOGRAPHY

DZIAŁANIA SPOŁECZNIE ODPOWIEDZIALNYCH
PRZEDSIĘBIORSTW SKIEROWANE DO KLIENÓW

Zarys treści: Przedsiębiorcy coraz częściej dostrzegają potrzebę angażowania się w działania z zakresu społecznej odpowiedzialności biznesu, które w dłuższej perspektywie przynoszą wiele korzyści, zarówno dla firmy, jak i jej interesariuszy. W artykule przyjęto tęzę, iż kluczowym interesariuszem każdego przedsiębiorstwa są jego klienci. Celem artykułu jest wskazanie, czym jest społeczna odpowiedzialność biznesu oraz sformułowanie działań z zakresu CSR, które mogą podejmować przedsiębiorcy. Zaprezentowane praktyki zostały zaadresowane do konsumentów – najważniejszych interesariuszy organizacji.

Słowa kluczowe: Społeczna odpowiedzialność biznesu, CSR, Konsumenti, Interesariusze