

CONCEPTION OF CORPORATE SOCIAL RESPONSIBILITY WITH THE ANALYSIS OF PRACTICES IN SELECTED EUROPEAN COUNTRIES

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Abstract. The conception of Corporate Social Responsibility (CSR) is very popular in time of increased attention to the socially involved and environmental friendly approach. The general concept is widely known, but the assumptions underlying this idea are not enough systematized. Moreover, there is a lack of common consciousness of how it looks in practice. CSR is still not perceived as an obvious and universal idea in countries that took over a ready-to-use idea from their neighbors. Economists are more or less familiar with this idea, but there are many branches where social responsibility is hardly known or causes skeptical attitude.

Therefore, the study goals are two-fold. The author presents theoretical background of this idea – its genesis, principles, tasks and goals. It provides readers with a solid theoretical foundation and orders commonly known information. Thanks to the scrutiny of European reports, this article contains an overview of the examples of its adoption in five European countries, differentiated according to the level of development, condition of the economy, commitment to social responsible projects and the attitude of society. This part enables understanding of how theory is applied in practice and what circumstances may determine the manner and degree of implementation.

The author claims that in all socio-economic circumstances actions within CSR can be undertaken in favor of society. The way of implementing social responsible standards may vary on account of economic status, level of social security, tradition or the cultural differences of the countries, but the motives are the same and it contributes to the development of socially important public awareness.

Keywords: Corporate Social Responsibility, Labor and Social Security Law, Public Business Law, International Public Law, economic policy.

Introduction

The idea of corporate social responsibility was created at the end of 19th century but the proper, full approach was formed in the middle of last century (Bohdanowicz, Polak 2005). In 1953 American economist, Howard Bowen published *Social Responsibilities of the Businessman* and it is considered to be the first scientific work that forms the foundations of the concept (Rok 2013). Well developed countries decided to introduce slowly this idea to their socio-economic systems. Benefits achieved by a long-term process inspired other countries to follow their path and implement it immediately.

The successful implementation of CSR requires to work at the core. A strong belief among people in the rightness and necessity of socially responsible practices is needed. Unfortunately, in the countries where CSR has been implemented without proper education people are doubtful. The common awareness of the concept is in shreds. It is caused by the fact that nowadays it is possible to take over already developed ideas from other cultures. On the one hand, it can be seen as a great privilege to adopt a ready-to-use conceptions. There is no need to spend decades to construct useful solutions which are well-functioning and bring benefits. It is all offered by more developed and experienced neighbours. But on the other hand, it is hard and complicated to implement something new and unusual for certain society, even if it is valuable. Conceptions that have not grown from a long term practice seem uncertain to people. To overcome this problem disseminating

knowledge on socially responsible actions and popularizing its objectives may reduce the level of insecurity.

This article provides the opportunity to discover the main aspects of CSR and is useful for consideration whether is rational to reject it only because the lack of information. It tries to help in finding a good examples of socially responsible actions to follow. By analyzing the ways of implementation of this concept this article presents diversity of possible actions taken on behalf of realization CSR. Thus, it is showing that the concept is multidimensional and can be used regardless of the level of socio-economic development. Every system where human being stands in the center, may fulfill the social responsible assumptions. This article contains the scrutiny of some of the ways.

The essence of CSR

This conception is a singular ethical code for managers and entrepreneurs. It requires taking into consideration the results of doing business in certain circumstances that is natural and social surroundings (Bernatt, Bogdaniienki, Skoczny 2011).

There are many various definitions of CSR, because the meaning depends on the sphere where we would like to introduce responsible activities. To find what it means in each country, firstly, it is needed to take into account traditions and values that are on the top of the hierarchy (Bartkowiak 2011). Moreover, a deep scrutiny of key pieces of legislation and moral codes need to be done as well.

In general, CSR requests from managers and entrepreneurs to be active on social field, to initiate and support important projects for local communities. Defining far-reaching plans is one of the most significant element in analyzed conception.

Realization of this strategy consists of creating safe environment at the workplace, effective human resources, efficient and ecological way of consumption of raw sources. European Union brings out the importance of CSR and emphasizes its role in modern economies and societies.

The European Council's interpretation of CSR which was presented in Green Paper in 2011 needs to be emphasized - CSR is taking into consideration by the enterprise on the voluntary basis social and environmental aspects when conducting economic activities and contacts with stakeholders.

It should be noted that CSR is not philanthropic. It refers to the decisions and actions taken by companies that are related to economic goals of these entities. Therefore, actions are motivated by knowing the existence of a close link between responsible behavior and a stable business success (Bartkowiak 2011).

CSR definitions have been articulated in many acts. These include acts such as the OECD Guidelines for Multinational Enterprises (2000), Green Paper - Promoting a European Framework for CSR (2001), UN report: Protect, Respect and Remedy: A framework for business and human rights (2008) and many other.

A characteristic feature of the concept of CSR is the lack of a rigid program of action. Differences in the interpretation of its significance stems from the fact that countries differ in culture and tradition, and society confer the greatest importance to different values. Thus, searching for definition of CSR should be paid primarily in the direction of the most significant acts or set of rights that constitute the system of each country – the constitution or set of basic laws of the country. They express the most important values for a particular society that is why they should be taken into account in the first place to determine which is covered by CSR in the country.

The assumptions

CSR is an activity for the benefit of society, initiating and supporting important social projects. In its scope it is set to provide assistance and action in favor of other entities, institutions, etc. They are characterized by far-reaching plans, which consist of formulating the direction of development in the long term (Bernatt, Bogdanienci, Skoczny 2011).

Kofi Annan, Secretary-General of the United Nations in 1997-2006, initiated the creation of universal rules addressed to entrepreneurs around the world in the form of the ten principles - program

Global Compact. The rules, which were announced during the World Economic Forum in Davos, 31 January 1999, include regulations referred to human rights, labor standards, environment and anti-corruption. They constitute a call to respect, spread and promote the abovementioned values for enterprises, international working environments and NGOs. As the world's largest initiative for corporate social responsibility, brings together more than 10,000 members from 145 countries.

The Decalogue of *Global Compact* consist of the following statements:

- Businesses should support and respect the protection of internationally proclaimed human rights.
- Business should make sure that they are not complicit in human rights abuses.
- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Business should uphold the elimination of all forms of forced and compulsory labour.

Business should uphold the effective abolition of child labour.

- Business should uphold the elimination of discrimination in respect of employment and occupation.
- Businesses should support a precautionary approach to environmental challenges.
- Business should undertake initiatives to promote greater environmental responsibility.
- Business should encourage the development and diffusion of environmentally friendly technologies.
- Businesses should work against corruption in all its forms, including extortion and bribery (Bartkowiak 2011).

The idea of the UN assumes that the application of the principles of the Global Compact, which represent broad approach to corporate social responsibility, will help to solve today's social and economic problems. Also, it minimizes the negative effects of globalization and contributes to the sustainable growth of the world economy.

Speaking of CSR, recently popularized the idea of the triple "E" should be mentioned. Under this name hides a consistent performance requirement in terms of efficiency, cost-effectiveness and ethicality (Gasparski, Dietl 1997). The modern market success depends on involvement into social sphere, because such a strategy allows you to build competitive advantage.

Aims of CSR

Implementation of the strategy arising from the assumptions of CSR brings safety at the workplace, effective human resources management, and develops a proper - efficient and environmentally friendly

dly, method of consumption of raw materials required in the production process. The external impact of the company should rely on the support of local communities, as well as maintaining an active relationship with economic partners, organizations and institutions whose business scope coincides with the activity of the company (Bartkowiak 2011).

Sustainable development, binding economic goals with social and environmental objectives, is also the aim of CSR. Focus around the movement for the implementation of these aspects began in 1972 at the UN conference in Stockholm. Sustainable development is popularized since the late 80s and challenges the economic world to support social progress and environmental protection (Rok 2013).

Searching for solutions that deliver measurable economic benefits, which are at the same time socially and environmentally friendly, is an integral component of CSR. It is a long-term vision of development, bringing benefits for present, but mainly future generations.

Tasks

Achieving goals is dependent on diligence in performing the tasks socially responsible. Their range refers to the five areas of activity: the market, the public environment, the sphere of employment, the environment and relations with investors.

An essential element of the market activity of the company is proceeding according to the rules of ethics. Particular attention should be paid to the fair advertising, and above all competent, ethical conduct in privatization processes, mergers and acquisitions, which occur more often as a result of globalization.

Proper relationship with the public sphere, so the public administration, public benefit institutions, social organizations, local communities, requires the implementation of projects for culture and education, health and physical activity. Realization of this comes through a patronage, sponsorship, etc.

Employment policy covers all employee-employer relationship, from recruitment until after the system of motivation, remuneration and conflict resolution. Activities in this area must comply with the principles of social justice and express respect for subordinates. What's more, it is necessary to develop a sense of security and stability in the workplace. Enabling the development of employees also belong to this group tasks (Bartkowiak 2011).

Use of natural resources should be based on the least disruptive technologies for the environment, while respecting the rules on its protection.

Relationships with current and potential investors require the applicant fairness in their activities

and the transferred information. The value of entrepreneurs comes off the promises they make and the extent to which they are adhered to (Bartkowiak 2011).

Benefits from CSR

Noticing the positive effects of implementation the assumptions of CSR takes time. The beginnings may be difficult. In the absence of immediate profits, costs have a negative impact on financial results. The scientists say that this process looks like a „U” letter. It depicts the initial outlay for the fulfillment of CSR without immediate benefits, which shows a negative balance of capital. After time profit widely seen and brings measurable economic success in the form of steadily rising revenues (Rok 2013).

The benefits from the socially responsible actions can be divided into direct and indirect. The first relates to the possibility of treating CSR as an inherent component of the corporate strategy that makes full use of company resources and build a good relationship in the territory of action (Bartkowiak 2011). Properly conducted personnel policy leads to an increase in employee job satisfaction, commitment and growth of loyalty to the employer.

Indirect benefits result from the production of certain goodwill and loyalty in people unrelated to the subject of economic activity. This group includes entities which have an impact on consumers, which affects the scale of interest in the firm and, consequently, its products and services (Rok 2013). So creating a positive image through the socially responsible activity has an impact on increasing revenues of the company.

International Labour Organization

It is impossible not to mention the importance of the International Labour Organization as one of the major promoters of CSR. It is a UN agency, founded in 1919, which deals with matters of the labor market, in particular by establishing international labor standards. Its goals are to ensure decent working conditions, in an atmosphere of freedom and security.

ILO noted the problem of globalization. Apart from its positive effects, globalization poses a serious threat to modern standards of work. This leads to the displacement of businesses and workforce to new locations. Entails the risk of financial instability, due to the constant search for capital liquidity (International Institute for Labour Studies 2008).

Conceived in 2008, the ILO Declaration on Social Justice for a Fair Globalization mobilizes to the efforts, which could contribute to the realization of social justice in the workplace.

Nature of the assumptions of CSR

It would seem that the implementation of the tasks arising from this concept relies on voluntary business practices that are beyond the legal obligations. There are no rules that directly oblige to socially responsible behavior. No legal acts regulating the obligation of implementation of CSR leads to the assumption that those activities belongs exclusively to the discretionary decisions of the entity.

However, it must be noted that CSR principles are expressing the ideas contained in the most important national legal acts (Bernatt, Bogdaniienki, Skoczny 2011). Therefore, it is not necessary to establish additional obligations to create direct commitment for entrepreneurs to act in accordance with CSR. The rights and values expressed in legal acts underlying the system of the State are sufficient to derive from them obligation to act in a socially responsible manner.

The significant role of international soft law has to be emphasized as well. Even though they do not have universally binding nature, they set standards and directions of development of CSR. They also provide an incentive for many regulations in this regard.

Integration with the European Union

The European Commission has a major impact on the concept of corporate social responsibility and the extent of its implementation in the life of Europe. Led by its economic policy is characterized by an arrangement and long-term commitment. It has combined a postulate of increased competitiveness on the market with the effective interaction of the various partners in specific areas. Therefore, the assumptions of CSR are implemented in life, contributing to the sustainable development of the states' economies (Rok 2013).

The Commission's actions include raising the level of social integration, increasing innovation in enterprises, rationalizing the use of natural resources and reducing pollution levels, which in turn is expected to improve quality of life and health of citizens (Rok 2013).

The European Commission in 2001 released its first document which includes a model of implementation of CSR, but the commitment of Member States to the implementation of elements of the concept took place in 2006, when *the European Alliance for Corporate Social Responsibility* was announced. This act calls for increased commitment to sustainable development, economic partnership and concern for the quality of work.

The implementation of the Europe 2020 strategy started in 2010. The adoption by the European Council this long-term plan aims to implement three key aspects of economic policy - increasing

the efficiency of resources, concentration around knowledge and innovation as the future of the economy, improving the quality of life of Europeans. The Council recognized the concept of CSR as a tool leading to a better future, a panacea for the financial crisis that Member States have to contend. *The financial crisis has demonstrated the need for a new approach to the balance between short-term profit maximization and sustainable value creation in the long term. (...) Robust business ethics and values can contribute to overcoming the crisis* (European Commission 2010).

CSR in Member States (examples)

Analyze of several Report Peer Reviews on Corporate Social Responsibility led to the conclusion that there are multiple ways of how to introduce CSR into specific socio-economic systems. This article contains review of selected practices conducted in Member States. Chosen countries differ on account of culture, traditions, level of economic growth, level of social security etc. This helps in understanding the universal role of CSR and flexibility of its assumptions.

According to Report Peer Review on Corporate Social Responsibility – Helsinki (2013) in Portugal there is no separate National Action Plan on CSR policy at present but the assumptions of this idea can be found in The National Reform Programme. An inter-ministerial group has been organized on Business and Human Rights. Their tasks are concentrated on information campaigns and the exchange of good practice. CSR in this country refers to education system with a goal to reduce early school leaving and innovation, energy and climate change targets. When it comes to the employment – aim is to reduce of unemployment and social exclusion. They see the solution of the last problem in trainings and the further development of dual apprenticeships.

Most of the programs are in the process of creating but some of them are already in place, f. ex. A National Plan for the Energy Sector and Energy Efficiency.

What is more, Portuguese companies can be awarded with 'Equality is Quality' and receive certificates of good policies.

Moreover, a network on CSR issues was created to cooperate and support a whole range of stakeholders and around 2000 affiliated organizations with regular peer learning meetings and dissemination activities.

Data given by Report Peer Review on Corporate Social Responsibility – Paris (2013) submitted that government introduced first National Action Plan on CSR. It represents European and national objectives. Departments, which are involved into social responsible conception are Department

of Jobs, Enterprise and Innovation, Business in the Community Ireland. But the list is much more longer – it also involves the Department of the Environment, Finance, Social Protection, Justice and Agriculture.

According to the CSR assumptions, being social responsible is a voluntary activity. The government decided to put the stress on its own role – it is supposed to encourage businesses and to provide them with the tools to develop CSR as a development on a cultural level.

What is more, increasing transparency and disclosure of CSR activity by enterprises operating in Ireland is the next goal. To help reveal those elements in each company, 6 key pillars of CSR were made. Entrepreneurs are obliged to be social responsible on following spheres: workplace, environment, marketplace, community, corporate governance and public sector (Report Peer Review on Corporate Social Responsibility – Paris 2013).

Ireland already has many activities and a strong background of community engagement. Companies are regularly reviewed of the implementation of the plan.

Germany's economic and industrial structure is very close to the social responsible model. Cooperation of entities is a must, so it was in October 2010, when Federal Cabinet approved the country's Action Plan on CSR after a period of consultation in a multi-stakeholder forum (Report Peer Review on Corporate Social Responsibility – Rome 2013). There is one ministry that deals with this issue – it is the Federal Ministry of Labour and Social Affairs. But still, many more are involved into CSR conception on the field of initiative, responsibility for planning and implementation.

Their Action Plan consists of 35 actions in six areas. Government decides to invest €40 million in a CSR guidance and coaching programme (Report Peer Review on Corporate Social Responsibility – Rome 2013). They also prepared awards for companies, which are given to those, who complete a questionnaire, get a good feedback on the implemented approaches by stakeholders and win in a final judging panel, made up of members of the multi-stakeholder forum.

Of course, there is a German website for CSR issues, where reports and brochures are posted.

According to Report Peer Review on Corporate Social Responsibility – Paris (2013) Slovenia is more at the beginning in the implementation and development of a CSR approach in comparison to the west EU or Scandinavian countries. They did not convey CSR duties to one certain ministry. Depending of the action area, there is a couple of ministries that deals with social responsible policies. Ministry of Foreign Affairs takes the lead in relation to the UN Guiding Principles on business and human rights, whereas the Ministry of Economic De-

velopment and Technology is responsible for the OECD National Contact Point. The Ministry of Labour, Social Affairs and Equal Opportunities is represented on the Health Level Group on CSR and is responsible for the Act on Social Entrepreneurship.

An important role in developing proposals for CSR to be presented to government was given to the society. A special network was organized and plays an important role in implementation and development process (Report Peer Review on Corporate Social Responsibility – Paris 2013).

The National Action Plan is still very much in the planning phase, and at this moment their efforts are concentrated on popularizing CSR behaviors and creating such legal and administration conditions that companies could easily follow the social responsible assumptions.

The government expects that thanks to the Network a list of CSR priorities will be developed. If so, the next step is to submit them to the ministries, especially Ministry of Labour, and finally set the document for government approval.

It was decided to avoid the term 'national action plan' and replace it with 'list of priorities'. The reason is simple – the first term associate with socialist times, so avoiding it may help overcome some negative perceptions.

Unfortunately, there is a low awareness of CSR, that is why a series of seminars and one-stop shops are being organized to promote understanding and copying of this model (Report Peer Review on Corporate Social Responsibility – Paris 2013).

Poland has no single, specific strategy on CSR. The social responsible assumptions are included in a number of government strategies.

In May 2009 the Prime Minister created a special group for social responsible issues (Directive of the Prime Minister 2009). Their tasks included proposing solutions of how to coordinate different public entities when it comes to promoting and implementing CSR principles, analyzing other countries' CSR experiences and creating conditions for effective communications between social partners. After 4 years of functioning, in 2013 Prime Minister canceled this group and instructed the Ministry of Economy quest for a new way of implementation CSR approach (Directive of the Prime Minister 2013). In 2014 Ministry appointed a new team consisting of 46 members from various ministries, branches and organizations. Main tasks are dialog, education and dissemination knowledge about social responsible behaviour (Directive of Minister of Economy 2014).

In 2000 Social Responsible Business Forum was created. Its aim is to promote CSR as a standard in Poland. It is a platform where entrepreneurs, managers, employers, scientists, social organizations and public administration can share their experiences and cooperate with each other. Moreover,

this Forum has to report each two years on the recent status of CSR development in Poland (Forum Odpowiedzialnego Biznesu 2012).

The beginnings of social responsible activity were difficult – Poles were totally not interested into this conception and declared loud opposition to its assumptions. From 2006 growing interest has been seen and more and more companies has been involved in doing responsible business (Bartkowiak 2011). However, in 2012 only 31% of questioned entrepreneurs claimed they know what does CSR is, and only 2/3 of them fulfill requirements of social responsible company (MillwardBrown SMG/KRC, PwC 2012). Sociologists believe that this approach is a result of a former social and economic system under the influence of Russia. People are skeptical and not willing to involve themselves into something relatively new. It is highly recommended to disseminate information, knowledge, methods and benefits to convince them to the pertinence of Corporate Social Responsibility.

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BENDROS SOCIALINĖS ATSAKOMYBĖS IR PRAKTIKOS ANALIZĖS KONCEPCIJA PASIRINKTOSE EUROPOS ŠALYSE

Santrauka

Įmonių socialinės atsakomybės idėja, atsižvelgiant į Europos Sąjungos ekonominę politiką, turėtų būti tarp pagrindinių įmonių strategijų komponentų. Deja ji vis dar nepakankamai vertinama ir į ją neatsižvelgiama steigiant įmones. Iš tiesų tokia realybė nesuderinama su tarptautiniais lūkesčiais, nes buvo įrodyta, kad ĮSA turi labai teigiamą poveikį visoms socio-ekonominėms aplinkybėms. ĮSA poveikis Darbo teisei, Socialinės apsaugos teisei ir Viešojo verslo įstatymui yra viena iš labiausiai kiekvienos šalies socialinę ir ekonominę sistemą veikiančių priemonių. Todėl tokio požiūrio skatinimas yra pageidautinas, ir rezultatai labiau remia idėją realizuoti visą socialiai atsakingą programą.

Tarptautinių ir nacionalinių institucijų pastangos nukreiptos skleisti žinias apie šią koncepciją ir populiarinti savo tikslus. Daugelio verslininkų ir vadovų žinios ir patirtis šioje srityje vis dar menki ir reikalauja organizacijų susijusių su įmonių socialine atsakomybe nuolatinės priežiūros. Remti jų vystymąsi šia kryptimi yra vienas iš pagrindinių, subjektų atsakingų už žinių sklaidą apie socialiai atsakingus veiksmus, uždavinių.

Šis straipsnis supažindina su ĮSA idėja. Taip pat straipsnis pristato susidomėjimo minėta koncepcija laipsnį penkiose Europos šalyse, tikslų ir veiklos rezultatų, kurių imtasi įgyvendinant šią programą, įgyvendinimo laipsnį. Jis taip pat rodo, kokių projektų ir programų buvo ir yra imtasi siekiant plėsti žinias apie ĮSA ir įvykdyti savo prielaidas. Jie gali skirtis dėl to, parinktos šalys yra skirtingose vystymosi stadijose ir turi skirtingus lūkesčius. Straipsnis pateikia įvairius metodus skatinti ĮSA, kurie gali būti naudojami priklausomai nuo poreikių ir besikeičiančių aplinkybių.

Keywords: corporate social responsibility, Labor and Social Security Law, Public Business Law, International Public Law, economic policy.

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