

Magdalena POPOWSKA\*

## CSR IN POLISH SMES – FROM PERCEPTION TO INFATUATION. EXAMPLES OF SOCIALLY ENGAGED FIRMS FROM THE POMERANIAN REGION

Despite the increasing worldwide awareness of the importance of social issues in contemporary business management, Polish small and medium-sized enterprises seem to remain in the group of followers, certainly not leaders, of the corporate social responsibility (CSR) movement, and this despite important dissemination efforts by numerous institutions.

The aim of this paper is to present the bumpy road to the (still incomplete) implementation of CSR by Polish SMEs and also to demonstrate a possible shift in the attitude of Polish entrepreneurs. The research is based on available statistical and qualitative data from recent reports and official policies. A presentation of cases of companies emerging from a regional CSR contest completes the picture.

**Keywords:** Corporate Social Responsibility, CSR, social commitment, small and medium-sized enterprises, SMEs

### 1. INTRODUCTION

In the last two decades, we have experienced an increasing interest in sustainability issues and their importance in strategic business management [3, 20, 15, 4]. These issues are today mostly known as Corporate Social Responsibility (CSR). Nevertheless, the degree of interest in CSR is not the same for all sizes and all types of businesses [15]. It oscillates, in fact, between the lack of interest in this phenomenon and some very proactive approaches to its implementation, and it shows a huge variety in the forms of its occurrence in business practice [22].

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\* Gdansk University of Technology, Faculty of Management and Economics.

The factor of size, and thus, the strength of the market and the impact on the environment, seems to be one of the most important traits of the involvement of SMEs in CSR activities. Their primary stakeholders are the nearest network environment members, the local community in which SMEs operate. Although micro and small enterprises are strongly associated with the local community having clearly defined needs, and they respect the rules prevailing in this close environment [2, 21], their actions are rather fragmented and of an informal character. On the other hand, strong leadership can more easily convey socially responsible principles to all employees in owner-managed SMEs [13, 14]. Therefore, the personal beliefs and ethics of both owners and employees are equally important. Being less formal and more intuitive, a small business focuses more on being reliable to customers and the local community, trying to improve the closest environment rather than spending a fortune on mass-media advertising.

At the same time, more and more SMEs owners/managers instinctually feel that social responsibility can pay off in the long term, and every effort made in this direction is something that could bring an important competitive advantage, which is nothing but a step ahead of their competitors. Therefore, the implementation of CSR methods in Poland is an object of growing interest from both entrepreneurs and society. Although certain aspects of business ethics were present in Poland before World War II, when referring to CSR during the extended time of the communist regime in Poland, this term appears to be degenerated, since a business rarely belonged to individuals and was largely controlled by the state. People were simply not interested in corporate social responsibility as they struggled to make their living. Over the last two decades, the idea of CSR became more and more popular due to a change in the political system, and in the last ten years, due to Poland's accession to the EU and the initiatives and politics associated with this membership.

This paper is aimed at presenting the development of the popularity of the CSR approach among Polish small and medium-sized enterprises, based on national data, with particular emphasis on changes visible in the Pomeranian region. The statistics regarding this topic are still relatively poor, rather irregular and discontinuous. Thus, the study also includes a qualitative presentation of companies from a regional CSR contest for SMEs.

## 2. EVOLUTION OF THE CSR CONCEPT IN POLAND

The implementation of responsible behaviour in Polish companies has been a complicated process and went through a few steps, resulting from the socialist heritage of this country. Mainly due to the word "social" in its name, entrepreneurs in former socialist countries frequently saw CSR as some form of socialist renaiss-



sance, considered dangerous for the transition to market economy. However, apart from this very general negative opinion that could be found at different levels among all the CEECs, there were some specific aspects and a particularly strong opposition against the concept and the visions of CSR. Despite some encouraging signals starting in the early 2000s around the complex concept of business ethics – the Polish Association for Business Ethics was set up in 2001 [11, 12] – the situation did not really change. Still young at that time, Polish companies of all sizes were extremely reluctant even to consider the softest approach to this issue. This attitude discouraged international organizations involved in the diffusion of CSR discourse. Despite an early study by UNDP [29], showing the difficulties in approaching the topic in this country, Poland was not even included in UNIDO programs for the implementation of CSR, nor was it invited to the forums organized by the same organization in 2007 and 2008 among some CEECs [30]. However, this is not so surprising when considering that “How to do business in Poland”, a guide for foreign investors published in 2004 in cooperation with Deloitte by the Polish Information and Foreign Investments Agency, did not spend one single word on CSR [27]. Consequently, the transition period has been a very turbulent one, demanding fast and frequent changes, inappropriate for the long-term thinking required when building CSR strategies. Very schematically the whole CSR implementation process may be divided into five stages starting with the refusal of any “social” aspect of business activity in the early 90s, through indifference and reluctance (1997-2002) of interest and even to creation of links between different socially oriented management projects [17].

One of the very important propelling factors for the implementation of CSR behaviours in Polish SMEs has been the phenomenon of foreign direct investments, in particular German ones [1]. Even the Polish government recognized in recent times that the development of CSR from the beginning of this century was closely associated with the influx of foreign investors [18].

Another problem, often raised in the first decade of the third millennium, was the weak institutional environment, in particular the intricate regulations [25], and the instability and unpredictability of law, which did not allow SMEs to plan long-term and to have a long term approach, not to mention the reflection on the concept of CSR, which in this context may appear as an idea rather eccentric and reserved for the happy few. Additionally, it is worth to mention that Polish consumers, despite their declarations, in their purchasing choices were rarely guided by ethical attitude of the suppliers [25, 11]. Furthermore, NGOs were rather immature and could not provide SMEs with a reliable partnership. Finally, the media were considered as rather irresponsible, often unable to promote the idea of responsible business in the community or unwilling to do it because of their undeclared but powerful links with the business community or their too strong relationship with governmental agencies [25]. The same report also points out the small number of stakeholders, limited to three actors (shareholders, customers and employees), that significantly narrows the responsible entrepreneur’s possible scope of action.

Polish entrepreneurs do not perceive communication with stakeholder groups, public relations, and actions aimed at eliminating social disparities, as actions falling within CSR.

Considering all these elements, several actions directed at promoting CSR in Poland were undertaken from 2009 onward. Gradually, operational and theoretical boundaries of CSR for Poland were set up, and the Polish government is implementing them constantly and systematically. That resulted in, among others, a growing involvement of the media in promoting this concept: 829 articles were published in 2008, 1512 in 2009, 2248 in 2010, 2527 in 2011, 3342 in 2012, 5591 in 2013, and 11,644 in 2014 [5, 6, 7, 8, 9]. The total number of articles associated with the subject of CSR in 2014, both in paper and virtual media, was fourteen times higher than in 2008. It is great progress despite the fact that most of those sources provide only a basic knowledge about the discussed concept [24].

Additionally, the government directive issued in May 2009 founded a special CSR team, under the direct control of the Polish Prime Minister. The team's structure was based on four different working groups (CSR Promotion, Socially Responsible Investments, CSR in education, CSR sustainable consumption). The conclusions of the CSR team have been included in the Guidelines of the National Development Strategy 2020. The Ministry of Economy would be responsible for the implementation of a systemic CSR project [18]. Additionally, the Polish Ministry of Economy, in response to companies' needs, in 2013 issued a guidebook on business sustainability and CSR tools for gaining competitive advantage with special emphasis on SMEs [10].

### **3. EVOLUTION OF THE CSR CONCEPT AMONG POLISH SMES – PERCEPTIONS AND REAL RESPONSIBLE ENTREPRENEURSHIP**

One of the actions to promote CSR among Polish enterprises, including SMEs, is the report "Responsible Business in Poland" run by the Responsible Business Forum from 2010. In the initial years (2010-2011), there were only few good practices registered in the annual reports provided by only 17 SMEs, as opposed to 80-100 large enterprises respectively. Good practices were classified into several categories, namely: workplace, environment, social commitment, corporate governance, consumer relationship, fair operating practices and human rights. Most of the registered SMEs in 2010-2011 declared best practices in the category called "environment," which proves that this dimension of CSR was the easiest and the most natural to perceive in this group of enterprises.

In all consecutive years (2012-2014) most of the registered good practices occur in the field of social commitment and development of the local community, which is followed by the above mentioned environmental commitment. There is almost



no representation in the field of practices addressing consumers. Numerous SMEs are represented in several fields of CSR activity, sometimes for more than one year. However, only two firms (Blue Media S.A. and Horus Innowacyjne Materiały Przemysłowe Sp. z o.o.) are currently (in 2014) on the list of companies involved in CSR activities for many years.

Table 1. The number of SMEs which registered their best practices in the “Responsible Business in Poland” reports in the years 2010-2014 (own study based on [9, 8, 7, 6, 5])

Size/Year	2010	2011	2012	2013	2014
<b>micro</b>	2	4	2	15	6
<b>small</b>	9	3	4	10	13
<b>medium</b>	6	10	15	21	13
<b>SME Total</b>	17	17	21	46	32

The study conducted in Western Poland in 2011 by Millward Brown SMG/KRC and PwC at the request of the Polish Agency for Enterprise Development (PARP) showed that only 14% of SMEs were familiar with the CSR term. Among those who claimed to be familiar with what CSR is, the most important aspect of being socially responsible was proper relations with clients, co-workers and employees (22% of respondents), carrying for environmental issues (21%), honesty (19%), employee welfare (15%) and local society-based activities (12%). The CSR standards most known among respondents were ISO 14000 (51%), ISO 26000 (30%) and Global Impact (18%). Interesting findings are offered also by the analysis of the relation between the implementation of CSR and the age of the company. According to this study, 80% of the companies that have been operating for more than 15 years were implementing socially responsible practices. The quite strong value attached by enterprises to the environmental dimension of CSR is confirmed by the results of national and regional surveys [28, 8, 19], which show that in around 30% of SMEs (which are familiar with the concept of CSR) the majority associates it rather with environmental protection and ignores its social dimension. At the same time, only 27.8% of the surveyed enterprises confirm the impact of their activity on the environment. The same sources say that 14% of SMEs in Poland deny having stakeholders and only 42% testify to commitment to the local community. Additionally, according to the fourth edition of the Pomeranian Economic Observatory [28], most of the respondents (60%) perceive CSR practices negatively, mostly as an unnecessary cost or just fashionable term [26].

Another action designed to encourage SMEs to behave responsibly, and therefore enabling to conclude on the growing popularity of CSR activities in Polish SMEs, was the project “Enhancement of Regional Competitiveness through Corporate Social Responsibility (CSR),” carried out by the Polish Agency for Enterprise Development (PARP) in 2012-2015, containing an important contest for financial support for the implementation of CSR in SMEs, with two consecutive calls for



applications: in May and December 2013. Out of 108 applications submitted for the first edition, 53 enterprises received financing and out of 322 applications in the second call, 133 were granted funds [23]. The greatest interest in obtaining that financial support for the implementation of CSR activities was shown by SMEs from western and central parts of Poland. Those entrepreneurs were also much more aware of CSR principles than their counterparts from eastern Poland.

#### 4. POMERANIAN REGION AND SMES RECENT ACHIEVEMENTS

One of the interesting new initiatives organised in 2015 in the Pomeranian region is the second edition of the contest “Socially Engaged Enterprise from the Pomeranian SME Sector”<sup>1</sup>. This competition is carried out by Forum Inicjowania Rozwoju, Radio Gdańsk and Gazeta Wyborcza. The generic aim of the contest is to promote socially responsible activities pursued by the Pomeranian companies from the SME sector in the area of social involvement, implemented to raise the level of social capital in Pomerania. A more specific goal is to select and promote the biggest and best CSR practices, implemented in the field of social involvement by SMEs from the province of Pomerania. This field is one of the seven key areas of social responsibility according to ISO 26000. The practices may concern in particular: education and culture, job creation and competence development, development and access to technologies, wealth creation, health, social investments and many others.

The first edition of the contest was organised in 2014. In this pilot edition only a few companies took part, and the only winner was a company of medium size (100 employees), AMBRA Sp. z o.o., which provides comprehensive services in the field of indoor and outdoor cleaning of office, retail and service and manufacturing buildings. This company is consequently building its CSR strategy covering many important fields and containing, among other elements, the Code of Ecologic Practices. Those activities are partially financed with the support provided by PARP within Swiss funding. One of the announced strategic goals of the company is: *We want to support our local community involvement in solving current social problems in cooperation with non-governmental organizations, offering employment and creating jobs suitable for people from disadvantaged groups*. This is not an empty announcement – the company is developing several activities confirming its real social commitment.

The second edition, carried out in 2015, attracted many more participants (13) and three winners emerged. The first one is Hydro-Naval Sp. z o.o., employing 150 workers, located in the Słupsk economic zone and specializing in the construction

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<sup>1</sup> Firma Zaangażowana Społecznie Pomorskiego Sektora MSP.



of equipment for the offshore industry. At the end of 2014, Hydro-Naval, in cooperation with two local high schools, initiated the creation of special classes as an answer to the demand of the local market employers in the metal industry. This company also provides support to young people in gaining education supported by the practice and desired by employers. Representatives of Hydro-Naval believe that by investing in these activities, they promote the proper approach to technical education of young people. Thus, at the same time, they support the local community by promoting education and providing students with modern and desired knowledge and skills. This is not the only CSR activity of Hydro-Naval, since this company is engaged in numerous initiatives of a philanthropic character for many years: organization of artistic events (theatre for One Smile for children), festivals and holiday camps for children, sponsoring the activities of local sport clubs and teaching materials for local schools and kindergartens. The second prize was awarded to the Blue Media S.A. company (of around 100 workers), founded in 1999 in Sopot, providing solutions for electronic transactions services and supporting online sales. For the sake of the environment, as well as workers' health, Blue Media promotes and supports arriving to work by bike – paying a penny per kilometre driven to work by bike. Like the previously presented company, Blue Media is strongly involved in many socially responsible activities in the area of natural environment protection (refusing paper invoicing, using renewable energy sources), and also in the field of social and business environment (charity and sponsoring, supporting start-ups, etc.). Blue Media is regarded in the local market as honest and caring about employees – internet testimonies confirm this general appraisal. The third winner was Solwit S.A. from Gdansk. This firm is implementing and testing software solutions, and providing related services for different industries. As part of the support program for schools, universities and organizations espousing the knowledge of the IT industry, the company regularly carries out activities aimed at supporting schools in achieving their educational tasks in a manner consistent with current market requirements and improving the qualifications of prospective and current employees of the IT sector and thereby strengthening their competitive position in the labour market. In both the vision and the mission statement, the company stresses the importance of values to build and deliver to its main shareholders. The owners of the company state: *Our values define who we are and how we act as employees and as a company. More than simply words, they are something that speaks to everyone and something we live by each day.*

It is worth to mention that only one out of the four Pomeranian companies (Blue Media S.A.) presented above registered its CSR practices in the last FOB report, which proves that there is still a lot of work to do regarding the dissemination of CSR knowledge, especially in terms of reporting possibilities.





## 5. CONCLUSIONS

The awareness on CSR among Polish entrepreneurs, despite the growing number of information provided by numerous institutions at the national and regional level, is still quite limited. Also the perception of this concept seems to not always be positive. Many entrepreneurs confirm applying some of the CSR practices, without being aware of the possibility of reporting on them. Many others do not believe that CSR may bring positive, even financial benefits, believing instead that it is only a cost generating factor.

On the other hand, there are many firms, like those presented above, which are young and aware of all the advantages connected with responsible management and that underline the importance of the values they want to convey and share with their stakeholders. These values often result from individual beliefs and expectations of the managers of these companies, and in that case CSR draws only a framework and becomes a tool for their more efficient implementation. This is a new, now growing, generation of entrepreneurs, devoid of the influence of socialist times, and trying to build a more sustainable business for themselves and their local environment. Generation Y maybe even more successful in this sustainability race.

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### **CSR W POLSKICH MSP – OD POSTRZEGANIA DO ZAURCZENIA. PRZYKŁADY FIRM ZAANGAŻOWANYCH SPOŁECZNIE Z REGIONU POMORSKIEGO**

#### Streszczenie

Niezależnie od rosnącej na świecie świadomości znaczenia kwestii społecznych we współczesnym zarządzaniu przedsiębiorstwem, polskie małe i średnie przedsiębiorstwa wydają się pozostawać raczej w grupie naśladowców, na pewno nie liderów społecznej odpowiedzialności biznesu (CSR) i to pomimo dość dużego wysiłku licznych instytucji w zakresie rozpowszechniania wiedzy o tej koncepcji.

Celem niniejszego artykułu jest przedstawienie wyboistej drogi do wdrażania, ciągle jeszcze niepełnego, koncepcji CSR w polskich MSP, ale także wykazanie potencjalnej zmiany w postawie polskich przedsiębiorców. Badanie opiera się na dostępnych danych statystycznych i jakościowych z ostatnich raportów i oficjalnych regulacji. Przedstawiony obraz aktualnej sytuacji uzupełniają przypadki przedsiębiorstw laureatów jednego z regionalnych konkursów.

**Słowa kluczowe:** Społeczna Odpowiedzialność Biznesu, CSR, zaangażowanie społeczne, małe i średnie przedsiębiorstwa, MSP

