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Social Responsibility of Organizations. Directions of Changes

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UNDERSTANDING THE CONCEPT OF CSR IN SMALL AND MEDIUM-SIZED ENTERPRISES IN AGRIBUSINESS

Summary: The concept of corporate social responsibility, functioning under the name of CSR, which is the responsibility of business, is becoming more and more popular not only in academias, but also in business. The purpose of this paper is to present the issues related to the knowledge and defining the concept of CSR. Research on business opinions on the concept of CSR has been carried out in the second half of 2013 and included 174 micro (0–9 persons), small (10–49 employees) and medium (50–249 employees) enterprises from the agribusiness sector engaged in business activities in the rural areas of the Warmia and Mazury. The results showed that more than half of the surveyed entrepreneurs do not know CSR at all. Most information about corporate social responsibility of entrepreneurs had a higher level of education – as they often were confirmed to have entered the mission of companies in CSR. Due to the fact that entrepreneurs lack the knowledge of CSR, there is a need to supplement these shortcomings by providing knowledge and information, in particular on examples of good practice in the field of agribusiness.

Keywords: corporate social responsibility, agribusiness, rural areas, small and medium companies.

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1. Introduction

Present entrepreneurs are increasingly aware of the need of pro-social activities. Without denying the necessity of developing profits, they try to expand operation objectives of their businesses in such a way that also relates to the issues of social responsibility. In this way they adopt and put into practice the principles of the concept of CSR (corporate social responsibility), which grew on the foundation of ethics and philanthropy.

This concept, according to its name, implies responsible behavior of companies not only in relation to owners, which are shareholders, but also to the main, or even

all, stakeholders. According to the assumptions of this idea, responsible procedure is ethical behavior with respect to the law and the principles of economics, geared to the needs of different social groups, including their own employees and the natural environment, and its main message is sustainable development [Krukowska 2012].

Enterprises engaging in activities in the area of corporate social responsibility are generally guided by various aspects such as:

- legal: some actions arise from the legal obligation imposed by the state or international organizations,
- philanthropic: owners profess certain moral values, which require them to engage in the improvement of the natural environment or in taking actions for local community,
- economic: they want to make a profit and efforts to reduce costs, such as energy, can provide it,
- image aspect: they want to improve their image in order to do well against competitors [Bartkowiak 2011].

Socially responsible behavior is therefore taken voluntarily, in a conscious way, but it also tends to be imposed by law or enforced by consumers, local community or various social and environmental organizations [Filek 2006].

This opinion on the role of businesses in the socio-economic reality, derived from classical economics, with the time started becoming less fitted to the current situation in the economy of most countries [Bromley 1991]. Hence, for some time one can see growing interest in the concept of business management, involving deliberate actions oriented not only on financial gains and economic aspects, but also widely understanding and analyzing social and environmental interests [Rybak 2004].

In the literature on this field there is no uniform approach to corporate social responsibility areas. The latest attempt to systematize these issues has been made by the authors of ISO 26000, the first international standard for CSR. There were extracted seven areas of CSR which include: organizational governance, human rights, employee relations, natural environment, market practices, relationships with consumers and relationships with other organizations and local society. Polish companies scale of CSR activities is generally limited to four areas with actions for: society, the market, the natural environment and their own employees [Ratajczak et al. 2012].

For sure, the most important initiative in promoting CSR was the publication of the Green Paper on corporate social responsibility by the European Commission. This document systematizes the concept of CSR at the European level. The announcement of the Green Paper launched a wide debate on how the EU can actively promote CSR at the European level and globally [Commission of the European Communities 2001].

UN General Secretary Kofi Annan at the World Economic Forum in Davos in 1999 announced an initiative called "Global Compact." This initiative in its current

form is a set of 10 principles accepted by more than 4300 companies from all around the world which are committed to follow its rules. These rules relate to the four areas of business: respect for human rights, working conditions, environmental protection and fight against corruption [United Nations].

Another important initiative is the OECD Guidelines for Multinational Enterprises. They were developed in 1976, and the last amendment took place in 2000 [Bojar 2007]. These rules relate primarily to issues such as the relationship between employees and employers, human rights, competition, environment, consumer interests, sharing information, fight against corruption and taxes [Ratajczak 2013].

The aim of this paper is to present the issues related to the knowledge and definition of the concept of CSR on the example of small and medium-sized agribusiness enterprises engaged in economic activities in the rural areas of the Warmia and Mazury.

2. Characteristics of the studied population

Research on the opinions of entrepreneurs and their knowledge of the CSR concept, its scope and application of the principles of corporate social responsibility was been carried out in the second half of 2013 and included 174 micro (0–9 employees), small (10–49 employees) and medium (50–249 employees) agribusiness companies engaged in business activities in the rural areas of the Warmia and Mazury. Test results and analysis presented in this paper are a continuation of the scientific considerations conducted by the author, and initiated by the team of M. Ratajczak, J. Wołoszyn and E. Stawicka in 2012 in the implementation of CSR in agribusiness enterprises.

The study was performed by mean of a diagnostic survey; a primary research tool was a questionnaire addressed to the surveyed entities. Obtained material was analyzed, with the use of mathematics – statistic methods. The analysis used the arithmetic mean, $\chi 2$ independence test, the convergence T Czuprow's coefficient and C Pearson contingency coefficient (corrected and normal).

The analyzed population was dominated by small enterprises, which accounted for 62.5%, micro enterprises -29.5%, while medium-sized entities -8%.

Men were the owners of 54.9% and women of 45.1% of the analyzed companies. In the studied population a clear differentiation occurred with respect to the age of owners. Over 60% of the respondents were 46 years old and older (range 46–55 years old accounted for 36.7%, and about 25% of the owners were over 56 years old). Every third entrepreneur was in the age group of 30–45 years old, while managers under the age of 30 years constituted about 7.4% of the population.

The structure of surveyed companies owners with respect to their education was relatively favorable. Managers of 46% of the companies had a higher education – this is certainly a positive development, taking into account the migration of educated people from rural areas to cities. Among those with higher education there was small predominance of men aged 30–55 years (over 59%). Almost 37% of the respondents

had secondary education – the age range was dominated by the management in the age of 46–55 years. The remaining respondents were characterized by basic vocational education and constituted about 17% of the studied population (clear domination of men over 56 years).

Almost 59% of the respondents operated in the industrial processing, which is typical for small and medium-sized agribusiness companies in the country scale, especially in rural areas. Every fifth respondent dealt with wholesale and retail trade, which resulted from frequent locating entities in rural areas near large urban agglomerations. Other sectors, agriculture and transport, accounted for about 20% in the structure of the surveyed entrepreneurs.

Another object of the analysis was the legal forms of investigated operators in rural areas. The majority of the surveyed companies (almost 61%) functioned as a self-employed individuals – this form is also the most popular in the whole country. In other cases, entities were registered as a limited liability, civil and public company (every eleventh tested company).

3. Knowledge and definition of the concept of CSR illustrated by the surveyed agribusiness companies

On the basis of the obtained results, it is clear that the concept of CSR is not widely known among small and medium-sized agribusiness engaged in economic activities in rural areas. Only one in five said that his o her knowledge of the principles of CSR is full (see Figure 1).

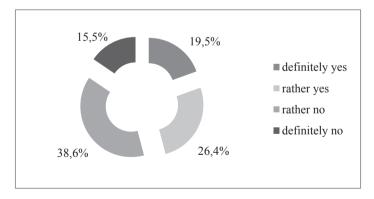


Figure 1. Knowledge of the CSR concept among respondents of agribusiness enterprises (%) Source: own research.

In contrast, over 26% of the respondents felt that their knowledge of responsible business is substantial, but not all its aspects are known. Unfortunately, over 54% of the surveyed companies knew about the principles of CSR nothing or almost nothing.

In order to determine the statistical independence between the education of surveyed enterprises owners and their knowledge of the concept of responsible business χ^2 independence test was conducted, which showed that the tested variables are not independent (see Table 1). In the largest range the knowledge of CSR principles was shared by small and medium entrepreneurs with higher and basic education. Very little range of knowledge of this subject appeared in the group of owners with secondary education. Calculated coefficients showed that the strength of the relationship between the measured trait is moderate – mostly Pearson contingency coefficients show these relationships.

Table 1. Determination of statistical independence between the education of surveyed enterprises owners and knowledge of the social responsibility concept (CSR)

χ^2 TEST OF INDEPENDENCE				
Hypothesis:				
H ₀ : [tested variables are independent]				
H ₁ : [tested variables are not independent]				
$\chi^2 = 26.70 > \chi_{\alpha}^2 = 14$, the null hypothesis H ₀ is rejected in favor of the alternative hypothesis H ₁ at $\alpha = 0.05$				
T Czuprow's convergence coefficient	Txy = 0.53			
C Pearson contingency coefficient – simple	Cxy = 0.65			
C Pearson contingency coefficient – corrected	corCxy = 0.75			
Variable <i>x</i> : Enterprises owners education Variable <i>y</i> : The knowledge of the corporate responsibility concept				

Source: own research.

Table 2. Determination of statistical independence between the section of activity (NACE) and the knowledge of the concept of corporate responsibility (CSR)

χ^2 TEST OF INDEPENDENCE				
Hypothesis:				
H ₀ : [tested variables are independent]				
H ₁ : [tested variables are not independent]				
$\chi^2 = 24.34 > \chi_\alpha^2 = 12.59$ the null hypothesis H_0 is rejected in favor of the alternative hypothesis H_1 at $\alpha = 0.05$ T Czuprow's convergence coefficient $Txy = 0.54$				
C Pearson contingency coefficient – simple	Cxy = 0.64			
C Pearson contingency coefficient – corrected	corCxy = 0.76			
Variable x: Section of activity (NACE)				
Variable <i>y</i> : The knowledge of the corporate responsibility concept				

Source: own research.

The statistical independence between the section of business and knowledge of the CSR concept was also determined – conducted for this purpose χ^2 test of independence showed that the tested variables are mutually dependent (see Table 2). The knowledge of the concept of responsible business in the greatest range was present in small and medium-sized businesses operating in the manufacturing and in wholesale and retail trade. In contrast, minimal knowledge of this area was in economic entities engaged in agriculture and transportation. The presented coefficients show that the intensity of the relationship between analyzed variables is relatively large, particularly high value of corrected C Pearson contingency coefficient.

The confirmation of the data presented in Table 2 is the statement presented in Figure 2, which refers to the knowledge of the concept of corporate responsibility by the sections of the economy.

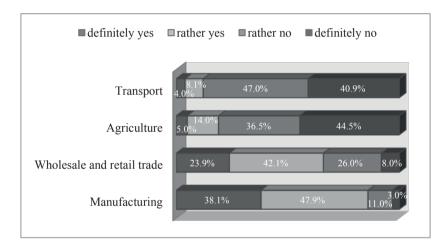


Figure 2. Knowledge of CSR by the sections of the economy (%)

Source: own research.

The presented data confirmed that the knowledge in the fullest extent of the nature of CSR is possessed by the entrepreneurs from the manufacturing sector (almost 86%) and the retail sector (about 66%). However the knowledge of social responsibility was not acquired by the owners engaged in agricultural activities (81%) and transport (almost 88% of responses).

The statistical independence between a company year of foundation and the knowledge of the corporate responsibility concept was also determined. Performed independence test confirmed that the test variables are not independent (see Table 3). The greatest knowledge of the concept was possessed by the entrepreneurs whose companies were founded in 1990–1999 or earlier, before 1989. On the other hand, the smallest knowledge of this field was possessed by the owners of the companies

created after 2004. Calculated coefficients show significant correlation between the studied traits.

Table 3. Determination of statistical independence between the company foundation year and the knowledge of the corporate responsibility concept (CSR)

χ^2 TEST OF INDEPENDENCE				
Hypothesis:				
H ₀ : [tested variables are independent]				
H ₁ : [tested variables are not independent]				
$\chi^2 = 20.74 > \chi_{\alpha}^2 = 7.81$ the null hypothesis H ₀ is rejected in favor of the alternative hypothesis H ₁ at $\alpha = 0.05$				
T Czuprow's convergence coefficient	Txy = 0.59			
C Pearson contingency coefficient – simple	Cxy = 0.62			
C Pearson contingency coefficient – corrected	corCxy = 0.81			
Variable <i>x</i> : Year of company's foundation Variable <i>y</i> : The knowledge of the corporate responsibility concept				

Source: own research.

The final aspect of the analysis was the understanding of the concept of CSR by studied small and medium-sized agribusiness in rural areas of Warmia and Mazury (see Figure 3).

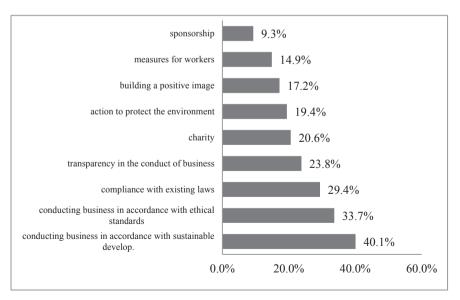


Figure 3. Understanding the concept of CSR by the surveyed agribusiness companies (%) Source: own research.

The largest percentage of the respondents understand CSR as conducting business in accordance with the principles of sustainable development (more than 40% of responses). Such a choice can be fully accepted under the condition that this development will apply to all the areas of company activities.

A significant proportion of respondents (over 63%) understood the social responsibility as the running a company in accordance with moral norms (ethics) and legal standards. Clear and transparent ethical principles implemented within the framework of the concept of CSR are very important especially in relation with employees and other stakeholders. The relatively small percentage of the indications on the understanding of CSR as environment protective actions and actions for workers (about 34%) should be also emphasized. Unfortunately, the confirmation of the lack of knowledge and full understanding of the principles of CSR is the fact that over 47% of the respondents identified the CSR concept only with philanthropy, PR or sponsorship. Developing a positive image and sponsorship are rather commercial activities and act as a way of communication of companies with the market, although their important role in shaping social policy should be emphasized.

4. Summary

Summarizing the present considerations, there is a need to pay attention to differences in defining and understanding the issues of social responsibility. It turned out that more than half of the surveyed entrepreneurs do not know at all CSR principles. The most information about corporate social responsibility was possessed entrepreneurs with a higher level of education – they more often confirmed to have included CSR principles to their enterprise mission. Taking into account the nature of the business sector, the knowledge of the CSR concept prevailed in the group of entrepreneurs in the manufacturing sector. Respondents also pointed out the importance of CSR arising from the need to conduct business in accordance with the principles of sustainable development as well as legal and moral norms.

Due to the fact that entrepreneurs lack CSR knowledge, they definitely need to supplement these shortcomings by providing knowledge and information, in particular by examples of good practices in the field of agribusiness. There is a need for awareness for small and medium agribusiness that consumers increasingly pay attention to the aspect of the behavior of responsible practices and particularly to respect their assumptions. For the sake of social welfare, entrepreneurs need to be aware of the fact that the concept of CSR has advantages and can bring certain economic and social benefits if it is properly implemented.

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ROZUMIENIE KONCEPCJI CSR W MAŁYCH I ŚREDNICH PRZEDSIĘBIORSTWACH AGROBIZNESU

Streszczenie: Koncepcja społecznej odpowiedzialności biznesu, funkcjonująca pod nazwą CSR (*corporate social sesponsibility*), czyli odpowiedzialność w biznesie, zdobywa coraz większą popularność nie tylko w środowiskach akademickich, lecz także biznesowych. Celem niniejszego opracowania jest przedstawienie zagadnień związanych ze znajomością oraz definiowaniem koncepcji CSR na przykładzie przedsiębiorstw agrobiznesu z obszarów wiejskich. Badania dotyczące opinii przedsiębiorców na temat koncepcji CSR zostały przeprowadzone w drugiej połowie 2013 roku i obejmowały 174 mikro (0–9 osób), małych (10–49 zatrudnionych) i średnich (50–249 pracowników) przedsiębiorstw agrobiznesu prowadzących działalność gospodarczą na obszarach wiejskich województwa warmińsko-mazurskiego. Wyniki badań pokazały, że ponad połowa badanych przedsiębiorców nie zna w ogóle zasad CSR. Najwięcej informacji o społecznej odpowiedzialności w biznesie posiadali przedsiębiorcy z wyższym poziomem wykształcenia – także oni częściej potwierdzali posiadanie wpisanych w misję przedsiębiorstw zasad CSR. Ze względu na to, że przedsiębiorcom brakuje wiedzy z zakresu CSR na pewno trzeba uzupełniać te braki poprzez dostarczenie wiedzy oraz informacji, szczególnie na temat przykładów dobrych praktyk w branży agrobiznesu.

Słowa kluczowe: społeczna odpowiedzialność przedsiębiorstw, agrobiznes, obszary wiejskie, małe i średnie firmy.