



MULTIDIMENSIONALITY OF DECISION-MAKING OF CORPORATE SOCIAL RESPONSIBILITY IN THE STRATEGY OF ENTERPRISES

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Abstract: In the paper, there are presented the problems of decision-making multidimensionality of Corporate Social Responsibility. The aim of the paper is to indicate the diversity of management problems in the context of Corporate Social Responsibility (CSR), taking into account the strategy of enterprises. It has been emphasized that the disputable nature of the problem of CSR requires conducting different analyzes while specifying pros and cons of introducing pro-social and pro-environmental projects in enterprises.

Keywords: Corporate Social Responsibility

DOI: 10.17512/znpcz.2016.4.2.01

Introduction

Corporate Social Responsibility is a new concept in enterprise management. Business entities, in the basic production activity, consider many decision-making options as derivatives of the changing conditions they operate in. Negative consequences of the production activity, resulting in the degradation of the natural environment brought about the necessity for legal regulations limiting these phenomena. At the same time, an increase in social responsibility for the condition of the natural environment constituted the basis for the occurrence of important decision-making options which include decisions on the necessity to implement the concept of CSR in the activity of enterprise.

Decision-making processes and Corporate Social Responsibility

Decision-making processes constitute the basis for the activity of enterprises. Business entities operate in complex conditions, aiming at the accomplishment of complex objectives. The conditions and objectives are the main decision-making basis, which is determined by organizational behavior. This behavior, while referring to groups and individuals, create the conditions for the operation of enterprises. In the basic activity of enterprises, the economic and technical production processes, which allow to accomplish objectives, play an important role. Dynamic production development and, consequently, degradation of the natural environment

contributed to the occurrence of the concept of sustainable development and Corporate Social Responsibility (CSR). The values and ethics deserve a particular attention (*Figure 1*).

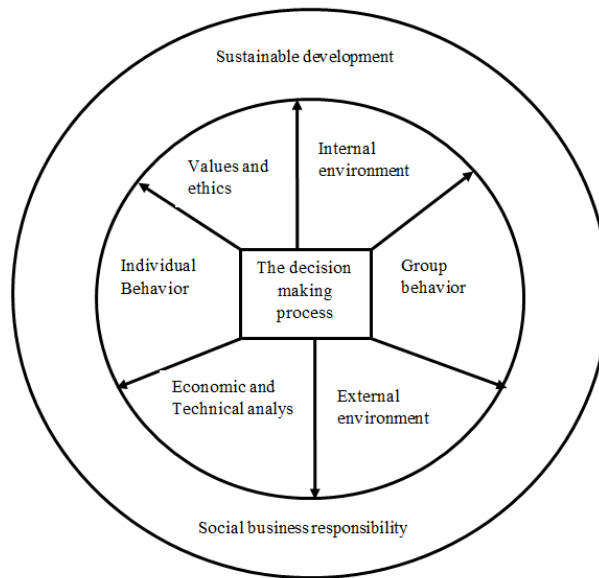


Figure 1. An interdisciplinary framework of decision making

Source: Based on (Steiner, Miner, Gray 1982, p. 230)

While adopting the decision-making process as the starting point, there have been indicated the areas integrating different activities and behavior of enterprises and customers. However, the prism of the economic and technical activity requires the parallel consideration of the ethical aspects of the enterprise, both in internal structures and with reference to the environment (Steiner, Miner, Gray 1982, p. 230). Then, there is formed the basis for sustainable development and Corporate Social responsibility. The view according to which the value of environmental criteria, in many situations, corresponds with economic criteria becomes universal nowadays. There are also the cases of the domination of environmental criteria over economic criteria due to an increase in the significance of the strategy of sustainable development implemented in the context of Corporate Social Responsibility. CSR is then identified as "... the duty of managers to conduct such a policy, taking such decisions and outlining such directions of business activities that will be compliant with the objectives and values of the society (Bowen 2013, p. 190)" (Szaflarski, Pyka 2016, p. 854, 855).

It is underlined that the management process is the basis allowing for an increase in involvement of social capital of the enterprise. These activities are considered to be the platform for the accomplishment of the objectives adopted in the strategy of the company. At the same time, these actions allow for the integration of the objectives of the enterprise with the objectives of employees. At

the same time, the above integration area includes a lot of CSR activities (Wiśniewska, Wiśniewski 2016, p. 10-45) in strategic terms (*Table 1*).

Table 1. The strategy development process model

Strategy Development Process	Objectives	Barriers	Representative Tools
Clarify Mission, Values, and Vision <i>Why are we in business?</i>	Affirm high-level guidelines about organizational purpose and conduct.	The vision is frequently described in terms not conducive to execution.	Clear mission Core values Quantified vision (BHAG) Strategic change agenda Enhanced vision
Conduct Strategic Analysis <i>What key issues affect our strategy?</i>	Identify, through structured analysis, the events, forces, and experiences that impact and modify the strategy.	Analysis is frequently focused on outcomes and not on the drivers of strategy.	Environmental scan (PESTEL) Competitive scan (SWOT) "Strategy of record" analysis Strategic issues
Formulate the Strategy <i>How can we best compete?</i>	Define where and how the organization will compete.	There is a myriad of possible methodologies. There is no consensus on which approaches to use in which circumstances.	Key issue analysis Strategy methodologies Strategy direction statements Do-wells

Source: (Kaplan, Norton 2008, p. 38)

The table shows the system of dynamic modeling taking into account the phases of modeling and organizational levels. The tasks associated with the dynamic modeling are implemented mainly on the basis of ex post modeling that is made on the basis of empirical research. Empirical research relates to both the variability of the market situation as well as the business and organizational effectiveness of designed process models. Modeling can be implemented within the organizational unit, across the whole organization and in the context of business venture, which involves many organizations. The four steps of modeling start with formalization which is focused on the development of business procedures at all organizational levels (Grabowska 2015, p. 65). The next stage is planning the processes which is followed by verification and control of the processes. The last one is focused on the improvement in reference to the market requirements.

In the concepts of CSR, there are identified the following substantive ranges:

- Sustainable Product Design,
- Environmental Procurement,
- Environmental Customer Collaboration,
- Internal Green Management,

- Investment Recovery,
- Diversity Management,
- Community Development and Involvement,
- Safety Management (Surowiec 2016, p. 66).

To assess the level of the structure of the activities of the implementation of CSR it is reasonable to take into account the strategy of sustainable development. For this purpose, the problem of sustainable development of enterprises is presented in the reports that classify the information by the following categories (Adamczyk 2016, p. 18):

- Disclosure on Management Approach,
- the range of results of General Standard Disclosure and Specific Standard Disclosure.

In the framework of the categories of sustainable development, there have been identified: economy, environment and societies. These categories are assessed in the listed aspects. The aim of reporting is an increase in responsibility for the environment and taking into account social aspects in the business activity. These reports are inscribed in the decision-making processes of the enterprises implementing the concepts and strategies in the field of Corporate Social Responsibility.

Multidimensionality of the problem of CSR

The complexity of the problem of CSR requires the consideration of many aspects. The problems of CSR are directly related to the marketing activity of the company in the context of creating its value. It is one of the basic aspects of CSR. While adopting the contemporary concept of marketing identified with satisfying the needs of customers while providing trust and loyalty and creating value of the enterprises, CSR is automatically introduced to enterprise management. The establishment of trust and loyalty in the objectives of the company and also striving for the maintenance of appropriate relationships with customers is the basis for specifying the effective market strategy for business entities which, in their marketing activity, are directed to the concepts of CSR (Witek-Crabb 2016, p. 172). It is underlined that providing customers with such a level of service that develops full trust will contribute to further cooperation with the company (Brzozowska, Starostka-Patyk, Bubel 2016, p. 53). In turn, the adopted directions of operation of this type determine an increase in competences and involvement, consequently translating into the acquisition of a higher level of customer service and higher value of the enterprise (Rzemieniak 2013, p. 47).

The problems of greenwashing can be found another aspect of CSR /TAB 1 p. 10 PO 2/2015. However, some of business practices bring about the lowering of the level of trust, essential for the appropriate functioning of the economy. Unfortunately, there are noticeable some negative implications for the environment and stakeholders due to the use of greenwashing, which, due to its use in some enterprises, convince other business entities of unprofitability of pro-environmental and pro-social activities. However, for the enterprises applying

the practices of greenwashing, this action may be dangerous, though. Spreading information on this type of behavior may affect the negative reputation of the company and bring about a decline in profits (Wolniak 2015, p. 10).

The problem of CSR is regarded parallel with corporate governance as the third aspect. These concepts result from diversified interests of individual groups of stakeholders (Table 2).

The presented aspects indicate that there is a process of integration of the concepts of corporate governance and corporate social responsibility. As a result of dynamic development of enterprises and with a simultaneous increase in the significance of CSR, the theory and practice indicates the need for the integration of financial, environmental and social activity. The integration processes of the above types of activity of the company bring about the highlighting of profit, however, this the environmental and social activity creates the reputation of business entities. Therefore, each enterprise should determine an important role for CSR in their operation strategy (Aluchna, Roszkowska-Menkes 2015, p. 41).

Table 2. Comparison of CSR and CG

Aspect	CSR	Corporate governance
Primary focus	Various groups of stakeholders	Shareholder interest
Problems to be solved	Conflict between business and society and between business and environment	Principal-agent conflict Principal- principal conflict
Main task	Incorporation of stakeholder interest to companies operation, transparency	Investor protection, value creation, transparency
Dominant performance dimension	Social and environmental	Financial
Formalization	Low (recommendations, guidelines, green papers)	High (reporting standards, guidelines, hard and soft law, fiduciary duty)
Shortcomings	Lack of regulation, weak accountability to stakeholders (no fiduciary duty)	Short term orientation, risk of abuse Guidelines and regulations do not solve the fundamental problems

Source: (Aluchna, Roszkowska-Menkes 2015, p. 41)

For example, there have been taken into account these aspects by indicating the necessity to create underground landfills for hazardous waste. The aim of this type of landfill is to improve the condition of the environment and simultaneously achieve an increase in the level of the quality of social life (Wit 2016, p. 216).

The response to CSR is a social enterprise which operates in the framework of the business model. Its entities are key partners and employees. Some important issues are material resources and economic and social value. Therefore, in the business model, there is the configuration of social and technical architecture. The model elements are (Brzóska, Jelonek 2015, p. 50):

- social architecture which includes such elements as knowledge resources, management systems, competences, motivation systems and development of employees,
- technical architecture, in the framework of which, there operates production potential, ICT equipment,
- business relations as a resultant of the impact of the above bases creating new value.

New trends in the field of CSR should be referred to management mechanisms already existing in non-profit companies and the entities of the social economy, which social cooperatives are. The empirical research of social cooperatives provided the basis for the formulation of the three models of management system. These are: “small democratic community”, “business providing employment” and “the integrated one – reminding a family” (Starnawska 2016, p. 34). The models of management system in social cooperatives can be therefore determined as natural consequences of the operation of these cooperatives, having social attachment at the moment of their establishment.

In similar terms, there are indicated the styles of management which, via social perception, create the image of the company. The social dimension is also included in the strategy of the enterprise (Szwajca 2014, p. 100).

In the activity of enterprises, the principles of CSR, which directly affect the rapidity, flexibility and also efficiency of the processes of providing customers with goods, characterized by high quality, are very important. Integral elements of assessment in the field of reaction to the demand of customers are: costs, quality, rapidity and flexibility (Mesjasz-Lech 2016, p. 89). The above elements should be analyzed while taking into account, most of all, social and environmental aspects.

The problems of pros and cons of CSR

The concept of CSR should be considered as disputable nowadays since, in the literature, there are arguments for and against the concept of CSR. As the first argument, there is listed the position of the company, determined by its size. A great potential of the enterprise, proving the strength of the specific business entity is the reason for the activity which is monopolistic in nature. Including CSR into the management process in this type of enterprises indicates a type of “boundaries of sovereignty” of the producer.

The second argument indicates that CSR allows for a decline in the public regulation in the functioning of the society. The implementation of the CSR principles reduces negative business actions and brings about that the costs of the public regulation are lower. According to the third argument, the enterprise, while referring to friendly activities in environmental and social terms, reduces costs since it is burdened with lower fees for environmental pollution.

The fourth argument pinpoints an increase in the value of the enterprise which, due to growing social awareness, gains increased acceptance of customers. This value translates into more efficient HR management (Skowron-Grabowska, Mesjasz-Lech 2016, s. 22) and reducing employee conflicts and simultaneously

reducing costs arising from the above. According to the fifth argument, CSR affects a decline in the demand for regulations, in particular, health and safety at work. The above fact contributes to cost reduction due to State and local government regulations. Moreover, it is however indicated that the strategy of CSR of a wide range of operations may influence the escalation of claims of employees.

The arguments against CSR emphasize the diversity of impact and a short-term dimension. The first argument indicates lower economic efficiency. Social projects bring about reduction in profits, which e.g. could be designed for additional remuneration for employees. The second argument is very important since a different scope of the activity of CSR may result in varied costs and profitability among competitive enterprises. The relationship of this type has a short-term nature, though since the lack of CSR may result in a negative image of the company.

With reference to the third argument, it can be concluded that CSR requires incurring specific costs which stakeholders are usually burdened with. Taking into account the fourth argument, it is concluded that, in private enterprises, the system of qualification of CSR activities is extremely difficult.

There are particularly complex consequences with reference to the fifth argument, which relates to a long-term conflict between the business ethics and CSR. This problem concentrates on the question if and to what extent the arguments concerning ethical standards, and also CSR activities, refer to stakeholders as well as the enterprise as an organization (Fiedor 2016, p. 26, 27).

A similar nature of considerations occurs in the analysis of costs and benefits of enterprises resulting from the strategy of sustainable development. The implementation of marketing strategies, based on sustainable development, forces enterprises to incur specific costs which consequently provide the achievement of specific benefits. The above fact causes that, in the analysis of the concept of sustainable development, there is required a long time horizon since a short-term perspective brings about the occurrence of losses or significant reduction in profits. These trends are brought about by:

- expenditures essential necessary to start pro-environmental production,
- costs of marketing activity concerning the creation of a pro-environmental customer,
- lower revenue from sales of ecological products offered to customers at lower prices.

In this group, there are also the costs of using green Energy, gained by wind or solar power plants. Enterprises are required to implement pro-environmental processes which require large financial expenditure (Heizer, Render 2011, p. 476). As a result of these activities, the enterprise is usually forced to increase the prices of the manufactured goods. For a customer, there is a situation when the purchased product has a higher price. The acceptance of this fact by the customer amounts to its agreement on the implementation of the principles of sustainable development.

At the same time, there are some benefits to be considered as the derivatives of the application of marketing activities in the CSR concept. Among these benefits, there may be identified:

- the problem of an increase in loyalty of customers,
- providing a significantly higher competitive position of the enterprise and improvement in its image,
- reducing legislation risk.

Each of the listed benefits generates, in a relatively longer period of time, an increase in revenues of the company as a result of more positive perception of the producer of goods required by customers. Sustainable development may lead to sustainable competitive advantage of the enterprises characterized by social responsibility.

An important role in stimulating socially responsible activities, taken by enterprises, belongs to the State. The role of the State should refer to direct or indirect support for enterprises in order to make them be motivated by the implementation of the concept of sustainable development. The market, along with the operating entities, should integrate producers, customers and the State in pro-environmental and social activities (Brzeziński 2016, p. 95-98).

The presented analysis of the argumentation of for and against the implementation of social responsibility in enterprises indicates the complexity of the problem and its multidimensional nature (Knop 2016, p. 46). The implementation of the concept of CSR in enterprises is currently the trends in force (Hurta, Dunay 2013). There can be adopted the thesis that the implementation of the concept of CSR will be a common rule specified in strategies of all enterprises.

Conclusions

The conducted analysis of the decision-making multidimensionality of Corporate Social responsibility indicates the complexity of this problem. The presented selected aspects have been limited to the marketing activity of the company, greenwashing and corporate governance. The modern concept of marketing, identified with the satisfaction of customers' needs, is developed while simultaneously providing the required level of trust and loyalty. This fact brings about that the concept of CSR are automatically incorporated into management processes in enterprises.

The phenomena of greenwashing were adopted as another aspect of CSR, in which there occurs both positive and negative impact on Corporate Social responsibility. In corporate governance, there has been adopted the occurrence of another aspect of CSR, due to the ongoing process of integration in social and environmental dimensions. The financial dimension can be found the necessary condition for the operation of the company but not the sufficient one. The sufficiency is provided only by the social and environmental activity that become important areas of the strategy of the operation of enterprises.

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WIELOASPEKTOWOŚĆ DECYZYJNA SPOŁECZNEJ ODPOWIEDZIALNOŚCI BIZNESU W STRATEGII PRZEDSIĘBIORSTW

Streszczenie: W opracowaniu przedstawiono problemy wieloaspektowości decyzyjnej społecznej odpowiedzialności biznesu. Celem artykułu jest wskazanie na różnorodność problemów zarządzania w kontekście społecznej odpowiedzialności biznesu (CSR) z uwzględnieniem strategii przedsiębiorstw. Podkreślono, że dyskusyjny charakter problematyki CSR wymaga prowadzenia różnorodnych analiz z określeniem argumentów za i przeciw wdrażaniu prospołecznych i proekologicznych przedsięwzięć w przedsiębiorstwach.

Keywords: społeczna odpowiedzialność biznesu