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**CORPORATE SOCIAL RESPONSIBILITY IN SMALL
AND MEDIUM-SIZED ENTERPRISES**

**SPOŁECZNA ODPOWIEDZIALNOŚĆ BIZNESU
W MAŁYCH I ŚREDNICH FIRMACH**

Abstract: Corporate social responsibility (CSR) is actually often in the center of attention. Human rights, labor standards, environmental protection or ethical market rules are becoming very actual issue in business. Large companies create and realize special strategies to implement this ideas. The sector of small and medium-sized enterprises (SMEs) is considered as less prepared to realize this goals. The aim of this article is to point out problems with CSR implementing in SMEs. This publication also highlights the possibility of resolving this problems by networking. The CSR strategy created by a leader of a network organization can be realized by partners – small and medium-sized enterprises.

Keywords: corporate social responsibility, small and medium-sized enterprises, business networks, innovative management

Streszczenie: Społeczna odpowiedzialność biznesu (CSR) jest pojęciem bardzo aktualnym. Prawa człowieka, warunki pracy, ochrona środowiska czy etyczne zasady działalności stają się coraz ważniejsze w biznesie. Duże firmy zaczęły tworzyć i realizować strategie CSR. Sektor małych i średnich przedsiębiorstw (MŚP) uważa się za gorzej przygotowany do realizacji tych zadań. Celem tego opracowania jest zwrócenie uwagi na problemy z wdrożeniem CSR w MŚP oraz wskazanie na możliwość rozwiązania tych problemów dzięki usieciowieniu. Strategia CSR opracowana przez lidera organizacji sieciowej może być realizowana przez jej członków – małe i średnie przedsiębiorstwa.

Słowa kluczowe: społeczna odpowiedzialność biznesu, małe i średnie przedsiębiorstwa, sieci przedsiębiorstw, innowacyjne zarządzanie

Introduction

Neoclassical economics assumes human behaviour as a result of egoistic motives¹ and earning money as the main aim of companies. But modern economics has a more human face. Nowadays corporates take into account issues of so called responsible business which not only refers to the interest in the growth of corporate value but also to care for the natural environment, ethical conduct in business, openness to the necessities of the local society, people in need or educational institutions². Especially large corporations see how important is so-called **corporate social responsibility** (CSR). They create and realize special strategies to implement this ideas. Of course they do it not only for altruistic reasons, but also for the future long-term goals. The idea of CSR is less known among small and medium-sized enterprises (SMEs). It doesn't mean, that such entrepreneurs don't help local society. They did it even many years ago, when the term corporate social responsibility wasn't used. But they treat it rather as a good-heartedness, not as a strategy.

The aim of this article is to point out problems with CSR implementing in SMEs. The publication also highlights the possibility of resolving this problems by networking. It is analyzed the policy of small and medium-sized enterprises with reference to CSR especially in this context. When the small or medium-sized enterprise is a member of network, then the CSR strategy can be created by a leader of an organization and SME can just realize a ready program.

¹ A. Horodecka, *The Methodology of Evolutionary and Neoclassical Economics as a Consequence of the Changes in the Concept of Human Nature*, "Argumenta Oeconomica" 2017, No. 2 (39), p. 139.

² E. Śnieżek, M. Wiatr, *Corporate Social Responsibility – Research Overview*, "Entrepreneurship and Management" 2018, Vol. XIX, Issue 1, Part 1, p. 310.

1. What does it mean Corporate Social Responsibility

The concept of corporate social responsibility has been contested since the beginning of the era of its modern interpretation in the 1950s³. The approach to CSR has been changing over the years. Countless definitions have been coined, but the lack of an universal one still has been a topic of academic disputes.

Let's take a look at some of these definitions of CSR:

1. [...] an action by a firm, which the firm chooses to take, that substantially affects an identifiable social stakeholder's welfare⁴.
2. [...] actions that appear to further some social good, beyond the interest of the firm and that which is required by law⁵.
3. [...] societal expectations of corporate behavior; a behavior that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business⁶.
4. [...] a company's management of its influence on and relationships with the rest of society⁷.
5. [...] policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the community in which it operates⁸.

But there is one definition, which is particularly important. Social Responsibility was defined in 2010 by International Organization for Standardization in *ISO 26000 Guidance on Social Responsibility*. This definition was a result of work of 450 experts, 210 observers from 99 countries and 42 organizations⁹. They agreed, that "the **social responsibility** is a responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;

³ L. Moratis, *Out of the ordinary? Appraising ISO 26000's CSR definition*, "International Journal of Law and Management" 2016, No. 58(1), pp. 26-28.

⁴ J. Froome, *Socially irresponsible and illegal behavior and shareholder wealth*, "Business & Society" 1997, Vol. 36 No. 3, p. 227.

⁵ A. McWilliams, D. Siegel, *Corporate social responsibility: a theory of the firm perspective*, "Academy of Management Review" 2001, Vol. 26, No. 1, p. 117.

⁶ F. de Bakker, P. Groenewegen, F. den Hond, *A bibliometric analysis of 30 years of research and theory on CSR/CSP*, "Business & Society" 2005, Vol. 44, No. 3, p. 285.

⁷ C. Marsden, *The new corporate citizenship of big business: part of the solution to sustainability?*, "Business & Society Review" 2000, Vol. 105, No. 1, p. 11.

⁸ M. Porter, M. Kramer, *Creating shared value: how to reinvent capitalism – and unleash a new wave of innovation and growth*, "Harvard Business Review" 2011, Vol. 89, p. 6.

⁹ M. Rojek-Nowosielska, *Definicja CSR według normy ISO 26000 a praktyka gospodarcza*, „Ruch prawniczy, ekonomiczny i socjologiczny” 2017, rok LXXIX, zeszyt 3, p. 213.

- is in compliance with applicable law and consistent with international norms of behavior;
- is integrated throughout the organization and practiced in its relationships”¹⁰.

L. Moratis¹¹ compares this definition to other contemporary interpretations of CSR. He finds ISO 26000, the global comprehensive guidance standard for CSR, out of the ordinary because of its moral perspective on corporate responsibilities towards society (other definitions are more instrumental). The great value of this definition is, that it is a result of compromise of so many experts from a lot of countries.

2. The approach to CSR

Not only definitions, but also the approach to CSR was various. M. Rojek-Nowosielska¹² shows as the way to contemporary perception of CSR from an approach based on greed, where entrepreneurs did not show a responsible attitude, and often covered-up their mistakes and avoided taking responsibility, through philanthropic activities – often involving a single offering funds or property to other institutions. Then she talks about marketing approach (in which welfare activities were used for promotional purposes), the management of corporate social responsibility (which leads the systemic approach to problems in management practice of CSR), and finally shows us the innovative approach to CSR – when companies try to see the long-term benefits of implementing the CSR concept and begin to build business models based on the idea of social responsibility. In large companies CSR is actually usually a part of the business strategy.

3. Corporate Social Responsibility in SMEs

Corporate social responsibility in SMEs is often characterised in the literature as unstructured, informal and ad hoc discretionary philanthropic activities¹³. Since small and medium-sized enterprises are a part of society, they take their philanthropic initiatives to support the needs of local communities seriously. Personal motivation for taking socially responsible initiatives is more important than marketing, strategic, or public relations approaches. Usually, small and medium-sized

¹⁰ International Organization for Standardization, *ISO 26000 Guidance on Social Responsibility*, Switzerland 2010.

¹¹ L. Moratis, *Out of the ordinary? Appraising ISO 26000's CSR definition*, “International Journal of Law and Management” 2016, No. 58(1), p. 26.

¹² M. Rojek-Nowosielska, *Corporate social responsibility level – theoretical approach*, “Management” 2014, Vol. 18, No. 1, p. 37.

¹³ K. Amaeshi, E. Adegbite, C. Ogbechie, U. Idemudia, K. Kan, M. Issa, O. Anakwue, *Corporate Social Responsibility in SMEs: A Shift from Philanthropy to Institutional Works?*, “Journal of Business Ethics” 2016, Vol. 138, Issue 2, 385.

enterprises initiate different philanthropic programs targeting local societies¹⁴. Small businesses are usually run by individuals who both own and manage the organization and react ad hoc to social needs¹⁵.

At the beginning the attention of scientists has been concentrated on large companies. The literature review shows that multinational corporations have been the focus of the majority of previous studies¹⁶. It was changing gradually. Actually CSR in SMEs is not only mentioned in a lot of articles but also is a main subject of many publications. Studies into corporate social responsibility in small and medium-sized enterprises suggest that small businesses are different to the large companies in this topic¹⁷. The SMEs sector is considered as less prepared to realize CSR policy. Many researchers point out this problem.

Surveys indicate that the level of knowledge of the term CSR in SMEs moves around half of the surveyed companies¹⁸. Integration of corporate social responsibility to the organization's strategy is a challenge for small and medium-sized enterprises as they usually have limited financial and human resources¹⁹. SMEs are also less likely to have CSR departments, officers, policies, or partake in social and environmental reporting, or sign up to CSR agreements²⁰.

4. CSR in SMEs in the context of networking

In the literature there are quite many studies of networks in the context of CSR, for instance A. Lubańska describes the conception of corporate social responsibility applied in retailers with analysis of good practices and CSR activities in the two networks Tesco and Biedronka²¹, B. Reformat and P. Reformat analyze implementation of CSR in three retail networks²², P. Dziwiński and others compare the role of CSR in building competitiveness and innovativeness of the company on the example of the Spanish and

¹⁴ L. Salciuvienė, R. Hopenienė, A. Dovalienė, *Perceived Corporate Social Responsibility and its Implementation in Practice: The Case of Lithuanian Small and Medium-Sized Enterprises*, "Inžinerinė Ekonomika-Engineering Economics" 2016, No. 27(4), p. 484.

¹⁵ L. Spence, *CSR and Small Business in a European Policy Context: The Five "C"s of CSR and Small Business Research Agenda 2007*, "Business and Society Review" 2007, No. 112(4), p. 536.

¹⁶ L. Salciuvienė, R. Hopenienė, A. Dovalienė, *Perceived Corporate Social Responsibility...*, p. 480.

¹⁷ L. Preuss, J. Perschke, *Slipstreaming the Larger Boats: Social Responsibility in Medium-Sized Businesses*, "Journal of Business Ethics" 2010, No. 92, p. 531.

¹⁸ I. Ubrežiová, K. Moravčíková, *How to perceive the corporate social responsibility in the agro-food companies?*, "Serbian Journal of Management" 2017, No 12(2), p. 208.

¹⁹ L. Salciuvienė, R. Hopenienė, A. Dovalienė, *Perceived Corporate Social Responsibility...*, p. 480.

²⁰ K. Amaeshi, E. Adegbite, C. Ogbechie, U. Idemudia, K. Kan, M. Issa, O. Anakwue, *Corporate Social Responsibility in SMEs...*, p. 387.

²¹ A. Lubańska, *Corporate Social Responsibility in distribution chains in Poland*, "Zrównoważony Rozwój" 2016, No. 3, pp. 31-33.

²² B. Reformat, P. Reformat, *Implementation of the Concept of Corporate Social Responsibility in Retail Chains in Poland - Selected Practices*, "Marketing i Rynek" 2017, nr 12, p. 128.

Polish network companies²³, J. Maciąg researches implementation of CSR in the tourist networks²⁴. However this publications focus on the networks as a whole structure.

On the other hand, there are a lot of publications about advantages of SME's participation in a network organization. But it is really difficult to find literature about CSR in SMEs in the context of networking. The publication of D. Murillo and M. Lozano is especially interesting. This article presents the results of a Catalan project in which an academic institution acted as a practitioner to promote corporate social responsibility in SMEs. The project involved the establishment of a working network with intermediate organizations and the creation of specific tools for the purpose²⁵.

In some SMEs the problem of CSR implementation is resolved by a membership in a network organization. They are many examples when partners realize the strategy prepared by the leader of the group.

We can observe such activities in reality. An example is the action "The safety way to school" organized by "Grupa Polskie Składy Budowlane". Members of this Group in cooperation with local police and schools realize training for children. Another initiatives we can observe in small retail markets connected in networks. They popularize healthy food.

Conclusions

Corporate social responsibility is actually one of the most important issues. Modern managers are aware that their decisions influence not only the company and its employees but also local society and environment. Human rights, labor standards, environmental protection or ethical market rules should be in the middle of attention both in large companies and small and medium-sized enterprises. Nowadays SMEs are less prepared to implement the idea of CSR.

This article underlines that networking is the chance to change this situation. When a small or medium-sized enterprise is a member of network, then the CSR strategy can be created by a leader of an organization. SMEs can just realize a ready program.

This study has limitations, because it only point out the importance of the problem. Corporate social responsibility in SMEs in the context of networking should be deeply analyzed. Future research should explore how network management and leadership can be seen as key issues when talking about CSR promotion in SMEs²⁶ and how enterprises can use participation in networks for CSR implementing.

²³ P. Dziwiński, A. Barcik, I. Sánchez-Hernández, D. Gallardo-Vázquez, *Current trends in CSR in Spain and Poland. Case study: La Caixa and PKN Orlen*, „Zeszyty Naukowe Wyższej Szkoły Humanitas. Zarządzanie” 2015, No. 1, pp. 28-32.

²⁴ J. Maciąg, *The Implementation of the CSR in the Creation of a Tourist Network Product in a Region*, „Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu” 2015, nr 378, pp. 35-41.

²⁵ D. Murillo D., J. Lozano, *Pushing forward SME CSR through a network: an account from the Catalan model*, „Business Ethics: A European Review” 2009, Vol. 18, No. 1, p. 7.

²⁶ Ibidem.

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