

SUSTAINABLE DEVELOPMENT AND THE BUSINESS CONTEXT OF CSR BENEFITS ON THE POLISH MARKET

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ABSTRACT

This paper identifies the development of innovative, good practices in CSR and sustainable development in Poland in 2011–2016. In the researched years, it was found that the greatest number of practices were recorded in the area of social involvement and development of local communities, workplace and environmental practises. The conducted analyses show that in the Polish market in the context of sustainable development, there are emerging new business paradigms, innovative CSR strategies as SDG's implementation to building the competitive advantage of companies. The effectiveness of CSR activities is difficult to measure. On the example of the analysed companies it can be stated that they shape the intangible as well as tangible value. The intangible values are the social capital and trust in the company, while the tangible values are savings and revenue growth.

Key words: sustainable development, social responsibility, business models

INTRODUCTION

The sustainable development goals create possibilities and business opportunities and, on the other hand, become a necessity on the market. Since 2015, 193 Member States of the United Nations have unanimously adopted the New Agenda containing 17 Sustainable Development Goals (SDG) [Agenda 2030]. Corporate Social Responsibility (CSR) practices are now seen as one of the important elements in the SDG's performance and at the same time affecting the financial result. More and more entrepreneurs are taking action for their stakeholders and communities, treating them not as costs but as investments. At the same time, the awareness and understanding of monitoring, to which extent the companies' involvement in social and environmental activities translate into profits [Waddock and Graves 1997, Makower 2009, Porter and Krame 2011].

The concept of sustainable development becomes one of the most frequently discussed topics in the context of enterprise and supply chain management. There is the development of innovative ideas and solutions for the use of residue, maximum environmental protection and "zero waste" concept. In a long-term strategy, socially responsible activities give benefits to society and the environment, which translates into a company's image and hence increased profits.

The aim of this compilation is to identify the development of good practice in the field of CSR and sustainable development in Polish companies in 2011–2016.

MATERIAL AND METHODS

The data about tendencies of changes in CSR strategy as part of achieving sustainable business goals in Poland were taken from the official sources the applicable literatures and Responsible Business Forum (FOB) Report, Responsible Business in Poland in 2011–2016. In total, more than 880 good practices gathered in CSR reports were analysed (Table 1).

Table 1. Sample size – Responsible business in Poland, good practices in years 2011–2016

Year	Number of companies	Number of good practices
2011	106	209
2012	106	262
2013	135	403
2014	124	420
2015	136	452
2016	188	880

Source: Own compilation based on [Raport Odpowiedzialny biznes w Polsce, za lata 2011, 2012, 2013, 2014, 2015, 2016].

The analyses conducted are an attempt to answer the two research question:

1. Whether in the Polish market new business paradigms are emerging in the context of sustainable development?
2. How CSR strategies are being developed as SDG's implementation for building the competitive advantage of companies?

The descriptive and comparative methods were used in the research paper, as well as the simple statistical method.

SUSTAINABLE DEVELOPMENT AND BUSINESS STRATEGIES

The sustainable development is an overriding approach in shaping current business activities. The key element in the new paradigm of development is the technocratic (egocentric) approach that follows the prosperous economy, complemented by factors that, to some extent, take into account the most obvious requirements for the safe use of environmental resources [Borys 2012]. The strategic business planning is increasingly based on sustainable development assumptions (Fig. 1).

Sustainable development strategy			
Sustainable development of quality of life as the primary goal			
Sustainable socio-economic development as the primary goal			
Operational goals sustainable development			
Economic governance	Social governance	Environmental governance	Spatial governance
Integrated governance			
Monitoring of strategy implementation and strategy update system			

Fig. 1. Sustainable development in the structure of strategic planning

Source: Own compilation based on [Borys 2012].

The strategic approach of entrepreneurs is based on environmental (ecological), social, economic and spatial goals. The sustainable development is increasingly sector-specific. The concept of sustainable transport, sustainable logistics, sustainable consumption and production is well-known. This applies both to the macroeconomic level and the organization level. However, the management in the context of globalization is characterized by certain specificity. As a result of this process, there are opportunities and new threats, temptations, challenges, dilemmas which force the ethical reflection. They affect different entities: individuals, businesses, organizations and entire economic and political systems. The new social, ecological, cultural and political issues generated by the globalization process have an ethical component. The emergence of such ethical dilemmas in business and marketing development is confirmed in scientific studies [Woźniczka 2016]. In business activities, but not only, the development of socially responsible movement and the concept of “global management” is being discernible. The managers, in the implementation of CSR programmes, notice the “chance for success” in pursuing the sustainable development [Lewicka-Strzałecka 2006].

In the case of the Polish economy, in the course of several decades, there have been major transformations. The change of system and membership in the European Union caused that in recent years the attention is paid to the implementation of the sustainable development idea. Its impact on the business sector is evident, as the role of resource management in a sustainable manner has increased and the responsible stakeholder management gained the importance. An analysis of current CSR good practices related to active engagement in Agenda 2030 makes it clear that managers see the greatest chances mainly in the implementation of our goals of sustainable development. Such goals include: Goal 8 – decent work and economic growth; Goal 12 – responsible consumption and production; Goal 4 – quality education and Goal 3 – good health and well-being [CSR consulting 2016].

The business recognises the long-term benefits in SDG as a result of strategic actions, increased customer trust, better reputation, and increased goodwill.

It should be emphasized that over time, the perception of business changes. Earlier it was thought that partly the business was causing problems (including economic crisis or global warming) while sustainability was treated as purely moral and charitable issue. Currently thinking about business sustainability is the foundation of a modern company that cannot imagine the development without acting for the sake of the planet and society [From My World... 2015].

New business models show that traditional approaches are increasingly replaced by one of four new, breakthrough formulas (Table 2). The sustainable development is a leitmotif in shaping the innovative, ambitious visions and aspirations, which are also likely to generate profits [Kardas and Jasińska 2010].

In Poland in the context of sustainable development and CSR we are not in the lead, but there have been changes in the absorption of new rules. The entrepreneurs especially analyse and define the specific CSR solu-

Table 2. New business paradigms in the context of sustainable development

New business models in terms of sustainable development			
Social X	Lean X	Integrated X	Circular X
Breakthrough ventures come from the group of companies that promote the positive impact on society and building the value not only through financial but also social goals	The key to the future is the ability to optimize the use of resources and capital, but not only financial and intellectual, but also social and natural	The companies seek common values within different economic, social and environmental systems	A lasting advantages are likely to be achieved by those companies that will focus on the management of a closed facility – with products that live eternally, using the resources obtained in a sustainable way

Source: Own compilation based on [Breakthrough Business... 2016].

tions within the framework of the established sustainable development goals. More and better practices, often innovative, which in a responsible and sustainable way for some time have been shaping a competitive advantage on the market [*Raport. Odpowiedzialny...* 2017]. On the other hand, for many companies, these changes resulting from the megatrend for sustainable development are still a big surprise [*Fundacja Centrum CSR.pl...* 2016]. Also in the case of stock-listed companies and RESPECT index composition there are more and more companies in the index portfolio, in 2009 there were 16 of them, in 2010 – 22 and in 2016 – 25 companies, including 4 debutants. This demonstrates the growing popularisation of the sustainable development concept on the Polish financial market [Dmitruk 2016].

Particular attention should be paid to the consumption of widely understood environmental resources, which have become a real and significant expense for any business activity and a permanent element of economic strategies. Mostly in the food and agriculture industries, particular attention is paid to the FMCG (Fast Moving Consumer Goods) [Guide et al. 2003]. This includes fast-moving goods such as groceries. The concept of supply chain closed loop management is becoming more and more frequently discussed issue in Poland. This involves concentrating the efforts, i.a. on the management of residues, by-products and waste in such a way that the level of waste transferred to landfills or incineration plants is minimized. It turns out that the food and agricultural industry, due to its specificity, generates many challenges in the area of reuse. The closed loop of supply chain includes the flows within the chain covering the four main areas of logistics activities: supply, production, distribution and return flows [Szmelter 2016].

In practice, the entrepreneurs increasingly create long-term business strategies that take into account the aspects of sustainable development (Fig. 2).

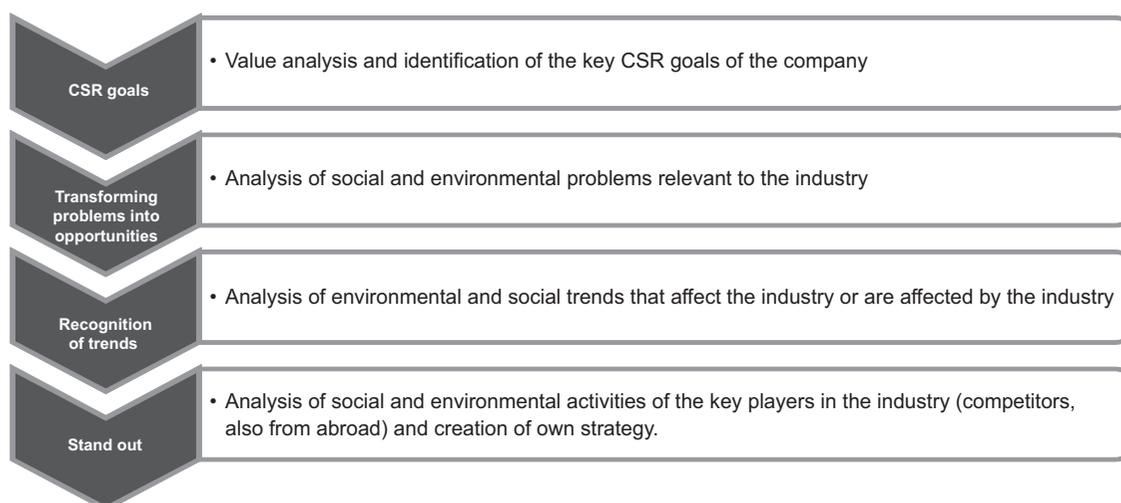


Fig. 2. CSR strategy as SDG implementation and building a specific competitive advantage

Source: Own study.

As shown in Figure 2, there is a growing number of CSR models/strategies based on stakeholder mapping, value analysis, and key corporate goals, identification of problems in the industry and then searching for the innovative/specific solutions. The CSR strategies are a competitive advantage for the growing number of aware consumers requiring the implementation of solutions for sustainable development [Stawicka 2015]. The implementation of socially responsible principles towards society, employees or the environment also results in greater market success, usually those companies which show higher revenues and profits, are listed higher on the stock exchange [Aniszewska 2012].

CSR STRATEGIES AS SDG IMPLEMENTATION FOR COMPANIES ON THE POLISH MARKET

For companies operating on the Polish market, the concept of sustainable development is realized through specific strategic models. Typical approaches are shaped by socially responsible practices in the market, environment, society and employees areas. Since 2010, with the gradual consolidation of the ISO 26000 Standard, the responsible practices have been developed according to 7 CSR areas that cover the full range of activities, such as organisational governance, human rights, workplace practices, the environment, commercial practices, consumer issues, social responsibility, and local community development. The next step in specifying the guidelines towards the responsible business were SDG released in 2015.

Poland is not a country without a history of ethical business approach, although over time there have been some actions that have resulted in the fact that the social trust in business has remained at a very low level for many years. The Corporate Social Responsibility in contemporary form has emerged with international corporations that have transferred the standards, ethical codes, or a specific organisational culture. At present, the CSR activities towards the sustainable development are not only a practise of large enterprises, but a standard and even a necessity in small and medium enterprises [Mączyńska 2010].

Based on the Responsible Business Forum data, in the case of companies on the Polish market, the involvement in CSR practices is increasing year by year. There is a growing number of innovative ideas, projects, and activities. More and more companies submit their data and practices in social reports that by 2017 were prepared voluntarily¹. The number of good practices undertaken by companies over the period 2011–2016 is presented in Figure 3.

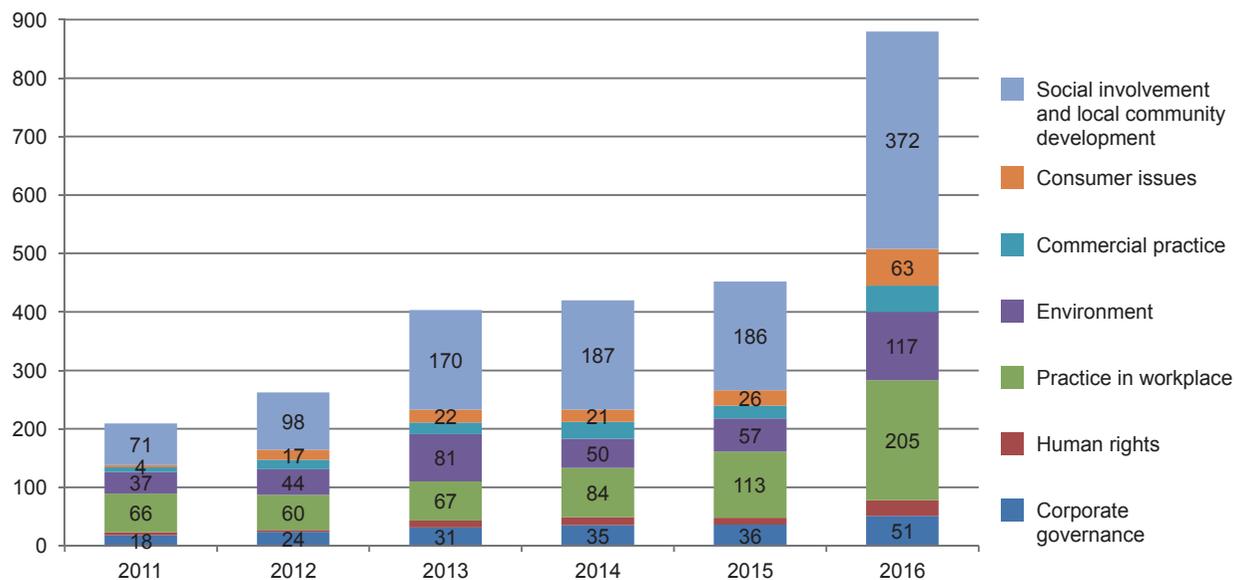


Fig. 3. Number of good practices in CSR areas according to ISO 26000 Standard in companies preparing social reports of good practices on the Polish market in years 2011–2016

Source: Own compilation based on [Raport. Odpowiedzialny... 2011, 2012, 2013, 2014, 2015, 2016].

¹ The amendment to the Accounting Act introduced the provisions for increasing the transparency of social and environmental information in the area of corporate social responsibility. This means that since 2017 the entities that employ 500 people a year or the total assets on the balance sheet is over 85 million PLN or the total net revenues from sales of goods and products is over 170 million PLN will have to disclose data related to their policies on social, environmental and employee issues. In addition, large stock companies are required to disclose the diversity data.

The information presented on Figure 3 shows that interest in carrying out socially responsible activities in all areas of responsibility according to the ISO 26000 Standard is growing. The greatest number of practices has emerged in the following areas: social responsibility and development of the local community, workplace practices and the environment. According to the guidelines contained in PN-ISO 26000:2012, social responsibility and the development of the local community are an essential part of sustainable development. The greatest number of practices was most often related to charity and philanthropic activities, educational campaigns, socially involved marketing, health prevention, entrepreneurship development, creation of workplaces, competence development, social innovation and social investment. Likewise, the number of practices in the field of environmental protection has increased. The activities related to biodiversity, eco-building, eco-efficiency, pro-environmental programmes or eco-products.

A good example on the Polish market is the initiative of Barlinek S.A. Group, a manufacturer of wooden flooring, which since 2000 has implemented the “1 for 1” principle. This is the original eco-programme where for one packet of Deska Barlinecka (*Barlinek plank*) sold, the company co-finances the purchase and planting of 1 tree seedling. With this initiative over 13 million trees were planted. As part of “zero waste” approach, Barlinek manufactures wood briquette and fuel pellets, which is an ecological heating fuel. The company engages and is a partner in the “breathe humanly” action, which informs about innovative, modern heating models and the impact of fuel quality on health protection. Thanks to the implementation of socially responsible practices, Barlinek S.A. seeks to improve economic efficiency because the effects of their actions exceed the costs incurred for implementation. At the same time, it is emphasised that socially and ecologically responsible actions affect the intangible value – create trust in the company and social capital as well as tangible value – save money and affect the revenue.

Similar CSR initiatives, related to the industry, are shown by ZT Kruszwica S.A., a leader in the market of vegetable oils and fats. As a food industry company, it promotes a sustainable agricultural model. The company’s business is based on a fully integrated operational model that covers all the elements of oil plants processing – from the acquisition of the raw material, through its processing, to the packaging and distribution of the products to the end customer. It is characterised by a typical strategy of a sustainable supply chain. This allows for maintaining full control over the high quality of raw materials used in production. The company is also promoting a programme that for a long time has inspired the local communities to take long-term actions to improve the living conditions of bees in Poland through the creation of bee-friendly places. In this case, the effectiveness of the company is confirmed by the success of this initiative across the country. For example, social activities „Z kujawskim pomagamy pszczołom (*Helping Bees with Kuyavian Voivodeship*)” or „Akademia Mistrza (*Master Academy*)” have high KPIs – Key Performance Indicators, and the measure of their success is the large number of project participants and the high Social Return on Investment (SROI).

Another innovative example, in connection with sustainable development is the latest invention of the Polish company Drutex S.A., a manufacturer of window and door joinery. This is a window that allows watching TV, using the internet or working on the touch panel. Smart Window is designed to combine all the best features associated with energy efficiency or functionality of window joinery with additional multimedia functions. USB drive, external drive with multimedia files as well as the keyboard and mouse can be connected to the window. It’s all about giving all the features of a tablet in a window, plus the ability to remotely control your home or use an intelligent window in the form of virtual shutters or awnings protecting against light.

There are more other innovative practices on the Polish market connected with the CSR and closely related to the industry. Figure 4 presents the structure of good practice growth in the various areas and in 2011–2016.

In the researched years, on the Polish market increasing shear of social involvement and local community development within the good corporate practice in CSR has been observed.

Among the CSR activities in the field of sustainable development, a number of long-term practices can be mentioned. Long-term practices are not only activities here and now, but they are involved in changing the minds and attitudes of stakeholders.

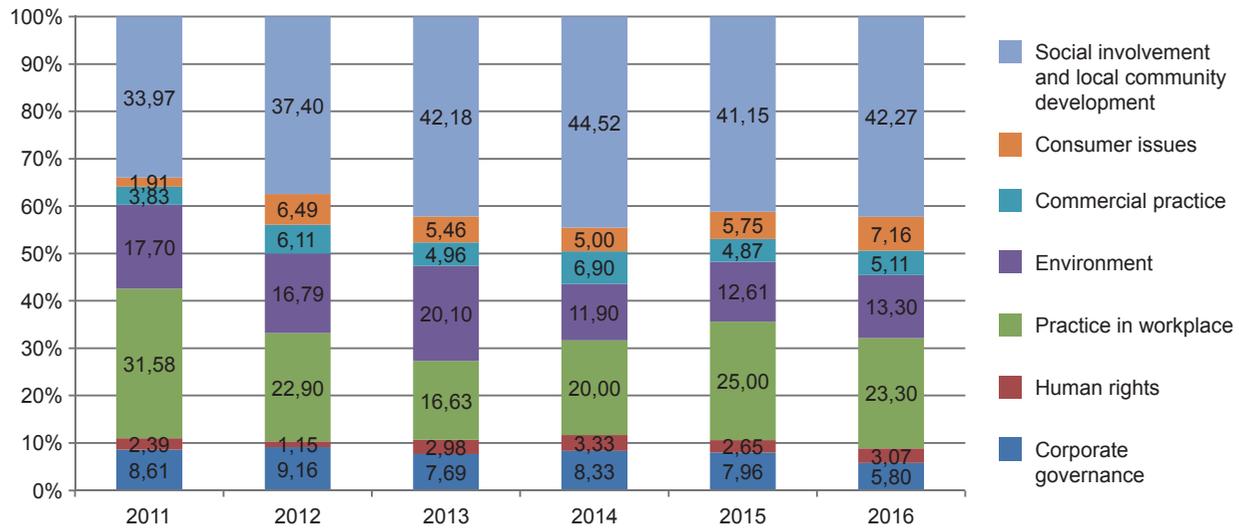


Fig. 4. Structure of good corporate practice in CSR areas according to ISO 26000 Standard in companies preparing social reports of good practices operating on the Polish market in 2011–2016

Source: Own compilation based on [Raport. Odpowiedzialny... 2011, 2012, 2013, 2014, 2015, 2016].

All initiatives of a socially responsible nature, although difficult to define in the economic aspect, are increasingly being the subject of real impact on the company’s revenues.

The analysis of good practices on the Polish market indicates a growing number of companies interested in building competitive advantage based on careful stakeholder analysis and building competitive advantage, taking into account social and environmental aspects. The most common benefits of implementing such practices are presented in Figure 5.

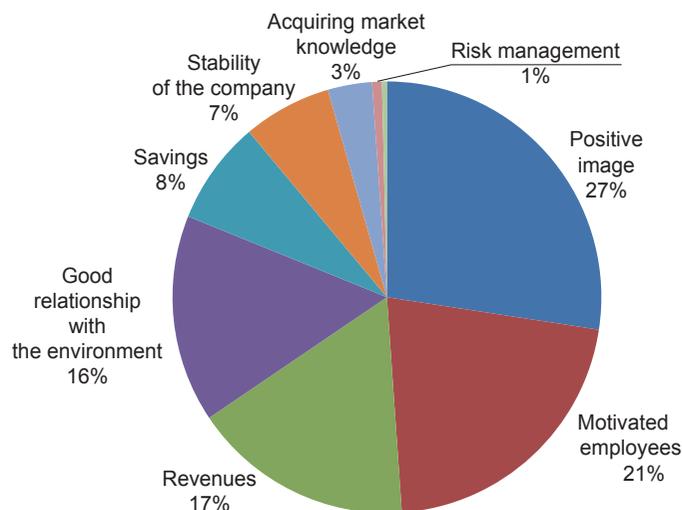


Fig. 5. Benefits of sustainable development principles in Polish companies implementing their own CSR business models

Source: Own compilation based on [Makuch 2012].

As shown in Figure 5, shaping the image is most often mentioned benefit of implementing the responsible actions. This is caused by the first receipt of good business information. Social responsibility is, however, a long-term strategy and therefore, in the long run, the emphasis is placed on building trust through good relationships with stakeholders, as well as greater, stable income and savings. Despite the difficulty in assessing the business benefits from a particular CSR action, it should be emphasised that business interest in corporate social responsibility and the achievement of sustainable development goals is growing rapidly.

CONCLUSION

Despite the early stages of SDG implementation, more and more companies underline the positive impact of socially responsible practices on their business. The development of innovative business strategies has been observed. The inspiration for other companies may be leader companies, who have already implemented a specific CSR strategy as the SDG implementation to build competitive advantage.

Over the years 2011–2016, the number of CSR good practices in the implementation of business strategies has increased four times. The greatest number of practices has been noted in the area of social involvement and development of local community, workplace and environmental practises. The social involvement and community development are the activities most often associated with charity and philanthropic activities, educational campaigns, socially involved marketing, health prevention, entrepreneurship development, creation of workplaces, competence development, social innovation and social investment.

The activities in the field of environmental protection mostly included eco-building, eco-efficiency, and eco-products. New business models: Social X, Lean X, Integrated X, Circular X, emphasize the legitimacy of doing business in a socially responsible way as the only right path to economic development, and this draws attention to the activities of entrepreneurs not only in economic but also the environmental and social aspect. Socially responsible initiatives, though difficult to identify in the economic aspect, are increasingly being the subject of real impact on company's revenues.

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ZRÓWNOWAŻONY ROZWÓJ A KONTEKST BIZNESOWY KORZYŚCI CSR NA POLSKIM RYNKU

STRESZCZENIE

W artykule dokonano identyfikacji rozwoju innowacyjnych, dobrych praktyk w zakresie CSR i zrównoważonego rozwoju w Polsce w latach 2011–2016. W badanym okresie stwierdzono, że najczęściej praktyk odnotowano w obszarze społecznego zaangażowania i rozwoju społeczności lokalnych, praktyk w miejscu pracy oraz środowisku. Prowadzone analizy ukazują, że na polskim rynku w kontekście zrównoważonego rozwoju powstają nowe paradygmaty biznesowe, innowacyjne strategie CSR, jako realizacja SDG w budowaniu przewagi konkurencyjnej na rynku. Efektywność działań CSR jest trudno mierzalna, ale na przykładzie analizowanych przedsiębiorstw można stwierdzić, że kształtują wartość niematerialną jak również materialną. Wartość niematerialna to kapitał społeczny i zaufanie do firmy, z kolei wartość materialna to oszczędności i wzrost przychodów.

Słowa kluczowe: zrównoważony rozwój, społeczna odpowiedzialność, modele biznesowe