

SOCIAL AND ECONOMIC BENEFITS RESULTING FROM THE IMPLEMENTATION OF CSR CONCEPT IN AGRIBUSINESS COMPANIES IN POLAND

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Abstract: *The article presents the issues indicating the economic and social benefits derived from the implementation of the CSR concept based on own research conducted in 2011 among small and medium-sized agribusiness in Poland. The purpose of the article was to show the Polish entrepreneurs benefits from the concept of corporate social responsibility implementation in business. There were presented issues concerning the nature of economic and non-economic benefits arising from the implementation of CSR practices in the surveyed companies. It also presents the issue to ascertain the statistical relationship between the financial results and the implementation of CSR principles and the evaluation of the concept. The article is based on the results of own research carried out in 2011 in 137 companies (micro, small and medium-sized companies).*

Keywords: CSR, implementation, benefit, company

JEL Classification: M14, M21

1. INTRODUCTION

Running a socially responsible business (called corporate social responsibility - csr) indicates the organization's acceptance the responsibility for the impact of its decisions and activities on society and the environment which mean transparent and ethical behavior. Companies that follow the principles of ethics and liability are responsible for the consequences of their economic activity, for its impact on the social and natural environment, for the sustainable development. Making decisions, they take into account the views of stakeholders and their activities are consistent with the law and international standards of behavior. Companies running business operate to maximize profits and at the same time they take into account the ethical, social and environmental problems.

On the Polish market in the small and medium-sized enterprises sector of agribusiness CSR issue is not sufficiently known and accepted by entrepreneurs. We can distinguish different companies attitudes toward the concept of corporate responsibility, namely, a significant part of entrepreneurs exhibit reactive behavior, denying the importance of CSR. Large group of entrepreneurs used only small cosmetic actions, and conscious entrepreneurs who work proactively towards the implementation of the CSR strategy, innovations and reaching in this economic and social benefits are few.

The article presents the results of research on economic and social benefits that entrepreneurs from SME sector of agribusiness reach for the implementation of corporate social responsibility in practice. In the sample there were 61% of small enterprises (10-49 employees), 7% of medium (50-249 employees) and 32% of micro-enterprises (up to 9 employees). Among the quantitative methods there were used surveys, and research questionnaire was sent to all of the SME sector companies in Mazowieckie voivodeship (received 137 completed questionnaires).

2. SOCIAL BENEFITS AND THE POLICY OF RESPONSIBLE BUSINESS IN THE SME SECTOR

Socially-oriented company image becomes more and more a tool of corporate competition. In the case of corporate social responsibility in business, building a competitive advantage by ethical behavior on the market which means better obligations fulfillments than competitors and thus better economic results achievement. Also, the increase the awareness of consumers on the market means that their purchasing decisions are guided by their trust to the company and company image. Actions accountable to the society, which are made by the companies usually had different levels of intense. In this study the SME sector entrepreneurs often pointed out the financial assistance aimed at the needs of the local community.

These activities were mostly of philanthropic nature. In general, those good practices included the transfer of money for a specific project activities or non-financial support, often material, in the framework of the implementation of special initiatives. The most often information about the activities of entrepreneurs was transmitted by the local media. The scale of benefits entrepreneurs often referred to the number of publications on the company and specific initiatives, information transmitted via the media or on the pages of web portals. Businesses have pointed out a number of social benefits, which were achieved due to the implementation of socially responsible practices (Figure 1).

The statistical independence between the business section and the social benefits from the implementation of CSR principles determined by χ^2 test of independence showed that the tested variables are dependent. Social activities were mostly aimed at the local events sponsoring and at financial support to children and young people. The most often entrepreneurs financed activities in nearby

orphanages, they sponsored sports camps and cultural events in the region. In general, these activities were sporadic and incidental. These actions, known as the initiatives of a "social reaction attitude, or help at the request of interested parties" most often took companies belonging to the trade and agricultural sections. However, a more conscious of social responsibility management attitude presented companies with the manufacturing section, which were characterized by cyclical activities (Table 1).

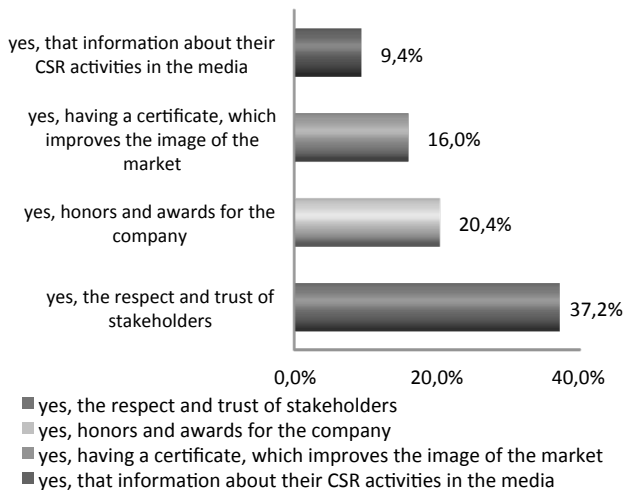


Figure 1 The type of social benefits resulting from CSR practices implementation (%)
Source: Own research

Table 1 Determination of statistical independence between the section of activity (PKD) and the social benefits from the implementation of CSR principles

χ^2 TEST OF INDEPENDENCE	
Hypothesis:	
H ₀ : [tested variables are independent]	
H ₁ : [tested variables are not independent]	
$\chi^2 = 24,03 > \chi^2_{\alpha} = 16,92$ the null hypothesis H ₀ is rejected in favor of alternative hypothesis H ₁ at $\alpha = 0,05$	
Czuprow's convergence coefficient	Txy = 0,49
Contingency coefficient C Pearson	Cxy = 0,61
Contingency coefficient C Pearson - corrected	skorCxy = 0,70
Variable X: activity section (PKD)	
Variable Y: Social benefits from the implementation of CSR principles	

Source: Own research

The result of such actions were regular events in sustained nature, continued and engaging in projects other person or companies. This type of community involvement resulted in permanent roots in the community the convince about the responsibility authenticity of these companies in the market and strongly influenced the construction of their image and confidence.

Socially responsible business performance in the market caused that companies that took active actions also were socially benefited. Companies performing the actions were referred to "active and good neighbor" and thanks to him it was possible to implement a number of initiatives. It also rose an internal esteem of the company, the attitude of employees towards the company, pride and job satisfaction in companies socially involved.

3. ECONOMIC BENEFITS AND SOCIAL RESPONSIBILITY POLICY IN THE SME SECTOR

Besides to the social benefits, from the point of view of the company's main objective there are important economic benefits that businesses derive from being responsible in the market. Among the surveyed entrepreneurs principles of corporate social responsibility to a greater or lesser extent, implemented 40% of respondents. However, only 25% of them indicated that they were also economically benefited from this practice. It is quite debatable, because most of the respondents did not conduct any specific analysis and documented activities in this field. In most cases, however, dominated belief that ethical and responsible behavior involves only the costs and not the benefits.

There was a group of entrepreneurs who confirmed that the CSR in company pays off (Figure 2).

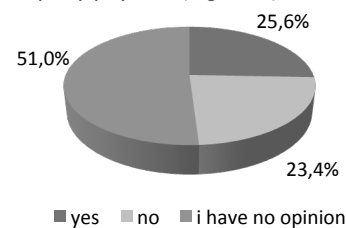


Figure 2 Economic benefits arising from the implementation of the principles of CSR (%)
Source: Own research

Respondent entrepreneurs who pointed out the economic benefits of implementing responsible practices in the market indicated as the first that responsible proceedings influenced cost reduction. Among other things, cost reduces were associated with the reductions in bills for electricity, heat and water or was connected with introduced reorganization of waste collection and segregation system. At the same time innovations in production lines also contribute to improving quality and safety. As a consequence, also the improvement of the image to stakeholders (Figure 3).

Table 2 Determination of statistical independence between the section of activity (PKD) and the economic benefits from the implementation of CSR principles

χ^2 TEST OF INDEPENDENCE	
Hypothesis:	
H ₀ : [tested variables are independent]	
H ₁ : [tested variables are not independent]	
$\chi^2 = 27,93 > \chi^2_{\alpha} = 21,03$ the null hypothesis H ₀ is rejected in favor of alternative hypothesis H ₁ at $\alpha = 0,05$	
Czuprow's convergence coefficient	Txy = 0,49
Contingency coefficient C Pearson	Cxy = 0,63
Contingency coefficient C Pearson - corrected	skorCxy = 0,71
Variable X: Activity section (PKD)	
Variable Y: Economic benefits from the implementation of CSR principles	

Source: Own research

Attempt was also made to determine the statistical independence between the business section and the economic benefits from the implementation of CSR principles. Carried out the independence χ^2 test which showed that tested variables are independent. In the

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surveyed companies there were some noticeable regularities, namely the companies of the manufacturing and trade section pointed out the lower costs as economic benefits from the implementation of CSR principles. Entrepreneurs from agriculture section emphasized higher quality of goods, transparency in manufacturing including even the entire supply chain (Table 2).

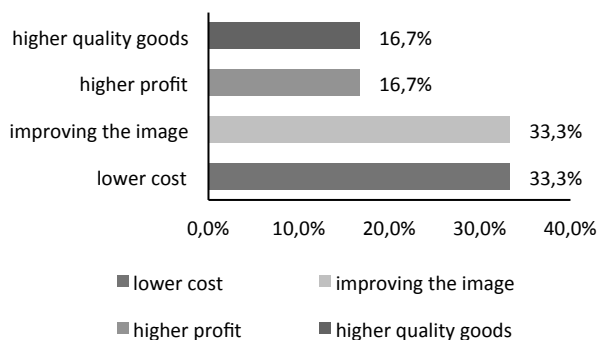


Figure 3 Type the economic benefits of CSR practices implementations (%)
Source: Own research

Definitely it is positive that despite the still little interest of entrepreneurs of the SME sector in long-term strategies, which undoubtedly is the CSR strategy, over 34% of the respondents confirmed that there is a positive relationship between CSR practices in the areas of: market, environment, community, employees and the economic results. Only 8% definitely did not see the benefits, and over 57% had no opinion on the subject (Figure 4).

Perhaps the increased research on this topic can overwhelm an answer as to the scale of the phenomenon. It is certain, however, that from the point of view of stakeholders appropriateness and cost-effectiveness of ethical and responsible business practices is justified because of the validity of practices towards sustainable development.

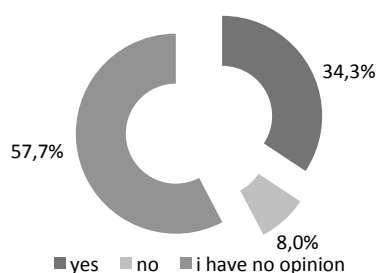


Figure 4 Relationship between the financial results and the implementation of CSR principles (%).
Source: Own research

Businesses in a various way assessed the future and the development of CSR concept in the market. Only 43% of respondents rated the CSR concept positively accounted its importance in the global market. Negatively commented 1% of surveyed, and the fact should be worrying that the vast majority of the surveyed group, which was as high as 56% had no opinion on socially responsible activities. Passivity of social commitment, however, stems from the lack of knowledge about good practice examples. On the basis on the obtained in the study data it can be concluded that medium-sized companies have a greater knowledge of the scope of the social involvement. It becomes reasonable the raising of consciousness in the SME sector in the field of corporate social responsibility, and external support would in the significant extend contribute to the promotion of the social responsible idea among entrepreneurs. Positive opinion about CSR concept had the vast majority of businesses operating in the trade and manufacturing sector.

4. SUMMARY

The involvement of companies in CSR activities was manifested as education, local community mobilization, good practices promotion. Socially responsible actions have even often led to solve, at least in part, existing social problems. And even if the main motivation for the implementation of CSR projects was to improve the image of the company, those were socially valuable activities. Among the advantages of CSR can be distinguished:

- building a positive image of the company,
- company mission credibility in the eyes of customers,
- acquisition (consolidation) of trust and loyalty of existing and potential customers,
- gaining the favor of the local community,
- increase the interest of investors.

Commitment to CSR contributes to improving the internal situation in the company. As a result of the implementation of CSR programs in the company there has been as followed:

- the increase of customer contentment and employee satisfaction,
- the increase of employee identification with the company and their loyalty enhancement.

From an economic point of view CSR also brought to entrepreneurs a number of benefits. Among these benefits respondents mentioned:

- costs reduction,
- income increase,
- reputation and trust building,
- new opportunities resulting from relations improvement with stakeholders.

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