



RESPONSIBLE ENTREPRENEURSHIP

POLISH AND SWEDISH SMEs TOWARDS CSR CHALLENGES

RESULTS OF THE RESEARCH IN POMERANIAN VOIVODESHIP AND KALMAR COUNTY

CURRENT SITUATION

RECOMMENDATIONS

EXPERTS' COMMENTS

GOOD PRACTICES OF POLISH AND SWEDISH COMPANIES



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/ Introduction /

This publication is the product of the work of an interdisciplinary team of professionals from Poland and Sweden, actively involved in promoting the concept of Corporate Social Responsibility. Persons participating in this initiative have different backgrounds, representing scientific, business and non-governmental organisations, thus they represent somewhat differing viewpoints on the subject. In line with authors' intention, the study comprises many opinions on the importance of Corporate Social Responsibility in the contemporary economy. The effort was aimed at achieving the value of impartiality, and preventing a subjective assessment of the issue. The common guideline for all thoughts stated herein, is a maxim of one of the most outstanding creators of modern management methods, P. F. Drucker: "Every economic organisation is fully responsible for its impact on the local communities and societies within which it operates".¹

The international dimension of the publication should be stressed; it was prepared by partners from Sweden and Poland. Both countries have been strengthening their economic co-operation (expressed by, i.a. EU-financed common projects, or the declarations of King Carl XVI Gustav of Sweden, during his visit to Poland in May 2011), but both countries' economies had been developing in completely different market conditions, following differing business traditions. Which exerts direct influence on the approach to the social responsibility issue. Swedish enterprises have been long known for their progress in the CSR field, in many aspects they are a model implementation of the concept.

The purpose of the study is to show the benefits of implementing the CSR idea, that has been gradually becoming a standard of everyday activities of a contemporary European enterprise. The publication is also meant to be a source of information on attitudes towards Corporate Social Responsibility in the sector of small and medium enterprises (SMEs). Therefore, it includes a review of current knowledge on disseminating the CSR concept, especially among companies of the mentioned sector; it also contains the latest results of research carried out on a sample 251 micro, small and medium enterprises in the Pomeranian voivodeship (province), and 35 entities in the Swedish region Kalmar. The survey lasted from December 2010 to March 2011, simultaneously in Poland and Sweden, under the project RespEn "*Responsible entrepreneurship - a way of increasing SMEs' competitiveness during economic crisis*". The results of the survey were developed to include recommendations and comments of representatives of the academic community, non-governmental organisations, and economic practitioners. Among these authors were not only expert analysts of CSR issues, but their big enthusiasts as well, who have been successfully disseminating this concept in both countries; they include representatives of Poland's Responsible Business Forum, and of IUC Kalmar län.

This study is addressed to entrepreneurs, especially from small and medium companies, to representatives of scientific circles mainly in fields of management and economy, students of these subjects, and to all those interested in Corporate Social Responsibility, its practical aspects in particular.

Enjoy reading.

Anna M. Nikodemowska-Wołowik
Monika Michałowska

¹ P. F. Drucker, *Spółeczeństwo pokapitalistyczne*, Wydawnictwo Naukowe PWN, Warszawa 1999, p. 87.



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01



Introduction

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01. Introduction

/ RespEn Project /

Monika Michałowska, Marcelina Przybysz

The “RespEn – Responsible Entrepreneurship” project, implemented from June 2010 to November 2012, was initiated by the Pomerania Development Agency (Agencja Rozwoju Pomorza S.A.) and executed by a consortium of partners, composed by: Responsible Business Forum, Pomeranian Chamber of Crafts for Small and Medium Enterprises, and the Industrial Development Centre in Kalmar (Sweden).

The purpose of the initiative is to promote Corporate Social Responsibility as an effective strategy of corporate management in the SME sector, and to provide firms participating in the project with the tools and skills they need to develop such strategies. It will be possible thanks to the potential of the project consortium, and of co-operating external experts. Project partners offer broad experience and extensive expertise in supporting the growth of micro, small and medium enterprises in countries with differing business traditions and freemarket histories. These competences are backed up by expert knowledge in the field of CSR, provided by the Responsible Business Forum – Poland’s oldest organisation in this domain.

The task is well served by seminars, conferences and debates joined by entrepreneurs under the project, followed in the next phase by a cycle of free workshop trainings for SMEs from the Pomeranian Voivodeship and the Kalmar Region. The courses are designed to prepare participating companies to develop and implement Corporate Social Responsibility strategies tailored to needs, substantially supported by trainers.

The assessment the outcome of which is presented in this report, is the first step bringing the RespEn project consortium closer to preparing a training programme that meets the actual needs of SMEs, functioning on less (Poland) and more developed markets (Sweden) in terms of dissemination and progress of the implementation of CSR practices by companies.

Promotion of the CSR strategy is efficiently supported by a contest organised by the Pomeranian Chamber of Handicrafts for SMEs - “Company with a Future” and its newly created category, “Enterprise Responsible in Business”.

RespEn: Responsible entrepreneurship - a way of increasing SMEs' competitiveness during economic crisis – project co-financed by the European Regional Development Fund, under the South Baltic Cross-border Co-operation Programme 2007 - 2013. Project implementation time: June 2010 – November 2012.



/ CSR concept /

Marcin Grzybek

Corporate Social Responsibility (CSR) is a concept enabling to manage a company by taking into account wider interests of the company's social environment. The literature gives many definitions of the term, which often differ significantly. The popular definition of the European Commission perceives CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis"².

Given the development of the idea of Corporate Social Responsibility, it is necessary to unify standards used and adjust them to the needs of not only the largest corporations, but small and medium enterprises and other institutions, including government agencies and non-governmental organisations, as well. This duty was taken up by the International Organisation for Standardization, which, in 2004, commenced work over a draft standard including guidelines relating to social responsibility. The process ended in 2010, when ISO 26000 was published. It treats CSR as the organisation's responsibility for the impact of its decisions and actions on the society and the environment throughout transparent and ethical behaviour, which:

- contributes to the society's sustainable development, health and prosperity;
- takes into account expectations of stakeholders (persons or groups interested in the organisation's decisions or actions);
- is consistent with applicable law and the international standards of conduct;
- is implemented and practised in the whole organisation³.

ISO 26000 presents 7 principles of social responsibility, i.e.:

- 1) Accountability
- 2) Transparency
- 3) Ethical behaviour
- 4) Respect for stakeholder interests
- 5) Respect for the rule of law
- 6) Respect for international norms of international behaviour
- 7) Respect for human rights.

² In: http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0366en01.pdf, as of 20.05.2011

³ The official Polish translation of the standard will be published by the Polish Committee for Standardisation in Autumn 2011.

The standard also defines 7 social responsibility areas, which cover the whole range of operations carried out by an enterprise.

Corporate Governance comprises rules and guidelines relating to broadly understood business management. The enterprise should implement such solutions that improve the effectiveness of its organisation management, including social interest, respect for stakeholders and ethical principles.

Human rights. Each organisation is obliged to respect all human rights, in particular civil, political, economic, social and cultural rights. This area also covers situations where human rights are broken by business-related institutions (e.g. an enterprise's suppliers).

Practices at workplace. This area exceeds the organisation's relations with its employees by touching on the zones of work performed by others on behalf of the organisation, as well. Best practices in this respect should apply to relations with employees, working conditions, social support, social dialogue, health and safety, employee development, training at workplace.

Environment. Contrary to the common opinion, the activity of each enterprise, even the smallest one, has a negative impact on the natural environment. Therefore, all institutions should take up actions to minimise such influence. Here, the standard enumerates: the prevention of pollution, the balanced use of raw materials, the reduction of climate changes, the protection and restoration of the nature.

Commercial practices. This comprises, in particular, ethical behaviours of enterprises in their relations with other organisations, including government organisations, partners, suppliers, contractors, competitors and associations they are members of. Special emphasis is placed on practices connected with counteracting corruption, responsible political involvement, fair competition, respecting copyrights, as well as promoting social responsibility within the enterprise's operating area.

Consumer issues. The enterprise's relations with consumers should be based on honesty and transparency. Attention should be paid, in particular, to reliable marketing, matter-of-fact and objective information, fair contracting practices, the assurance of consumers' health and safety, balanced consumption, appropriate service and the delivery of necessary services and support (including complaint review), the protection of customers' data and privacy, as well as issues relating to the protection of consumers' health and safety.

Social involvement and local community development. The enterprise should actively support local communities in solving their problems. This may consist in carrying out projects connected with education, culture, creating enterprise and employment, developing technologies, establishing prosperity, social investments.

The RespEn project uses the above CSR definition, which, in particular, acted as a guideline for constructing the methodology of the study, which results will be presented in the following chapters.



02



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02. Introductory information



/ The economy and business culture in Poland /

Monika Michałowska, Marcelina Przybysz

In terms of GDP, Poland is the sixth largest economy in the European Union and 20th in the world (in 2010).

Poland's pace of economic growth places it among the fastest-developing European countries; in 2009, GDP rose by 1.7%, the sole positive result in the EU (average: -4.1%). In 2010, the economy grew by 3.7%. In terms of global competitiveness, in 2010 Poland was ranked 39th among 139 countries.

The Polish economy is mixed. Currently the state sector accounts for about 25% of GDP, a level comparable to countries like France or Norway. Services produce 67.3% of total GDP, industry 28.1%, agriculture 4.6%.

The most important factors slowing down the development of Poland's economy, are difficulties in performing economic activity, posed by excessive bureaucracy and vague legal regulations; in addition to insufficient infrastructure - road network in particular - and access to the Internet. Poland has been attributed to the group of countries with "moderate economic freedom", ranked 71st among 179 states.

Polish regions widely differ in terms of economic development. The Mazovian voivodeship (province) with the national capital Warsaw remains the most wealthy, with a gross product per inhabitant equal to 87.1% of EU's average. Close to the all-Polish average GDP are Lower Silesia and Great Poland voivodeships (respectively 59.2 and 56.9% of EU's average). For voivodeships: Pomerania, Lodz, West Pomerania, Lesser Poland and Lubusz, incomes oscillate around 50% of EU's average. Poland's poorest regions are Sub-Carpathian and Lublin voivodeships (37% of the average).

Unemployment at the end of 2010 was 13.4%. From the beginning of 2004 to the end of 2008 it was systematically falling. The first rise up to 11.9% was recorded in 2009, as a consequence of the global economic slowdown.

Poland's top trade partners in exports, are Germany (23% of turnover), France (6%) and Italy (6%). The primary products exported by Poland are transport machines and equipment, including vehicles (41.4% of revenues from exports), industrial products (21.8%) and chemicals (13%).

Germany is also the most important source of imports (23% of turnover), followed by Russia (10%) and China (8%). Top imported products are transport machines and equipment (35.5% of expenditure on imports), industrial products (18.7%) and mineral fuels, natural gas included (11.2%).

The development of Poland's free market economy had its beginnings in the early nineties, with an attempt to transform its economy from centrally planned-socialist to free market, launched by Leszek Balcerowicz, deputy prime minister and minister of finance in the country's first non-communist government. Thanks to the "Balcerowicz Plan" hyperinflation was reduced from 585.8% in 1990 to 70.3% a year later, a market-based currency exchange rate for the Polish zloty was introduced, as was its domestic convertibility; the internal retail market was balanced, banking reformed, tax and insurance reforms were started, later on continued by successive ministers. At the end of his term in December 1991, Leszek Balcerowicz also signed Poland's Association Treaty with the European Economic Community.

The "Balcerowicz Plan" initiated a cycle of economic transformations, as result of which since 1992 the number of companies incorporated in Poland has almost doubled (from ca 2mn to 3.7mn in 2009).⁴ In this period, also the minimum and average salaries have multiplied, respectively from PLN 3.80 and PLN 20.68 in 1989 (but already PLN 44.00 and PLN 102.96 in 1990) to PLN 1,317.00 and PLN 3,150.00 in 2010.⁵

The changing social and economic conditions of the last twenty years, have had an impact on Poles and their business culture. Data estimates on Poland, presented by prof. Geert Hofstede who analyses cultural differences between various societies, enable to observe that Poles - in a degree exceeding the average for Europe - expect and accept inequalities in the distribution of power⁶. Also individualism is quite high, nevertheless coinciding with the general European trend; whilst much higher (by ca 10%) is the Masculinity Index, that demonstrates, i.a., Poles' strong adherence to the traditional splitting of roles into feminine and masculine (contrary to Swedes, whose Index is extremely low)⁷. The level of the Uncertainty Avoidance Index - that describes social tolerance for ambiguity and uncertainty - is also interesting, being quite high (somewhat above the European average, and more than three times above Sweden's); it characterises societies with extensive legal regulations and a religion addressing 'the absolute truth'. Societies for which this Index is low (e.g., Sweden) are more tolerant, striving to establish as few rules and regulations as possible, relativist in religious and philosophic domains, and often received as apparently phlegmatic⁸.

⁴ Money.pl - based on Central Statistical Office data;
<http://www.money.pl/gospodarka/wiadomosci/artykul/zbudowalismy;kapitalizm;na;kapitaliku;spod;materaca,209,0,578257.html>

⁵ Money.pl – based on Central Statistical Office and Ministry of Labour and Social Policy data;
<http://praca.money.pl/wiadomosci/artykul/historia;bezrobocie;prace;tracilo;nawet;9;tysiecy;osob;dziennie,17,0,575761.html>;
amounts for the years 1989-1994 converted to PLN following denomination in 1995.

⁶ G. Hofstede, G.J. Hofstede, *Kultury i organizacje. Zaprogramowanie umysłu*, PWE, Warszawa 2007, p. 91-95.

⁷ Ibidem, p. 132-137.

⁸ Ibidem, p. 178-183.



/ The economy and business culture in Sweden /

Mats Dalberg, Annika Karpfors

Sweden has gone from being an agricultural country in the mid 1800s into a modern industrial society with a high degree of services. On average, the annual increase in GDP has been 2%. The development has been marked by alternating periods of regeneration and stabilization.

Sweden showed a very strong growth from years around 1900, which would last for about 60 years. Scores of new companies were being formed and the financial market played an important and growing role in this development. Customs were established, in line with international developments and the number of associations increased. Cities grew significantly, which contributed to new social conditions. Trade unions and employers' organizations were formed and meant that labor could be developed in agreement between workers and employers. The Saltsjöbaden Agreement (sw. *Saltsjöbadsavtalet*) is a Swedish labor market treaty signed in 1938 between the Swedish Trade Union Confederation (sw. *Landsorganisationen, LO*) and the Swedish Employers Association (sw. *Svenska Arbetsgivareföreningen, SAF*) that became a model for other agreements. The rules on industrial action have come to be regarded almost as general legal principles of conflicts between the labor market forces. Also the party system was developed to its current form with right and left parties. Even after 1980, there has been growth in many countries but in Sweden the trend was particularly strong, thanks to a successful shift for the industry from raw materials to the manufacturing industry. Sweden also benefited from developments in electrical engineering, had good natural resources and well established institutions.

Sweden is a constitutional monarchy with a parliamentary system and a developed economy. Sweden is ranked fourth in the world in The Economist's "Democracy Index" and comes in seventh place in the United Nations "Human Development Index".

GDP per capita was 37 526 USD in 2008. Sweden has a very high growth compared with most other European countries, in the fourth quarter of 2010, GDP grew by a record strong 7.3 percent. In November 2010, unemployment in Sweden was 7.1 percent.

The Swedish economy is a market economy with a comprehensive tax-funded sector and redistribution of income. Private companies account for about 90 percent of the country's industrial production. The country's service output represents about 70% of GDP. Agriculture accounts for only 2 percent of GDP and also only 2 percent of the workforce. The country has a modern and well functioning infrastructure and a highly educated workforce. Trade with other European countries form a significant

part of Swedish foreign trade, with Germany as the main trading partner. Machinery and transport equipment accounted for 47.5 percent of export value 2007. Since 1995 Sweden is a member of the EU internal market, but is not fully in cooperation on EMU. The country is also a member of the OECD.

With regard to Corporate Social Responsibility, it is possible to trace its roots to the pre-industrial society. From the mid-1600s until the mid-1800s small mill communities flourished in Sweden. The Master was ultimately responsible for the employees in the mills and was developing a number of community services and organizations that are currently considered as part of the Swedish welfare state, where the State is now ultimately responsible. Sometimes these responsibilities were misused by the Master and became part of an oppressive society. Even much later, during the mid-1900s, you'll find examples of how companies in different ways contributed to the care of the employees in addition to financial compensation.

The Swedes are nature-loving people which are confirmed in the Freedom To Roam, or Everyman's Right, a general public right to access certain public or privately owned land for recreation and exercise. It is an old Swedish tradition and is now legislated, and gives all people the right to travel across private land in the countryside and to temporarily reside there. This right is followed by the requirements for consideration and care for nature and wildlife by landowners and other people.

Swedish business culture

Most Swedish companies have so-called flat organizations, where hierarchy and status are not important.

Communication patterns between people are vary and are very flexible. Individual contacts can be moved up or down in the hierarchy in order to speed up and facilitate decision-making process. Group sense and consistency are important. Delegation of responsibility as well as powers is usually a matter of course. Leadership is not as obvious and authoritative as in the majority of international business cultures.

Titles are abolished. The employees' dress code is casual and personal, and often informal.

In discussions the Swede is usually blunt and goes directly to the substance, omitting so-called small talk, which by its social function serves to take the pulse of the counterparties.

Many Swedish businessmen and -women have confused their foreign counterparts, because they generally keep a low profile and give a humble and withdrawn impression, but still prove to have great powers.



/ Characteristics of Pomeranian Voivodeship /

Monika Michałowska, Marcelina Przybysz

The region's economic potential is based, on one hand, on traditional sectors of industry such as machinery, shipyards, refineries, furniture, foods and tourism. On the other, dynamic development of the following areas is observed: information technology, biotechnology, electronics, that are domains considered the most promising for the region's development⁹.

One of the fastest growing sectors is high-tech, dominated by small and medium enterprises. Its expansion is stimulated by regional universities: Gdańsk University of Technology, University of Gdańsk, the Maritime University, and the Naval Academy.

Foreign trade plays an important role in Pomerania's economy. The regional exports/imports market is distinctive by its strong product and geographic focus. European Union countries are the leading partners in exports and imports. Top markets for exports are Germany, Finland, Russia, Sweden and The Netherlands. Sources of imports start with Russia, followed by Germany, Norway, China and Sweden. The voivodeship's primary export products are ships, cruise boats, TV and radio sets, voice/image recording/playing devices and their accessories, refined crude oil products, paper and cardboard, as well as metal structures; main imported items are crude oil and natural gas, ships and boats¹⁰.

In terms of entrepreneurship assessed as number of companies/population ratio, the voivodeship is among national leaders. In Pomerania, 260,202 national economy entities operate, at a population of about 2.23 million inhabitants (as for 31.12.2010).¹¹ At which unemployment is relatively high, 13.3%. Thus, it is only slightly below the national average, which is 14.4% (as for 31.03.2011).¹² Over 99% of all companies registered in the Pomeranian voivodeship, are small and medium enterprises (SMEs). Most of them focus on services, commerce and repairs, and property and corporate services.

It is worthy of attention that Pomeranian entrepreneurs, in assessments of their companies' condition, point to the following obstacles hampering growth: difficult access to financing, high labour costs, and complicated bureaucratic procedures¹³. Nevertheless, as regards their own firms an optimistic,

⁹ Based on portal www.madeinporskie.pl.

¹⁰ Based on Foreign Trade of Pomeranian Voivodeship 2000 – 2006.

¹¹ Central Statistical Office 2010 data.

¹² Central Statistical Office 2010 data.

¹³ Based on survey performed by Maison Institute for the Association of Entrepreneurs and Employers, 2011.

expansive approach to business is being observed. Most entrepreneurs state their intention to continue developing their activities¹⁴.

The Pomeranian voivodeship is open to foreign investors, whose numbers and involvement have been continually on the rise. Interest in the regional market has increased significantly following Poland's accession to the European Union in May 2004. Major investors are companies from the USA, Germany, Scandinavia, The Netherlands and France, in such fields as electronics, foodstuffs, paper and cellulose, furniture, cosmetics, packaging, and shopping centres¹⁵.

Two scientific-technological parks operate in Pomerania and two special economic zones have been established, where, among other, modern electronic and pharmaceutical plants conduct their activities.

The geographic position of Pomeranian voivodeship, its specific economic potential plus Poland's foreign policy determine the character of international co-operation, which is concentrated on sustainable regional development, technology transfers, environmental protection, expansion of the labour market, education, and youth exchange.

The region is well-communicated, thanks to the crossing in its territory of two key transit pan-European transport corridors, namely corridor IA (Helsinki – Tallinn – Riga – Kaliningrad – Gdańsk), which is a branch of Corridor I (Helsinki – Tallinn – Riga – Kaunas – Warsaw), and corridor VI (Gdańsk – Katowice – Žilina), connecting Scandinavia with Central-Eastern Europe and Mediterranean countries. The road and railway networks are complemented by air connections, serviced by the currently expanded Lech Wałęsa International Airport in Gdańsk, which offers more flights to Scandinavia than any other Polish airport. Construction of another regional airport is planned, at Babie Dół in Gdynia. Moreover, Pomerania has two seaports in Gdynia and Gdańsk, the largest in the Baltic region. Since January 2010 the Pomeranian voivodeship has been directly connected to Asia by the Maersk Line. Until then, the Gdańsk port received Asian commodities via German ports. Now, ships arriving from Shanghai are serviced by a deepwater container terminal in Gdańsk (DCT). It may handle the biggest ships entering the Baltic Sea, thanks to its 15-metres deep fairway¹⁶.

¹⁴ Based on survey Pomeranian Economic Observatory (Pomorskie Obserwatorium Gospodarcze), 2010.

¹⁵ Based on portal www.midwig.woj-pomorskie.pl.

¹⁶ Based on publication Invest in Pomerania 2011.



/ Characteristics of Kalmar County /

Mats Dalberg, Annika Karpfors

From historical times, the Kalmar County's strategic location at the Baltic Sea and close contacts with the Baltic states had a significant impact on the region's trade and shipping.

Kalmar County has 12 municipalities with about 234 000 inhabitants. The county has a central location, right in the expansive and dynamic Baltic Sea region. A long and solid tradition of both small and large companies, a university which offers important knowledge as well as environments for research and development are characteristic features for the region.

A strong regional identity has provided good conditions for short decision-making of governments and policy makers, a good business climate, long-term environmental and energy initiatives and a large commitment to sustainable growth. Both visitors and residents have access to good quality living environment with more than 5500 km coastal and beach - and a rich hinterland with beautiful nature and quality of life. Here is good to live and easy to start and run businesses.

The Industry is mainly influenced by manufacturing small businesses, as well as forestry and some agriculture along the major rivers and suppliers around these industries with the exception of heavy industry such as Scania and OKG (nuclear powerplant) in Oskarshamn. Other large industrial companies in the region are ITT Water & Wastewater, Trelleborg Automotive Kalmar AB (Trelleborg Rubore), Be-Ge Industrial Group, SAFT Sweden AB, Norden Machinery AB, Kähns AB, Yaskawa Nordic AB, Storebro, Gunnebo Industries and SlipNaxos AB.

Environment in balance

Kalmar region has highlighted five environmental fields as especially important for a good regional development. These fields are

- Reduced climate impact (the region wants to be a forerunner in the work for decreased outlets of greenhouse gases and for sustainable growth. By 2030, Kalmar County is supposed to be a fossil fuel free region).
- Better water quality, especially reduced outlets of nutrients to water.
- Decreased amount of waste, especially hazardous waste.
- Increased sea safety.
- Protection of valuable nature and cultural sites.



/ Development of CSR in Poland /

Natalia Ćwik

The development of the concept of Corporate Social Responsibility, due to the country's historical and cultural background, has been following a path somewhat different in Poland than in Western countries, from which international enterprises considered leaders in sustainable management originate. Speaking of CSR in Poland, one should keep in mind that it is a country with a relatively "young" market economy, that has been evolving only since 1989. Previous experiences, associated with decades of communist rule, have largely determined the character of Polish entrepreneurship, and how society perceives the role of the private sector.

Poland is not devoid of a business ethics history. Some companies with traditions, especially family-owned, which roots sometimes date back even to the inter-war period (1918-1939), remain to this day the leaders in social responsibility, expressed by philanthropy, attitude towards their employees, and ethical codes. However, this tradition was not enough to sustain the entrepreneur's ethos in later years in Poland.

In the communist period, official propaganda presented an extremely negative image of the capitalist entrepreneur, thus enhancing in a part of society its attitude towards private business. Following the fall of communism, Poland entered the phase of transformations. Transition from a centrally managed economy to freemarket was abrupt, at which the change was not combined with creating adequate mechanisms to protect citizens in a difficult social situation or threatened by exclusion by the transformations. Jeffrey Sachs, an American economist who supported the Polish government in developing the plan of transition, admitted years afterwards that the lack of a social programme was a significant negligence. A part of the population that did not quickly manage to acquire proper competences to function in the new system, has remained on the margins of economic life. High unemployment and the lack of adequate market regulations in the first phase of transformations¹⁷ (resulting in various cases of corruption and taking advantage of legal gaps) have importantly influenced the perception of business by Poles, for many years to come. Entrepreneurship was often associated with unfair activity, many times edging on the limits of law or completely unlawful; the opinion was popular that becoming rich in the Poland of that time was not possible applying ethical standards, a conviction reflected by the saying "the first million has to be stolen".

All the factors mentioned contributed to social trust in enterprises remaining very low for many years. Only nowadays, when economic development has partly levelled out previous inequalities, the role of business begins to be viewed positively, and the entrepreneur is associated with such qualities, as diligence and reliability. Thanks to its accession to the European Union in 2004, Poland has gained new development possibilities. The young generation of Poles, educated and brought up in a new environment, may compete for jobs and formation in any place around the world. Entrepreneurship

¹⁷ Specifically, 1989-1995.

has developed dramatically, and thanks to expanding business in Poland and foreign investments, employment levels have risen. Consequently, Poles' living standards have significantly improved. However, social capital in Poland remains weak, strongly affecting the quality of relations between enterprises and their social environment.

In its contemporary form, CSR appeared in Poland with international corporations that transferred their standards and culture to local branches, imposing certain criteria upon their business partners. ABB was one of the first firms to issue in Poland a report on sustainable development and disseminate an ethical code. Despite increasing numbers of projects addressed to small and medium enterprises, in Poland the CSR language still remains the language of large companies, it characterises management in a way typical for corporations.

Academic and non-governmental institutions played a huge role in promoting responsible entrepreneurship. In 1999, at the Leon Kozminski Academy of Entrepreneurship and Management (now Kozminski University) a Business Ethics Centre was established, an academic research and study centre in the field of developing business ethics in Poland. Its researchers, including prof. Wojciech Gasparski, prof. Anna Lewicka-Strzańska and dr. Bolesław Rok, are leading representatives of this area in Poland. Currently, a rising number of scientists, especially young doctoral students, are choosing CSR as a topic of their studies, which is expressed by numerous publications and research activities in this regard. But, it should be noted that CSR is still a niche topic on social science faculties, as the concept of sustainable development continues struggling for acceptance as part of the official core research activities in the field of economy. Although ever more schools are introducing elements of this subject in their programmes of studies, post-graduate are also being created, nevertheless CSR is still often considered an "exotic" additional subject, that remains on the sidelines of the valid canon of management studies.

Simultaneously with the development of business ethics as a university subject, representatives of various circles undertook to create an organisation gathering entrepreneurs and all those interested in the topic of social responsibility, that would exert its influence by broadly promoting the concept, and educating. In 2000, the association Responsible Business Forum was founded (FOB), to this day the leading non-governmental organisation dealing with Corporate Social Responsibility in a comprehensive manner. FOB stimulates dialogue and exchange of experience in the field of responsible business and sustainable development between companies, representatives of public authorities, non-governmental organisations, and the academic community. Currently, FOB co-operates with 36 Strategic Partners – Polish and foreign enterprises, considered CSR leaders in Poland. The association organises conferences, meetings with experts, debates, prepares studies and publications about responsible business. Since recently, the Forum is also intent on educating journalists, i.a. by a contest for media "Responsible Pen", whose laureates are the authors of most interesting publications that address CSR in Polish media.

Also, international institutions strongly contribute to promoting CSR in Poland, such as the United Nations Development Programme (UNDP), and Polish state administration. Initially, the government dealt with CSR by the Ministry of Labour and Social Policy, while now the leadership in this field has been assumed by the Ministry of Economy, within which in 2009 a special Team for Corporate Social Responsibility was established, presided by the Undersecretary of State Rafał Baniak. The Team's

tasks include, i.a. developing recommendations of solutions regarding the role of administration in promoting CSR in Poland, disseminating good practices from other countries, creating a space for dialogue on sustainable development for representatives of various sectors and circles.

CSR in Poland still applies mainly to large enterprises, most of them (although these proportions are gradually changing) with the share of foreign capital. Since 2007, a Ranking of Responsible Enterprises is published - a list of largest companies operating in Poland, assessed in terms of the quality of Corporate Social Responsibility management. The firms participating in the Ranking are audited for CSR criteria, the methodology developed by dr. Bolesław Rok from the Business Ethics Centre. About 70 enterprises joined the fifth edition of the project in 2011. Until now, more than 2000 companies of various sizes have been awarded in another project verifying Corporate Social Responsibility – the Fair Play Enterprise contest. These numbers show just how modest – as for now – is the scale of CSR development in Poland, and even though many enterprises declare having applied the principles of responsible business, not all of them are willing to subject themselves to external verification.

A very important driving force of CSR development in Poland is the first stockmarket index in this part of Europe, launched in 2009, based on enterprises identified as socially responsible – the RESPECT Index. Currently it is composed of a dozen or so companies, verified in terms of observing the corporate and information order, as well as environmental, social and labour standards.

An important deficiency hampering the development of CSR in Poland is the absence of strong watchdog-type organisations of a civic society that could competently and critically monitor the operations of Polish enterprises, and thus complement the group of institutions creating the conditions for developing responsible business. The lack of such organisations is probably related to a generally still low social and civic activity among Poles. Financial resources from the European Union have enabled to complete several large regional projects in Poland, joined among others, by trade unions and employers' associations; however, a solid watchdog centre is still missing.

Neither do consumers sufficiently stimulate the development of CSR in Poland, although their awareness of the environment and shopping ethics has been continually improving. The market of Fair Trade products is very underdeveloped in Poland (awareness of the term as such – 'fair trade' – is declared by only several percent of the population), and the fashionable so-called ethical consumption remains an extremely niche trend. Hopefully, rising living standards and growing knowledge among Poles will entail changes in this tendency, the symptoms of which we are already observing.



/ Development of CSR in Sweden /

Mats Dalberg, Annika Karpfors

During the 20th century, the Swedish society was characterized by a strong social development and the state and the politicians took a leading role in this process. Looking at the second half of the century there also was a growing awareness for environmental issues. Here, the NGOs (Non Governmental Organisations) have been very proactive and significant as key players for directing attention to these questions. Both business and labor have been taxed to finance the social welfare system and creation of laws and regulations have had an important impact. Another important and strong player in the Swedish scene has been the Trade Unions, who have pushed for social responsibility while working towards a stable trend in the labor market.

Historically, Sweden has been a predominantly agrarian society until the mid-1800s. Then the industry, more and more have dominated the Swedish economy. When industrialization came more widely, a strong labor movement developed and in politics the Social Democrats had an increasingly strong position. The former "patriarchal" rule was replaced by a democratic political view. Freedom and independence should be guaranteed and compensation for work should be made by a regulated system for wages and payment in cash.

Trade unions, employer organizations, governmental organizations and the state were powerful rulers. Companies' task was to become effective and make money. The surplus would be transferred to the state through taxes, which then would provide for education, health, social care and infrastructure. During the interwar period these thoughts were more widely accepted and they became the cornerstones of the so-called "Swedish model". Corporate Social Responsibility to employees and communities declined. One can go so far as to say that companies in a way were deprived from social responsibility. Social responsibility became a kind of "social monopoly" for the state. CSR, i.e. what we today mean by Corporate Social Responsibility, was not part of the "Swedish model". However, there were other aspects of social responsibilities that were accentuated, particularly central agreements about wages and other economic issues. In sport you could, at some places, find collaborations between a dominant local employer and the local sports team.

In recent decades, much of the "Swedish model" has been re-evaluated and changed considerably. In the 1980s, one could see increased liberalism in politics, both in Sweden and internationally. Deregulation, internationalization of Swedish industry and the expansion of the global financial markets, contributed to the dismantling of the "Swedish model".

The environmental debate that emerged in the 70 - and 80-century stressed the need for both the business and the society to be more environmentally responsible and to be more long-term thinking. Pressure from consumers together with NGOs also became stronger. One of the Social Democrats new political visions of the time was "The Green Welfare State", which among others included an ecologically sustainable development. During this time there were several examples of Swedish companies that had caused environmental problems and this was being highlighted in the media.

Environmental issues have been important in public debate. This has had good effects on e.g. industrial pollution which has sharply declined over the past 30 years. In recent years, also climate issues have been important in the Swedish debate which helped to further strengthen environmental awareness among Swedish consumers, municipalities and businesses. As an example, Kalmar County is becoming a pioneer region in its efforts to reduce emissions while at the same time ensuring a sustainable growth. The goal is to be fossil fuel free by 2030 - the work has been collected under the name "No Oil".

Internationally, Sweden as a nation has focused on environmental issues of various kinds. As an example, Sweden strives to protect the Baltic Sea and to reduce air pollution in Europe. In the aid policy, environmental protection is seen as an important part and most of Sweden's municipalities have been actively engaged in the work of Agenda 21, the UN Programme of Action for Sustainable Development.

Another key CSR issue in which Sweden has become a leading country is equality. During the second half of the 20th century there has been a significant liberation of women from home and out into work and studies. Survey results shows that Sweden has a high level of gender equality, but there is still much to achieve.

Among the largest publicly listed companies in Sweden most of them have been working with CSR issues for quite some time, at least 10 years, although, until recently, it is not so often referred to as CSR. Large and medium-sized businesses are expected to have a set of values and a code of conduct. Investors, analysts and other interested parties are actively seeking this kind of information for business purpose. This is also reflected in how the companies embrace various CSR initiatives. In 2010, more than 100 Swedish companies had joined the UN Global Compact and 83 companies reported in accordance with GRI guidelines (Global Reporting Initiative). A significant increase was noted in 2009 when it became mandatory for public companies to report according to GRI.

Why do Swedish companies choose to work with CSR? What are the drivers? A study from 2003, which asked companies why they reported according to GRI guidelines, indicates that the main reasons are the desire to seek legitimacy and increase the credibility of their social responsibility. Many of the companies also say that it has been useful internally and has helped the company to evaluate their own work and see what has actually been made within the organization. Another important reason why many companies work with CSR is that they are afraid of being scandalized in the media. But the fear of the media also has had the effect that some Swedish companies are not communicating CSR. They choose not to tell about everything they do, for fear of being reviewed.

Sweden and Swedish companies are in a globalized world and of course they are much influenced by trends and developments in other parts of the world. Sweden is, since 1995, a member of the EU and culturally Sweden is influenced of what happens in the rest of the world, not least the United States. EU's increased commitment to CSR issues, such as the EU Green Paper of 2001, has for many served as a guide for the development of their CSR work.

Many companies see CSR as a strong competitive impact and a factor that promotes growth. A company that is good at CSR is well placed to recruit employees with appropriate qualifications and the skills the company needs.





03



CSR in SMEs

/ International Humanisation of Economic Life /

/ Social responsibility as an integral component of competitive strategy
in small and medium enterprises /

03. CSR in SMEs



/ International Humanisation of Economic Life /

Anna M. Nikodemka-Wolowik

CSR, also defined as “creating business with human face”, is an imperative of the moment and generates long-term general social benefits. This is proven by more and more initiatives of socially-oriented companies implementing standards of ethical behaviour generally understood as honest management, which are carried out also internationally.

International organisations also present their position on the above subject at the institutional level. Herebelow, we present examples of such projects, sequenced by range and significance of a given institution: commenced in 1999 by Kofi Annan, former Secretary General of the United Nations Organisation, *Global Compact*; in 1999, the programme of the United Nations and the Global Reporting Initiative *United Nations Environment Programme* (so called social reporting); the European Commission's documents: *Green Paper on CSR* of 2001 and *Communication from the Commission Concerning CSR: A Business Contribution to Sustainable Development* of 2002, *European Multistakeholders Forum on CSR*; in 1973, *the Davos Manifesto* announced at the Third European Management Forum. They spurred stimulated enterprises willing to efficiently implement CSR assumptions.

CSR postulates should be implemented on the basis of actual activities taken by enterprises, since sole declaration of the use of popular social slogans is a slight to the organisation's reputation, more than the actual negligence of such initiatives. It is possible to implement international principles at least partially. This is not a matter of fulfilling a philanthropic mission, which is done by organisations having such an activity recorded in their statutes, but of the harmony of co-existence and mutual support, taking into consideration general social interest. This is what the market expects, rejecting baseless populism and demagoguery at the same time. However, the prosocial concept does not question the organisation's right to increase its wealth: the enterprise must achieve its economic goals to fulfil its social mission¹⁸. A market strategy should be implemented given both economic (e.g. the rational use of resources, the assurance of fair pay to employees and profit to shareholders) and legal (the absolute observation of regulations) responsibility. Since the enterprise's operating priorities comprise profitability to be achieved in a fair manner and in accordance with the letter of law, regular tax payments or the assurance of appropriate conditions to employees. Without a sound financial position, it is not possible to achieve reliable social engagement.

To act to the benefit of CSR, it is necessary to specify concrete benefits to addressees and explicitly define the size of aid and its beneficiaries. Additionally, some enterprises show the symptoms of

¹⁸ W. Żurawik, *Marketing. Podstawy i kontrowersje*, Wydawnictwo Uniwersytetu Gdańskiego, Sopot 2005, p. 322.

hypocrisy when the exhibition of their ethical behaviour and involvement in philanthropic projects are used as a screen for unfair activity¹⁹. It is worth reminding the still current words of T. Veblen, who claimed that "factual competitive and envious motives may be discovered in each charity activity"²⁰. A reason for the rift between the actual and declared prosocial involvement of organisations is sometimes the inertia of its stakeholders, particularly customers, who accept the dualism of enterprises' behaviours by their own approach. However, this happens more and more rarely because of efficient buyers' reactions.

Here, it is necessary to turn attention to the changing role of a consumer, who is rightly called a prosumer²¹ by giving a single selected example. So, stronger and stronger web social networks, including consumer ones, which are critical, on the assumption, closely observe enterprises' behaviours. They sympathise with ordinary workers of the monitored entity many times. They place information on the organisation's actions on a current basis and point out, in particular, controversial and negative doings, usually supported with specific evidence in the form of the real image. This entails changes in approaches of the enterprises, which, being aware of such a peculiar initiative, are forced to obey certain CSR rules. Thus, aiming at transparency often results not from the enterprise's actual beliefs or tradition, but from pragmatism, and is the outcome of the complex conditions of the turbulent market environment and the merging of real and virtual worlds. It is also necessary to mention a new trend in the market. A contemporary consumer, moving every day in the world of advanced technologies, is a searching unit, treating fixed goods as means to achieve the goal, and not as goals as such. He gradually assumes an anti-tech approach by coming back to the nature, intangible values, tradition, which results, without limitation, in his involvement in the protection of the natural environment, the establishment of stable relations in local communities and the cultivation of regional habits. This puts new challenges to enterprises addressing their offer to such target segments.

If prosocial engagement is to be the attribute of the enterprise's identity, it should be long lasting and not take the form of an ad-hoc action, which is referred to for years, even groundlessly. While, informing about the simultaneous involvement in many projects undermines the organisation's reliability, which may prevent from establishing the stable and legible image. Additionally, the organisation's emphasising its CSR achievements in the market environment often constitutes only a kind of self-assessment deprived of objectiveness. This entails other hints for entities underlining their involvement in CSR, like for example: having evaluation carried out by independent external entities to confirm the efficiency of prosocial actions or having the enterprise's activity assessed by stakeholders, particularly customers and customer associations.

The observation of trends in behaviours of market entities shows that the importance of "establishing business with human face" increases (which is proven, for example, by the care of the natural environment, the internalisation of environmental values, the observation of human rights, prevention against employee discrimination). This also contributes to a need to shape the rules of the market game

¹⁹ More: R. J. Neuhaus, *Biznes i Ewangelia. Wyzwanie dla chrześcijanina – kapitalisty*, Poznań 1993, p. 52.

²⁰ T. Veblen, *Teoria klasy próżniaczej*, Państwowe Wydawnictwo Naukowe, Warszawa 1971, p. 310.

²¹ This is the combination of a producer and consumer's role. A buyer not only buys goods, but has a direct impact on their development (e.g. By participating in the assessment of product prototypes), is an active and conscious market player, and other consumers of the goods take his opinion into account.

and enforce them at institutions, including international legal regulations. Examples are also provided by the EU common policy, e.g. in terms of environmental protection (covering Poland as of its accession) and the implementation of sustainable development concepts. The European Commission clearly underlines the need of both market parties getting involved in the change of production and consumption patterns into such patterns that favour sustainable development, and making the economic growth independent of environment degradation²². The RespEn project is such an initiative, which promotes the CSR concept in Poland and Sweden in many fields by connecting these two countries under joint ventures.

²² *The 2005 Review of the EU Sustainable Development Strategy: Initial Stocktaking and Future Orientations*, Communication from the Commission to the Council and European Parliament, CEC /2205/ 225, p. 6.



/ Social responsibility as an integral component of competitive strategy in small and medium enterprises /

Grzegorz Baran

Introduction

Interest in the CSR concept has been continually on the rise in Poland in the last two decades. The idea of Corporate Social Responsibility was first defined in 1889, by Andrew Carnegie in the essay "Gospel of Wealth". He understood social responsibility as a practical implementation of two principles: charity and stewardship. Since then, the approach to social responsibility has changed significantly. The concept of CSR has been evolving towards maintaining and developing relations beneficial for both the enterprise and its stakeholders. Small and medium companies should keep beneficial relations with all the groups that are associated with their activities, or their results.

The purpose of the study consists in showing the role of social responsibility in developing an efficient competitive strategy for small and medium companies. The study is an attempted synthesis of the results of research performed under the RespEn project in 2010 – 2011. Under the project, surveys were carried out on a sample 251 micro, small and medium enterprises from the Pomeranian voivodeship (province) in Poland, and 35 enterprises from the Kalmar Region in Sweden. Quantitative research was preceded by in-depth interviews with 10 entrepreneurs from the SME sector. Also, the article includes several conclusions from author's own research activities conducted in 2005 – 2006 on a sample 60 companies from Lesser Poland, indicated by the social environment as distinctive in terms of social responsibility.

On basis of empirical research, respective literature and studies that summarise other assessments, an attempt has been made to determine the possibilities and challenges in the process of involving small and medium enterprises in activities associated with Corporate Social Responsibility. On formulating the concept of social responsibility of SMEs, attention has been dedicated to the specific features of the assessed sector. In particular, current and potential relations of small and medium companies with their broad social environments have been assessed, their role in these environments, and their motivation to become involved in the matters of local communities. An important element of the performed analysis was social responsibility for developing good market relations, that constitute the foundation of the operations of all enterprises. These issues require serious reflexion, especially in context of social legitimacy and building trust in relations with clients, trade partners, or own personnel.

SME as part of broad society

Dissemination of social responsibility has become an important social issue in the recent two decades. At the turn of 19th/20th centuries, and during World War I, owners and shareholders managed by themselves their own enterprises, and all social activities depended on their will. Since then, significant changes have occurred in the United States and Europe as regards the perception of social responsibility by theoreticians, entrepreneurs, public administration, and the general public.²³

The concept of Corporate Social Responsibility was first formulated in 1889 in the essay "The Gospel of Wealth" by an American steel magnate Andrew Carnegie, as an implementation of two principles: charity, and stewardship. Meeting these commitments should be beneficial in the long term both for society, and the entrepreneur.²⁴

Small and medium companies should maintain and develop beneficial relations with all groups that are associated with their activities or their results. This concept is consistent with the statement by a director of an American enterprise, who said that "every citizen is an enterprise's stakeholder, regardless whether he holds shares in it or not, whether he works in it or not, whether he buys its products or not. The sheer fact that he lives within American society, makes him a stakeholder"²⁵. This statement, although it refers to American enterprises, nevertheless remains valid. As a matter of fact, every citizen is part of state and society, and has every right of access to all of its assets. Companies neglecting the needs of its stakeholders, lose the capability to shape a positive social environment for their operations, what translates to costs in economic terms.

According to P. Drucker, "social responsibility of managers requires an attitude to ensure that everything what's actually in the public interest, becomes the enterprise's own interest".²⁶ This statement perfectly demonstrates how the perception of the concept of responsible business, has been evolving. In many, especially large enterprises, separate CSR strategies are being developed. In small and medium companies, wider options are provided by searching for the possibility to integrate CSR with the organisation's mission and strategy. The principles of social responsibility then become the foundation of a business model.

According to Freeman and Liedtke, the enterprise should be treated as part of a broader social spectrum, within which it operates.²⁷ The idea of social responsibility then gains importance also from the enterprise's viewpoint. Porter and Kramer say that current social responsibility programmes are used by companies as a tool to improve their image and reputation. Social responsibility is considered a necessary evil and financial burden that is difficult to avoid, that should not exceed the indispensable

²³ Rybak M., *Etyka menedżera – społeczna odpowiedzialność przedsiębiorstwa*, PWN, Warszawa 2004, p. 15

²⁴ Rybak M., *Etyka menedżera – społeczna odpowiedzialność przedsiębiorstwa*, PWN, Warszawa 2004, s. 15; Post J. E., Frederick W. C., Lawrence A. T., Weber J., *Business and Society: Corporate Strategy, Public Policy, Ethics*, McGraw-Hill, USA 1996, p. 41-42

²⁵ Post J. E., Frederick W. C., Lawrence A. T., Weber J., *Business and Society: Corporate Strategy, Public Policy, Ethics*, McGraw-Hill, USA 1996, p. 43

²⁶ Drucker P. F., *Spółczeństwo pokapitalistyczne*, PWN, Warszawa 1999, p. 418

²⁷ Freeman E. R., Liedtka J., *Corporate Social Responsibility. A Critical Approach*, Business Horizons, Vol. 34, No. 4, 1991, p. 94-95

minimum, because it might be seen as irresponsible waste of shareholders' money²⁸. Such thinking also determines the strategies of enterprises as such, for which social issues remain at the sidelines of their business operations, not in their core. Meanwhile, business and society do not function separately, to the contrary, they are mutually influencing each other, and mutually dependent. In principle, the enterprise is a social entity, because **(1)** it meets an important social interest; **(2)** it meets its targets thanks to developing and maintaining various relations of a social character; **(3)** by its activities, it may negatively affect social interest.

It's hard to disagree with Porter and Kramer, when they claim that we are still lacking the framework rules that would give a direction to efforts aimed at providing proper importance to social issues in modern thinking on the role of organisation and management. According to the authors, "the problem largely applies to the companies themselves, that are incapable of resigning from the outdated approach to producing values, that has been shaped in recent several decades. They still perceive these issues in a narrow way, optimising their short-term financial results, creating bubbles, missing clients' most important needs, and ignoring the broader impacts that determine their long-term success. If it were otherwise, would companies worry about their clients' poverty, depletion of natural resources that are crucial for their own operations, profitability of key suppliers or the economic backwardness of the communities within which they perform their activities? If it were otherwise, would companies assume that moving their operations to all places where they can pay employees less, constitutes a permanent solution to problems with competitors?"²⁹

It acquires special importance as regards smaller firms, the owners of which often exercise full powers. In large corporations, strategic decisions are most frequently the product of consensus between many persons (e.g., members of management). However, the full autonomy of owner's decisions in a small enterprise, is an illusion. A small company is exposed to many social influences, and small resources also reduce the force of its impact. Thus, the proper identification of key stakeholders is crucial, as is a management procedure that enables the company to gain strong social legitimacy, and efficiently take advantage of its stakeholders' potential.

Therefore, CSR has been becoming a way of conducting business, not something additional to core activity. This approach to CSR does not contradict early opinions on social responsibility, the more so: **(1)** enables a more comprehensive approach to these issues; **(2)** constitutes a better point of start to operationalising the concept as such, by developing specific methods and tools to manage a responsible business; **(3)** enables to understand better the meaning of CSR for enterprises whose purpose in the first place is profit, not social activity. Porter and Kramer say that business and society have been opposed to each other for too long. In the neoclassical economic theory, improving the quality of social life (e.g. by ensuring safe employment, hiring disabled persons, etc.) is considered a certain restriction imposed upon enterprises.³⁰ Nowadays a concept of social responsibility is necessary, that would not oppose the achieving of profit, to providing benefits to society.

²⁸ Porter M. E., Kramer M. R., *Tworzenie wartości dla biznesu i społeczeństwa*, Harvard Business Review Polska, May 2011, p. 39

²⁹ Ibidem, p. 38

³⁰ Ibidem, p. 39

Involvement of SME in the issues of local community

An interesting view of social responsibility was presented in 1971 by the Committee for Economic Development. CSR was depicted as three concentric circles: the most internal represented the enterprise's economic functions, the middle suggested that exercising economic functions must be combined with awareness and sensitivity to changing social values, the external presented newly emerging (potential) areas of responsibility, that should be considered in the aspect of involvement in improving the enterprise's social environment.³¹

The approach to CSR proposed by the Committee for Economic Development is interesting and practical, indicating newly emerging (potential) areas of responsibility, associated with the involvement in improving the enterprise's social environment.³² Regarding many social problems and issues to be resolved, the higher the involvement and contribution of stakeholders, the higher the efficiency of launched activities. Therefore, both the quantitative and qualitative intensifying of this involvement, is in the interest of the public and social sectors.

An important factor of enterprises' decisions whether to engage in social issues, are the benefits those enterprises expect as a result of their involvement. Currently, enterprises must search for new possibilities to compete on the market. Diversifying the market offer as such in the longer term, is becoming increasingly difficult. Competitors are very fast in emulating and introducing in their enterprises the changes that have been positively received by the market. Without distinguishing itself from competitors, the company is not able to compete effectively. Corporate Social Responsibility may be nowadays one of the options of effective, positive distinguishing. The CSR policy is now increasingly frequently integrated with business strategy, especially in areas where it may bring the enterprise tangible benefits. Benefits entailed by higher consumer loyalty, improved relations with government/local authorities, better contacts with investors and growing satisfaction of employees, seem the most convincing for enterprises, paving the way to a broad choice of potential options of co-operation between the commercial, public and social sectors.

The mentioned areas are indicated, i.a. by the results of surveys ordered by the European Commission among 7662 small and medium enterprises from 19 countries in 2001. Similar conclusions result from surveys carried out among 500 major enterprises operating in Poland, according to Rzeczpospolita. Among external benefits of CSR, these enterprises most value improved image and reputation (78% of respondents), followed by increased customer loyalty (73%). They also see internal benefits, such as higher level of organisational culture (57%), attracting and keeping the best employees (40%), or rising motivation of managers and employees (36%).

Analysis of the results of surveys performed in 2005 in Lesser Poland (own research, 2005) on a sample 60 small and medium enterprises, have produced results very approximate to those mentioned

³¹ Committee for Economic Development, *Social Responsibilities of Business Corporations*, CED, New York 1971

³² Carroll A. B., *The Pyramid of Corporate Social Responsibility: Toward the moral management of organisational stakeholders – balancing economic, legal, and social responsibilities*, Business Horizons, July – August, p. 39

above. Among the benefits of undertaking socially responsible activities, the surveyed most frequently selected the following:

- Improved image and reputation of company (78%)
- Rising employees' trust in company (73%)
- Higher organisational culture (65%)
- Increased customer loyalty (55%)
- Rising motivation of employees (53%)

The persons surveyed, among other benefits stated by less than 50% of respondents, additionally indicated: possibilities to acquire and keep the best employees, improving management processes, easier resolving of company's conflicts with "neighbours", easier access to capital, and better conditions for business activities.

The least indicated of the above list, was easier access to capital and better conditions for business (less than 20%), evidencing the unused potential of disseminating social responsibility in the commercial sector. Poland lacks a professional system (applied in the USA and some EU countries) that would include Corporate Social Responsibility as a criterion of the assessment of potential beneficiaries of domestic and EU funding. On one hand, it would motivate the commercial sector to engage in various programmes of co-operation for common good, and on the other, it would be an important factor in selecting beneficiaries. For the high level of social responsibility is often one of the guarantees of successful investment, and that is how support from funds should be viewed.

Therefore, in order to estimate the level of the commercial sector's involvement in the issues of local communities, it is worthy to determine the number of enterprises that undertake or join initiatives/actions in the field of social responsibility. The results of surveys (own surveys, 2005) show that only 28% of respondents do not perform any socially responsible activities. However, these results should be treated with caution, due to the selection procedure of the sample; companies positively assessed by representatives of local communities, were included in the surveys. Completely different results were obtained, when the number of companies undertaking socially responsible activities was estimated by municipal/communal authorities, and communal promotion/cultural centres, that are often well oriented in the local situation. Then, socially active companies are about 1–2% of all enterprises.

Social role of mission in management by SME

The purpose of every organisation's existence is to achieve something; to produce determined commodities, sell them, borrow money, offer insurance, render determined services, etc. The organisation's specific mission is usually well-defined from the very start of operations, although it may change in time.³³ In order to specify the mission, the organisation should pose itself the already classic questions proposed by P. Drucker³⁴: what is our business; who is our client; what is value for that client; how our

³³ Kotler Ph., *Marketing*, Dom Wydawniczy Rebis, Poznań 2005, p. 91

³⁴ Drucker P., *Management. Tasks, Responsibilities and Practices*, Harper and Row, New York 1973, chapter. 3

business should be; what will our business become in the future? Many empirical assessments performed in order to structure the mission properly, have confirmed Drucker's opinion that the answers to those questions should constitute the foundation of a well formulated mission.³⁵

For Ch. K. Bart, the mission is a formal response to the basic, albeit very relevant questions: what is the company's particular objective, why the company exists, and how does it intend to fulfil its mission.³⁶ On the other hand, F. R. David, having analysed 75 statements of mission from a list of 1000 companies published by Business Week, has identified nine components that are frequently repetitive in the assessed missions (David, 1989, p. 90–97): clients, products, location, technology, will to survive, philosophy of activity, how the company perceives itself, image, employees.

Many of these components, singled out by F. R. David on basis of missions analysed, refer to the organisation's environment, however, they also comprise elements associated with the organisation as such (especially employees) and those related to concrete decisions (philosophy of activities, or applied technology). It is very important for the management of small and medium enterprises, that on one hand must be aware of operating within a determined environment, but on the other they should attempt to identify the decisions and actions they can freely influence.

According to J. H. Want, apart from the basic aim of activity – the aim for which the company was established – the mission should reflect the main business targets as well. Among the key components, he also states the company's policy, its identity and professed values.³⁷ Ch. K. Bart³⁸ suggests complementing the list, to include the specific standards of behaviour followed in the company. The presence in the mission of such elements, as values and standards of behaviour, makes it a perfect channel for including CSR in enterprises' everyday activities. According to Kotler, "a clear, well-thought mission offers employees a sense of common aim, direction and possibilities. It makes a personnel operating in various places work individually, but also jointly, to achieve the enterprise's objectives".³⁹ The mission is also a priceless tool that helps to formulate and implement the organisational strategy. In reality however, despite the fact that formulating a mission has become very popular in organisation's activity, analyses demonstrate huge differences not only in the duration and content of individual missions, but in terms of their destination, too.⁴⁰

Also, the close association of mission with the CSR concept is indicated by the frequently stated aim of its formulating. According to R.D. Ireland and M.A. Hitt, the purpose of the mission is to publicly determine the aims, products, markets and philosophy for the organisation. Furthermore, the mission should support the processes of motivating and inspiring to take action.⁴¹ The public declaration stated in the mission is a commitment to observe determined rules, and to profess determined values.

³⁵ Kotler Ph., *Marketing*, Dom Wydawniczy Rebis, Poznań 2005, p. 91

³⁶ Bart Ch. K., *Industrial Firms and the Power of Mission*, *Industrial Marketing Management*, No. 26, 1997, p. 371

³⁷ Bart Ch. K., *Industrial Firms and the Power of Mission*, *Industrial Marketing Management*, No. 26, 1997, p. 371

³⁸ Bart Ch. K., *Industrial Firms and the Power of Mission*, *Industrial Marketing Management*, No. 26, 1997, p. 371

³⁹ Kotler Ph., *Marketing*, Dom Wydawniczy Rebis, Poznań 2005, p. 91

⁴⁰ Baetz M. C., Bart Ch. K., *Developing Mission Statements Which Work*, *Long Range Planning*, Vol. 29, No. 4, 1996, p. 526

⁴¹ Bartkus B., Glassman M., McAfee R. B., *Mission Statements. Are They Smoke and Mirrors?*, *Business Horizons*, November – December 2000, p. 23

Formulating such a declaration requires from entrepreneurs and managers to analyse and think over their plans and aspirations on a level much deeper, than solely in context of the desire to achieve economic benefits.

// Responsibility of small and medium enterprises in market relations //

Searching for social legitimacy of mission

Combining traditional management with the idea of social responsibility, may set a solid foundation for the functioning and further development of small and medium enterprises. The survival and growth of every enterprise are dependent on social consent to the actions of key stakeholders (social legitimacy). Social legitimacy may be a source of motivation for implementing a more responsible management. Many enterprises associate the meeting of long-term targets with the necessity to adopt a social orientation, as condition of good relations with stakeholders.

Socially responsible management is a decision-taking process that considers often opposite needs and expectations of key stakeholders. It is often the necessary condition of achieving social legitimacy. From the willingness to gain social consent for key stakeholders' actions, results the motivation to implement the principles of socially responsible management. This process could seem too complex for small and medium enterprises. However, these enterprises feel just how important are the good relations with individual groups of stakeholders. Small and medium enterprises perfectly understand, for instance, the necessity to adopt a marketing orientation. In this specific case, social legitimacy is expressed by determined purchase decisions. The lack of legitimacy from customers, means that they stop buying the products of a given enterprise. So it comes as no surprise, that in surveys performed under the RespEn project, responsibility in relations with the targeted market (issues associated with clients and commercial practices) is important for over 90% of the surveyed.

At a smaller level of social expectations from the enterprise, the adopting of a marketing orientation works perfectly and guarantees a high degree of responsibility in relations with the targeted market. Only when facing stronger social criticism of business, enterprises are forced to demonstrate more sensitivity to social issues.⁴² Emphasis on social orientation in marketing, along with increased interest in the CSR concept, is another confirmation. Some entrepreneurs, taking advantage of social marketing guidelines, try to include a broader social interest on basis of marketing management. Marketing skills and activities are known and desirable also in small and medium enterprises, unlike the CSR concept that is completely alien to them.

The purpose of socially responsible management is to gain social legitimacy, that is why it is especially associated with the long-term prospects of the enterprise's activity and development. In the social perspective, the condition of legitimacy is a management that produces social effects of activities.

⁴² Carroll A. B., Buchholtz A. K., *Business & Society: Ethics and Stakeholder Management*, Thompson Learning, South-Western College, USA 2003, p. 32

Therefore, socially responsible management is conditioned on the continual search for a consensus/ even balance between social, and economic effects of activities.

The organisation that strives to develop in the long term, must be aware that it is not operating in isolation, to the contrary, it is exposed to various social influences. Durable relations with key stakeholders facilitate the anticipating, and even shaping of these influences. But, it should be kept in mind that such relations are not determined once for ever, they must be continually recreated by a socially responsible management. Recreating the relations means launching actions that confirm, transform or develop the existing relations.

The analysis of the sociocultural field of the marketing environment, points to several associations between factors of impact located in the environment and the possibilities of taking advantage of the opportunities associated with meeting social needs, which is one of the indicators of responsible business. Organisations that want to be successful on the market, must analyse their activities not only in terms of their own interests, but of the interests of their environment as well. Such an approach coincides with the concept of mission and social marketing.

Small and medium enterprises naturally aim their operations at achieving profit, which is the foundation of their very existence. But under the mission's requirements they should not act for profit only, they should meet broader social needs as well, in the public interest. The public interest evidently combines the concepts of social marketing with the concept of Corporate Social Responsibility. Social marketing demonstrates the possibilities of combining activities performed in public interest with satisfying clients' needs, simultaneously achieving financial profits. Moreover, social marketing provides for achieving additional benefits, as result of considering the social expectations. Certainly among the most important advantages is creating and developing a positive image, good reputation, credibility of mission, easier functioning within the local community, higher consumer loyalty, or increasing employees' satisfaction.

Organisations strive to formulate a mission, because it brings them several benefits. The four most often quoted, are the following:⁴³

- Communicating the objective and directions of the organisation's development. Thanks to mission, the organisation may work out a coherent list of long- and short-term aims, tasks and action plans. The mission indicates to employees, shareholders and clients, where the company is heading.
- The mechanism that keeps the organisation on proper track. The mission may stop the company from engaging in new areas of activity, not associated with its core business. It is a kind of a borderline, that determines the admissible scope of company's activities.
- Assistance in taking a broad range of everyday decisions. If it is necessary to take a new decision, the mission may be used as a set of criteria that indicate proper actions to employees.

⁴³ Bartkus B., Glassman M., McAfee R. B., *Mission Statements. Are They Smoke and Mirrors?*, Business Horizons, November – December 2000, p. 24

- Inspiring and motivating employees. The mission gives importance to work, offers the employee a sense of objective, shared within the entire organisation. Which enables employees to feel that their efforts serve a broader purpose, that becomes more important for them than their individual interests.

For small and medium enterprises, the mission should not boil down to an abstract tool of management, used mainly by large companies. Nor should it be an empty declaration, that may be exposed on websites or in promotional materials. Surveys carried out under the RespEn project have confirmed that SME's resources are very limited, what is an important obstacle hampering the development of social responsibility in the sector. For small and medium enterprises, the mission may be a tool for properly co-ordinating their external and internal operations. It is so important, because its purpose is to communicate the company's characteristics, enabling current and future employees, suppliers, investors or clients, to determine whether they are interested in co-operating with the given organisation. The mission may be a reliable source of information about managers' and owners' plans related to the enterprise's future. Thus the mission is an indication for stakeholders whether it needs their resources (e.g., work from employees, capital from stakeholders), and whether it will value these resources in the future. Eventually, if stakeholders are capable of adjusting their individual aims to the company's objectives, they become spontaneously motivated to co-operate with this company. In other words, the mission by its clear message on the character and direction of the company's development, attracts the adequate stakeholders that establish co-operation with it and contribute to its development, because they have the necessary motivation.⁴⁴ Stakeholders may assess whether a determined profile of company's activities and the direction in which it is heading meet what they want, and take the decision on possibly involving their resources.

Trust as the condition of social legitimacy of SME

One of the challenges faced by a good mission, is to combine adopted principles and values that distinguish the given organisation from its competitors, with the aims and strategy of activity. Trust in SME is an emotion based on the conviction that they will act as they declare, or hold the declared qualities. In scientific studies, the term is understood as "certainty, hope, conviction or set of convictions, predisposition, a variable situational, structural or interpersonal, variable of a social relation of trusteeship".⁴⁵

Trust is closely associated with responsible activity. By placing their trust in others, people believe they will act in responsible ways. Trust often is the conviction that actions of the other party towards us are fair, resulting from willingness to do good. According to P. Sztompka, "we place our trust in a person – subject, whom we believe will give us good advice thinking of us, not himself"⁴⁶. For R. Hardin, "to trust someone, means to believe that that person is driven by good intentions and capable of what we expect of him"⁴⁷. Relating this to small and medium enterprises, their responsibility is the condition

⁴⁴ Ibidem, p. 27-28

⁴⁵ Lewicka – Strzałocka A., *Zaufanie w relacji konsument – biznes*, Prakseologia 2003 nr 143, p. 195-207

⁴⁶ Sztompka P., *Zaufanie. Fundament społeczeństwa*, Wyd. Znak, Kraków 2007

⁴⁷ Hardin R., *Zaufanie*, SIC, Warszawa 2009, p. 25

of the trust placed in them by clients, employees, contractual partners, and local communities. Mutual trust is a necessary condition of working and developing mutual relations, and effective co-operation.

Trust is crucial for small and medium enterprises. Many transactions and activities are very risky for SME. Then the importance of trust increases, as a factor stabilising relations. Lack of trust reduces the margin of possible relations, both external and internal. When external relations are limited, the enterprise loses many valuable options of potentially beneficial relations with clients, contractual partners, even competitors. Limited internal relations slow down the development and use of own personnel's potential. Without sufficient trust from key stakeholders, the mission remains a declaration only. Trust is the necessary condition of gaining social legitimacy for the organisation's mission, strategy and activities. Trust considered in context of developing social ties, is especially important SME. Trust then is the structural element of developing the enterprise's co-operation with other entities within a given community. Good co-operation, on the other hand, increases the chances of executing business targets.

Conclusions

P. Drucker's opinion that "social responsibility of managers requires to proceed as to make everything what is in actual public interest, to become the enterprise's own interest" not only well illustrates the evolution of the CSR concept, but also perfectly meets the challenges faced by small and medium enterprises. The concept of CSR emerged as a result of intensified social criticism of business. N.C. Smith and H. Ward say that "the hitherto followed business process does not resolve social problems"⁴⁸. According to M.E. Porter and M.R. Kramer, "the capitalist system is at a deadlock. For several years now, business has been increasingly perceived as the main cause of social, environmental and economic problems. The general conviction is that companies prosper at expense of larger communities"⁴⁹. Social criticism first affected the big corporations. Which does not mean it will not move to small and medium enterprises in the future. They will have to find a way to be able to face the rising requirements of the social environment.

The intensifying social criticism of business is accompanied by a continually increasing need to effectively include elements of social responsibility into the mission and strategy of activity. Which is confirmed by the results of surveys performed under the RespEn project in 2010 – 2011, as well as the results of other empirical surveys (i.a. author's own studies), and increasingly extensive literature on the subject.

In the study, the thesis was adopted that the basis for good relations with the environment, for market relations in particular, is social legitimacy and trust in the enterprise and its mission. As regards market relations, legitimacy means purchase decisions beneficial for the company. That is how clients give the company their consent to further activity. This approach harmonises with contemporary marketing trends. The American Marketing Association in October 2007 adopted a completely new definition

⁴⁸ Smith N.C., Ward H., *Dotychczasowy sposób prowadzenia biznesu nie rozwiązuje społecznych problemów*, in: N.C. Smith, G. Lenssen, *Odpowiedzialność biznesu. Teoria i praktyka*, Wyd. Studio Emka, Warszawa 2009, p. 31-32

⁴⁹ Porter M. E., Kramer M. R., *Tworzenie wartości dla biznesu i społeczeństwa*, Harvard Business Review Polska, May 2011, p. 36-38

of marketing, that strongly emphasises the creating of social value. Under this definition, “marketing is a set of institutions and processes of creating, communicating, delivering and exchanging offers of value for clients, recipients, partners and society as a whole”⁵⁰. Contemporary marketing orientation requires to search for the ways to achieve profit by actions that are beneficial to society. Effective competition strategies are based on the ability to combine activities performed in social interest with meeting clients’ needs, simultaneously achieving financial profit.

Associating traditional management with the concept of social responsibility, may set a solid base for the functioning and further development of small and medium enterprises. The survival and growth of every enterprise depends on social consent to activities performed by key stakeholders. It constitutes a source of motivation to engage more deeply in developing the concept of social responsibility in one’s own enterprise. Small companies are subject to various social influences, and their small resources also reduce their force of impact. Therefore, especially important is the correct identification of key stakeholders and the management system, thanks to which the enterprise will gain strong social legitimacy and efficiently strengthen its ties with key stakeholders.

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04



Research results

/ Editor's comment /
/ Methodology /
/ Analysis and recommendations /
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04. Research results



/ Editor's comment /

Anna M. Nikodemka-Wolowik

On addressing the research issues associated with implementing the CSR concept in Poland and Sweden, the authors of the study were well aware of the differences in the approach to CSR in both countries. However, the results of empirical assessments - especially of those performed in Poland - were a surprise for both the persons in charge of their execution, and for experts commenting the outcomes of interviews carried out.

Actually, the results of surveys show the self-evaluation of entrepreneurs of both countries, incidentally revealing the unexpected native entrepreneurs' satisfaction with their engagement in CSR. The reasons of this phenomenon should be seen in the very essence of the subject of assessment; the term Corporate Social Responsibility as such, may impose "political correctness" upon the respondent, inducing him to select responses rather consistent with the good habits that generally rule business activities, instead of those that conform to reality. Therefore, the results do not reflect the actual state, but the somewhat idealised image created by respondents. Now it is worthy to quote a fragment of the text by expert Jacek Dymowski, who comments the outcome of surveys: "Disturbing is at least the fact that 87.2% of Pomeranian entrepreneurs consider their companies socially responsible, while according to the same assessment, only 57% declare awareness of the term "Corporate Social Responsibility" in the first place. As regards Swedish entrepreneurs, such discrepancy also exists, but disproportions are significantly smaller (respectively 97.2% and 88.6%)." The full comment is on page 72 of the publication.

Meanwhile, Swedes' attitudes towards CSR seem reserved, and opinions on their progress in "developing a business with a human face" – even modest (as compared to those of Polish entrepreneurs). Unlike Swedish entrepreneurs, who have long and documented achievements in CSR, Polish business-people who are still in the phase of planning certain CSR activities, are in a way attributing in advance to themselves the associated merits. The question arises, what are the reasons of so cautious opinions of Swedish entrepreneurs? Firstly they result from, i.a. mentality; Swedes are not a society intent on impressing others with their achievements; secondly, from the conviction that the situation is never good enough not to improve further; thirdly, from the high level of consumer awareness in Scandinavian countries. Customers in that region verify corporate operations on a current basis, evaluating them according to their actual achievements. Furthermore, on the Swedish market an important role in the assessment of economic entities pertains to certificates they hold, especially international, that evidence concrete achievements and/or implementations, e.g. in the field of environmental protection. While in Poland, little more than 10% of those surveyed, declare having obtained such documents.

In light of the above, the question arises whether in case of sensitive issues is it purposeful to conduct research activities that produce declarative results. Definitely yes, because they enable to define the differences between actions and statements, determine the areas where those differences are most pronounced, and to focus educational programmes for entrepreneurs exactly on those areas. It is one of the aims of this publication, as well as of the education part of the RespEn project.



/ Methodology /

Monika Probosz

The research part of the project was composed of two phases – qualitative and quantitative. In the qualitative phase, 10 individual interviews were held with representatives of micro, small and medium enterprises representing different sectors (trade, services, production). This enabled to identify the awareness of respondents related to the area of Corporate Social Responsibility, and their habits and convictions associated with CSR practices. The acquired information was used to structure an interview questionnaire for the quantitative phase.

The interview questionnaire was developed as a result of collaboration within an international team, on basis of the ISO 26 000 standard and results achieved in the qualitative part. The questionnaire, as a basic measuring tool, was adjusted to the actual conditions in countries more and less advanced in the development of CSR. Thanks to joint efforts, two of its versions were created; a simpler for markets that are beginning to implement CSR practices, and a more complex for the markets that are advanced in this regard.

Quantitative assessment was applied to entrepreneurs representing the micro, small and medium business, operating in Pomeranian voivodeship (Poland) and Kalmar region (Sweden). 251 Polish and 35 Swedish entrepreneurs took part in the survey. The sample contained of, respectively, 14% and 26% medium-sized enterprises, 41% and 60% small and 44% and 14% micro ones. As in the qualitative research, there were examined representatives of all three branches (in Poland and Sweden respectively 21% and 31% - services, 22% and 6% - trade, 29% and 54% - production, 28% and 9% - mixed industries). In Poland the study were subjected only to the companies already co-operating (81%) or planning to cooperate with foreign countries (19%). In Sweden, it was respectively 63% and 6%, while 31% of Swedish companies did not cooperate and does not intend to cooperate with foreign countries.

Methodological differences occurred between assessments performed in both countries. The Polish section of the survey was performed applying the method of computer-aided telephone interviews (CATI). Interviews were held mainly with owners or co-owners of firms (64.1% of respondents). The second group of respondents was composed of persons that co-decide on the firm's development, or have influence on strategic decision-taking.

In Sweden, Internet survey was the applied method. In the Swedish assessment, the group of respondents was extended to include persons on high corporate positions, but without influence on strategic decisions; in the Kalmar region, owners were 17.1% of the surveyed.



/ Analysis and recommendations /

Grzegorz Baran

Introduction

According to P. Drucker, “social responsibility of managers requires an attitude that makes everything what actually is in public interest, to become the enterprise's own interest”⁵¹. This statement reflects how the perception of the idea of responsible business has evolved, which already emphasises not the creation of a CSR strategy – which was the first phase of passing from the idea as such, to concrete actions – but full integration of social responsibility on the strategy level, and increasingly also on the level of mission and model of business. It is when everything what is in social interest is included in the organisation's own interest, as demanded by P. Drucker. The term ‘social interest’ suggests that the enterprise, as every individual and every organisation, is a social entity. The enterprise is a social entity in principle, because:

(a) It acts in important social interest: it is not about philanthropy, or tasks posed to social enterprises under a social economy, it is about activities in social interest by performing functions for which this institution was established in the first place, such as, i.a., enabling owners and investors to multiply their capitals by its involvement in specific projects, thus multiplying the wealth of the whole country; creating jobs; producing and supplying products and services which society needs.

(b) It implements its tasks by developing and maintaining various types of social relations; it employs people and manages their work, co-operates with various types of business partners, sells products and renders services for clients, establishes many around-business relations in the local community where it operates.

(c) By its actions it may negatively affect the social interest, mainly by the harmfulness of operations undertaken, or negligence in undertaking specific action to the benefit of the environment in which it operates (including the markets of its operations, natural, social, economic environments).

Therefore, CSR is becoming a manner of doing business, it is not a by-product of the core activity. Such approach to CSR does not contradict the early views on social responsibility, however:

(1) Enables a more comprehensive approach to these issues;

⁵¹ Drucker P., *Spółeczeństwo pokapitalistyczne*, PWN, Warszawa 1999, p. 418

- (2) Constitutes a better point of start to operationalising the idea as such, by developing concrete methods and tools to manage a responsible business;
- (3) Enables to better understand the sense of CSR relative to the enterprises that are designed to generate profit, not to perform social activities (which means philanthropy).

From the extensive empirical material the results were selected, that in a particular way demonstrate the specific features of the activities of small and medium enterprises. It is as relevant, as these features prevent the direct adjustment of CSR dissemination methods, that are known from the experience of collaboration with large enterprises.

The analysis of the results of research has been especially used to develop the recommended solutions, that are designed to enhance the social responsibility of small and medium enterprises, to ensure their better services for the communities in which and to the benefit of which they operate.

Awareness and importance of the concept of Corporate Social Responsibility

On basis of surveys and in-depth interviews, the awareness was assessed of the concept of Corporate Social Responsibility in the micro, small and medium enterprises sector from the Pomeranian voivodeship (on sample of 251 enterprises). The results were listed and compared with the results of the Swedish edition of the assessment (on sample of 35 enterprises from Kalmar region). It should be stressed, that due to considerably differing quantities and selection procedures of samples in Poland and Sweden, the results are not fully comparable.

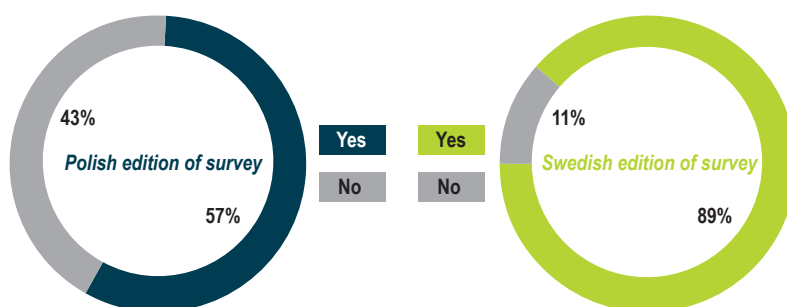


Fig. 1. Awareness of the term Corporate Social Responsibility

Source: Survey RespEn, 2011.

Indeed, in most firms assessed (57% in Poland and 88.6% in Sweden) awareness of the CSR concept was declared, but further results of research may suggest a considerable variety of occurrences and activities that are included by the assessed in the concept in question. A large part of the assessed associate CSR with ethics in activities, perceived as responsibility for decisions and actions taken, reliability, fairness, morality or observing the rules of fair play, possibly related to the ongoing process of management education. Business ethics continue being present in education programmes for managers, much more often than subjects relative to social responsibility. Which may point to high importance of education and other formation forms in preparation of the future manager, and thus the ways of conducting business.

Also highly indicated were the answers combined: Corporate community involvement and development of local community, and sense of mission (as activities to common benefit). These are activities closely related to the model – strongly promoted in Poland – of involving enterprises in implementation of social tasks. As a result of many – often widely reported by mass media – social actions joined by large and well known enterprises, the social awareness of the actions as such is on the rise, as well as of the image advantages they entail.

The CSR concept is also often associated with practices at workplace, and care for the natural environment. These domains have already become evidently permanently engraved in the concept of Corporate Social Responsibility, at the same time offering the advantage that at proper management, they may bring tangible business profits.

Much less indicated as related to CSR, were responsible commercial practices and issues related to clients, which may mean that they are more associated with performing economic activity, than with social responsibility. For social responsibility often continues to be perceived as an additional activity, that should not even be associated with business. Some consider the benefits achieved by being responsible, as diminishing corporate merits. While commercial practices and issues related to clients are mainly associated with marketing, as a purely business concept of management.

At this point, the question arises on the way the CSR concept is perceived by enterprises. A. M. Quazi and D. O'Brien talk about perception of CSR either in the category of benefit, or cost for the organisation.⁵² Then a split is apparent between enterprises that perceive the activities related to social responsibility as a burden (cost), and those that consider the costs entailed in the aspect of investment, as in the case of marketing actions, or quality development. It is due on one hand, to the difference between considering the organisation's operations in the short and long perspective, and on the other, the skill or lack of it in using social responsibility in business strategies. Since skillful integration of the social responsibility policy with the organisation's strategy, may indeed trigger its development in the long term.

Also worthy of stressing is the absence of dependence of declared awareness of the term CSR, on the size of enterprise. On one hand, it may partly result from growing general social awareness and popularisation of the CSR concept. On the other, the possibility that some of the smaller firms are

⁵² Quazi A. M., O'Brien D., *An Empirical Test of a Cross-national Model of Corporate Social Responsibility*, "Journal of Business Ethics", nr 25, 2000, p. 33–51

not fully willing to admit their actual level of awareness of social responsibility, cannot be ruled out. Perhaps some of the assessed, who declared their awareness of the term, either have very general knowledge on social responsibility, or associate it with selected aspects only. Which is confirmed by analysing data against the results of other surveys, that often demonstrate the domination of larger firms, as regards awareness and progress in implementing the CSR concept.

Conclusions

- (1) **Role of social awareness.** The gradually rising knowledge on social responsibility, also among smaller enterprises, indicates that the activities aimed at promoting this knowledge in society, should be continued and expanded. Entrepreneurs and employees in enterprises, especially from the SME sector, often have their origins in local communities. Rising awareness of CSR in local communities, should positively enhance social responsibility in enterprises. Secondly, developing awareness is the first step on the path to accepting and applying this idea, which is often new for SMEs.
- (2) **Role of education.** When analysing the split proposed by Quazi and O'Brien, into enterprises that perceive CSR as costs and those for which it is an investment, conclusions arise that are related to the insufficient knowledge on how to combine the policy of social responsibility, with the business strategy. Such an approach may significantly increase both the number of enterprises interested in CSR, and the range of activities and initiatives implemented. For social responsibility should not be brought down to a philanthropic meaning, by which enterprises decide to engage in social issues, even when it is considered an additional cost for the organisation. In such approach, responsibility arises from purely ethical or altruistic motivations, and the willingness to act to social benefit. But, this view of social responsibility is not only inconsistent with the institutional guidelines of contemporary business, but most importantly, it may contradict the corporate economic responsibility. In the longer perspective, it may as well generate negative social effects (e.g., reducing employment, or worsening work conditions, triggered by the worsening of the enterprise's economic condition).
- (3) **Difficulty in creating a uniform model of social responsibility for SMEs.** The assessed enterprises do not see the relation between minor actions, and the CSR concept. They do carry out some activities, but they do not perceive it in overall terms, as CSR. Furthermore, the specific features of CSR, their scope of activities, and differences between individual enterprises, render impossible the developing of a determined model of social responsibility for the sector. Different aspects of social responsibility are relevant for different representatives of the SME sector.

CSR areas important for small and medium enterprises

On basis of the research results, the areas of socially responsible activities may be pointed out, the developing of which on one hand is very important in terms of social interest, and on the other, faces high chances of success, considering the current state of interest in and acceptance of the CSR concept among micro, small and medium enterprises. Among the mentioned areas, the following are especially important:

- Responsible market relations
- Labour practices
- Community involvement and development
- Responsibility for the natural environment

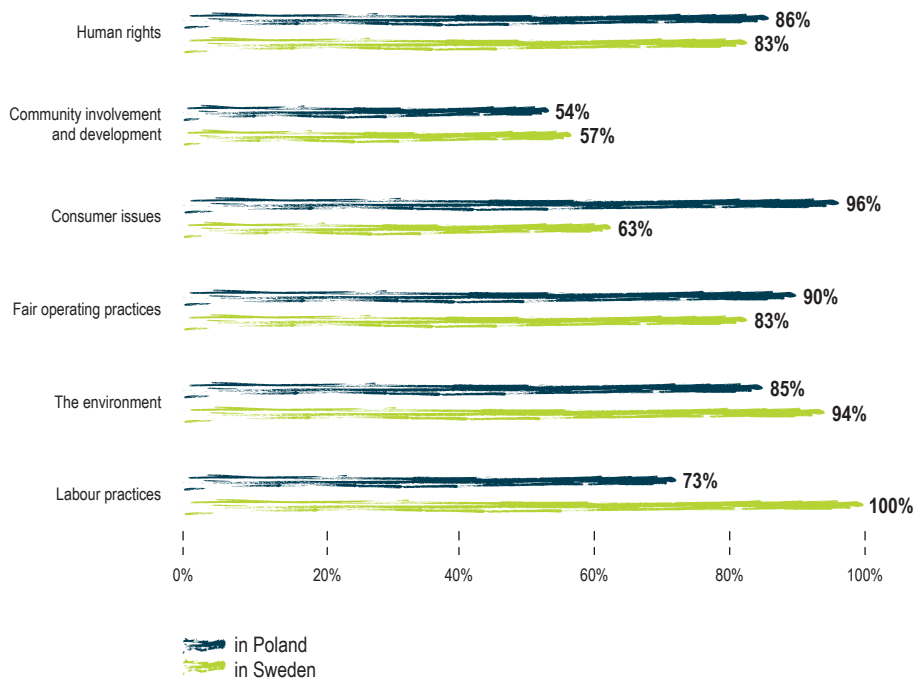


Fig. 2. Importance of individual areas of CSR in assessed enterprises

Source: Survey RespEn, 2011.

Responsible market relations

The CSR concept has become popular as a result of the pursuit by enterprises of a way to enhance their image. Which has received a heavy blow in recent years, by increasing social criticism. In this image-oriented concept, insufficient (although increasing) emphasis is put on the role of relations.

Quazi and O'Brien in their typology of CSR, attribute special role to a modern approach to social responsibility⁵³. In this case, broad relations between business and society may be observed, that may be fruitful for the enterprise in the long or short term. This modern approach is largely coinciding with the concept of stakeholders, as a wider perspective of perceiving the organisation. In this perspective, market relations turn out to be the most relevant factor from the SMEs viewpoint.

Social responsibility in relation to market relations, was appreciated the most in declarations by assessed enterprises. Fig. 2 shows the summed up answers, definitely important and rather important to the question on the importance of individual areas of responsibility for the future development of the enterprise, according to Polish respondents. Responsibility in relations with target market (issues related to clients and commercial practices) is important for over 90% of the surveyed.

A comparison of above results with the respective results of the Swedish edition of the assessment is interesting. Commercial practices and issues related to clients, although still important, are not the most important in this case. For Swedish respondents, the most important are practices at workplace, followed by care for the natural environment.

The above results permit to risk a conclusion on certain differences in awareness and attitudes, between Poland and Sweden. Especially worthy of stressing is the high importance attributed by Swedish respondents to responsibility at the workplace. Convincing Polish enterprises that responsibility to employees constitutes a long-term investment that translates into concrete business effects, is among the important challenges also for CSR. Regrettably, some enterprises are using the still unstable Polish job market to lay off ineffective employees and hire new ones to replace them, instead of investing in the development of their effectiveness.

Respondents declared their very high level of social responsibility in both commercial practices (return information from business partners, fairness and high quality of business contracts and transactions, fair relations with competitors, support for business or economic associations and organisations) and in consumer issues (information on the product-creating process, information on product threats, communication with consumers, marketing information, confidentiality of information about clients).

⁵³ Ibidem, p. 28

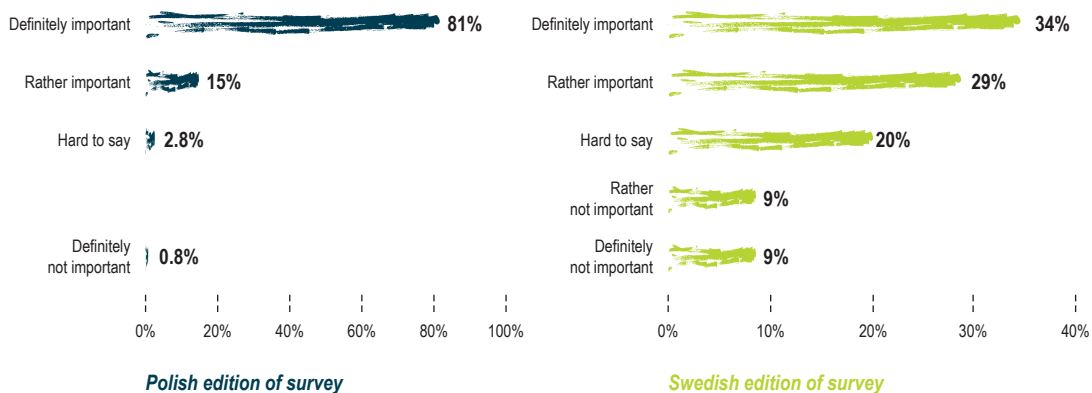


Fig. 3. *Role of client issues in the development of the enterprise*

Source: Survey RespEn, 2011.

The risk of excessively high assessment as result of the declarative feature of answers given by the surveyed should be taken into account, as answers are not verified by analysing data from other sources. Even if respondents overstated the level of their responsibility, nevertheless it is evident that they consider important the responsibility in area of market relations. Such a conviction constitutes a strong basis for further developing socially responsible attitudes in the assessed sector of small and medium enterprises. For it means that increasing numbers of the assessed enterprises see tangible economic benefits from implementing the CSR concept in area of relations with clients. More than 96% of Polish respondents considered important the issues related to clients (of which over 81% as definitely important) for the future development of the firm.

Practices at the workplace

Increasingly rising social awareness is nowadays observed among consumers. Their requirements are growing, both towards products, and producers' attitudes. In their purchasing decisions, clients are increasingly directed by trust to a given company and its image. Corporate Social Responsibility may contribute to increasing the loyalty of clients and stakeholders of SMEs. A pro-social and pro-environmental activity of the organisation may also help it gain the trust and favour of local governments, and of the local community. Such activity of the organisation constitutes an element of the non-financial motivation for employees, who begin to better perceive the employer due to the ethical code he follows, and engagement in issues that are important for ordinary people. It also contributes to improving the company's image on the job market.

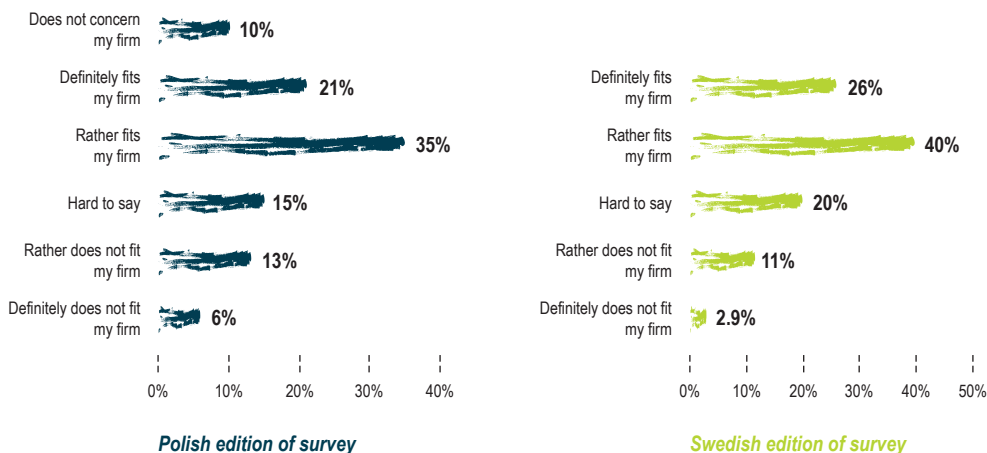


Fig. 4. Encouraging employees to develop their skills and to plan their careers in the long term

Source: Survey RespEn, 2011.

Another important element of social responsibility, that may create concrete value at the workplace, are all types of investments in employees, 43.8% of the surveyed in Poland and 34.3% in Sweden, are not encouraging their personnel to develop their skills and plan their careers in the long term (e.g., by trainings).

The above results seem to correspond with the outcome of the survey performed by the Polish Agency for Enterprise Development (PARP). PARP's data indicate that 56% of employees of the SME sector are not developing their skills in any way. Employers probably do not see any advantages from investing in the development of their personnel. Both sides are at fault for this situation. Employers should strive to develop their personnel's skills and be able to assess their competence deficiencies; on the other hand, employees should strive to improve their skills. It is an important advantage for them and their future careers, also in event of changing the job. Meanwhile, 77.8% of employees are waiting for their superiors to act. PARP also calls attention on the fact that employees are excessively charged with duties, and have no time for trainings. Therefore, a system of trainings should be designed that would be attractive for SME employees, not only in terms of topics, but mainly of the course structure, or duration.

61% of the surveyed in Poland and 88.5% in Sweden declared that regular meetings were held in their enterprises, during which ideas, needs are reported, and the company's successes and failures discussed.

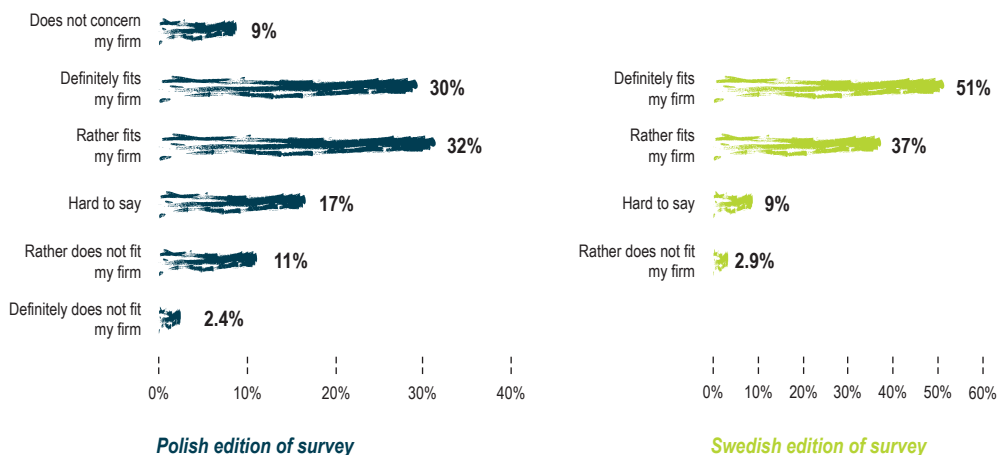


Fig. 5. **Calling regular meetings, during which employees and management may share information on enterprise's achievements**

Source: Survey RespEn, 2011.

A detailed and effective communication is a value that is hard to overestimate. Special emphasis on this aspect of company's operations may spare it many troubles. The most frequent cause of irregularities and growing problems in the firm, is exactly the insufficient communication. It should be strongly stressed that in every organisation, regardless of its size, the lack of clear, understandable and confirmed communications triggers unnecessary suppositions, rumours, overinterpretations, that may consequently disturb the enterprise's rhythm of operations. Therefore, internal communication is the domain that requires special attention, for without harmony inside and achieving a common stance, the development of relations with external entities is impossible.

Corporate community involvement and development of local community

In such areas as education, healthcare, safety, labour market, communication, etc., what is needed are not really the apparent changes, helpful in resolving current financial problems in the short term, but real, long-lasting structural changes. Co-operation with business is necessary, to restructure in principle the approach to resolving determined social and public problems, e.g. the involvement of local business to help modify the basics of the local school's functioning, offer new professional prospects for its graduates, and even to change entire local environments. Intense progress in implementing the CSR concept also offers a chance that local entrepreneurs, might not stay indifferent to how social and public issues are settled in their local communities.

Traditionally, enterprises had been perceiving the options of co-operation with the social sector in very narrow terms. Such co-operation was limited to the relation donor – recipient, with social organisations acting as intermediary. Nowadays awareness is rising, and consequently corporate expectations relative to initiated co-operation. Business organisations have noticed that social involvement offers the possibilities to develop new ideas, present one's technologies, solutions and products, to find and create new markets, and even to create new business solutions. Success of this approach also requires stronger involvement of social and public partners.

On intending to evaluate the level of the commercial sector's involvement in the issues of local communities, it is worthy to determine the numbers of enterprises that launch or join initiatives/activities in scope of social responsibility. About 35% of Polish respondents and as many as 65% of Swedish, are actively involved in the issues of local communities. Which illustrates a profound gap on Polish SMEs' side, that should be filled.

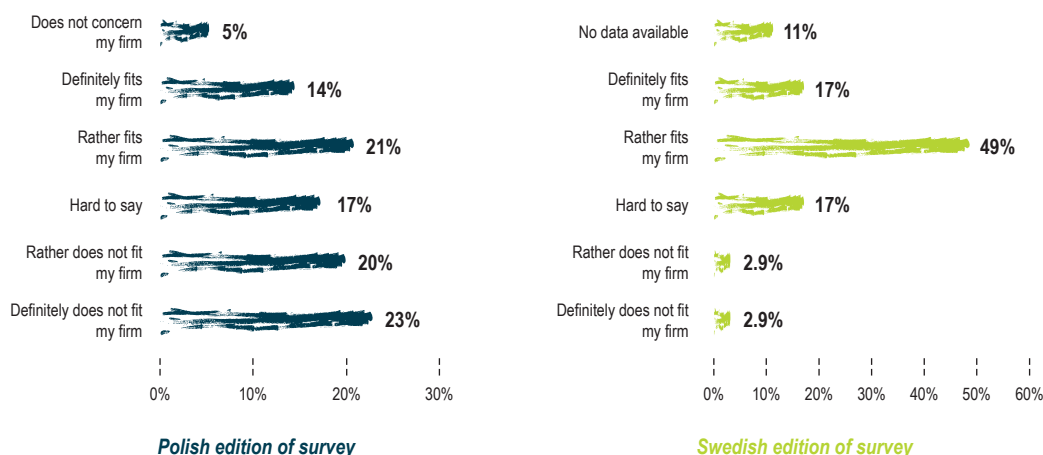


Fig. 6. **Engagement in the issues of local communities**

Source: Survey RespEn, 2011.

To better understand the organisation's environment and, consequently, to operate more efficiently, it is necessary to conduct a more profound social dialogue. Enterprises should be open to the options and needs of dialogue with local societies. Especially addressed should be the topics and problems of local community that are related to unaccepted or undesired aspects of corporate activity. Surveys performed have evidenced that much is still to be changed in this regard.

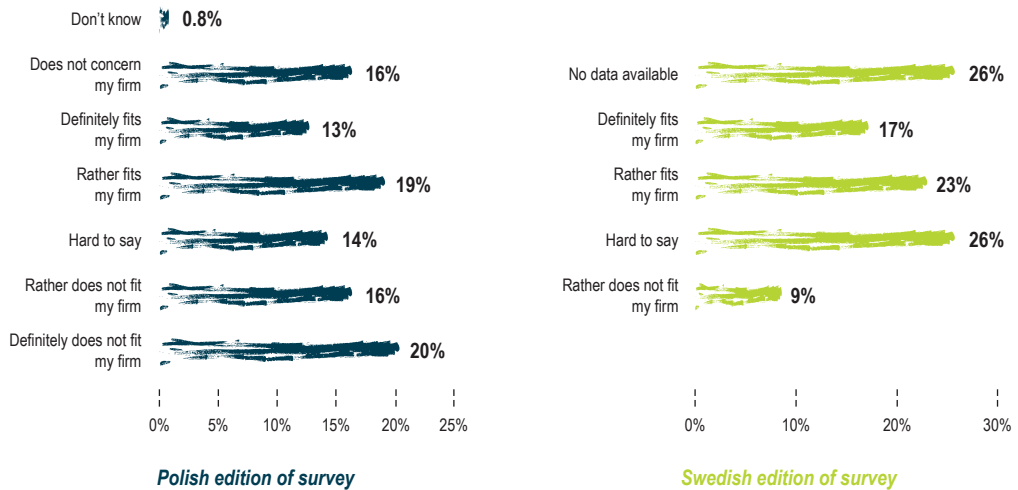


Fig. 7. Dialogue with local community in the process of taking decisions that may affect the corporate area of operations

Source: Survey RespEn, 2011.

Only 31.8% of assessed Polish firms and 40% of Swedish firms have declared that in the process of taking decisions that may affect the enterprise's environment, dialogue with the local community is held. Regarding difficult topics, these results are yet less satisfactory. For 28.3% of surveyed Polish

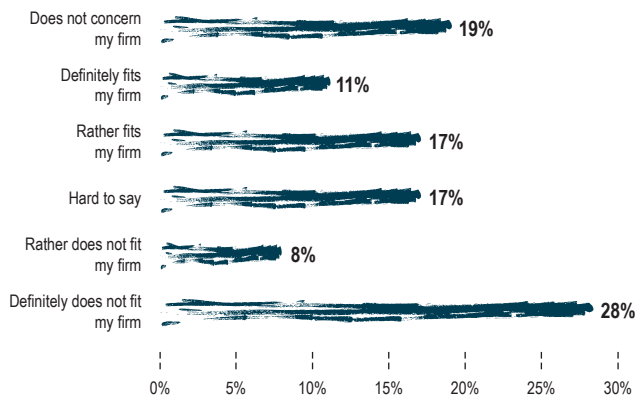


Fig. 8. Open dialogue with local community on the unwelcome and sensitive issues of concern for the enterprise (polish edition of survey)

Source: Survey RespEn, 2011.

firms, the dialogue with the local community on unwelcome, controversial and sensitive issues related to the activity of their enterprise is a worked out standard, while 35.5% of respondents declare that this issue is rather or definitely unsuitable for their enterprise. 17.1% of the surveyed were unable to give a clear response, while as many as 19.1% stated that this issue did not concern their organisation.

Only 33.9% of surveyed Polish entrepreneurs and 45.7% of Swedish declare that their firms are actively promoting durable development of the local community or organisation, by sharing their know-how. 41% of surveyed Polish firms and 8.6% of Swedish are not engaging in such activities. These results are surprising, mainly because the local community, especially for SMEs, should in a way become the natural group to which support is addressed. It is thanks to the local community that the enterprise may be successful, it is where its employees come from, here are the clients. Therefore, entrepreneurs should be made aware of this fact. They should be shown that sharing some solutions and knowledge, jointly developing ideas is an activity that brings effects both in the short and long perspective. Such practices build trust, enhance the enterprise's image of an organisation that cares not only for itself and its interests, but also meets local needs.

Responsibility for the natural environment

Only 27.8% of surveyed entrepreneurs in Poland, against 71.5% in Sweden, accept the statement that their enterprise's activities affect the natural environment. As many as 56.2% of Polish respondents claim that their companies' activities do not exert such influence.

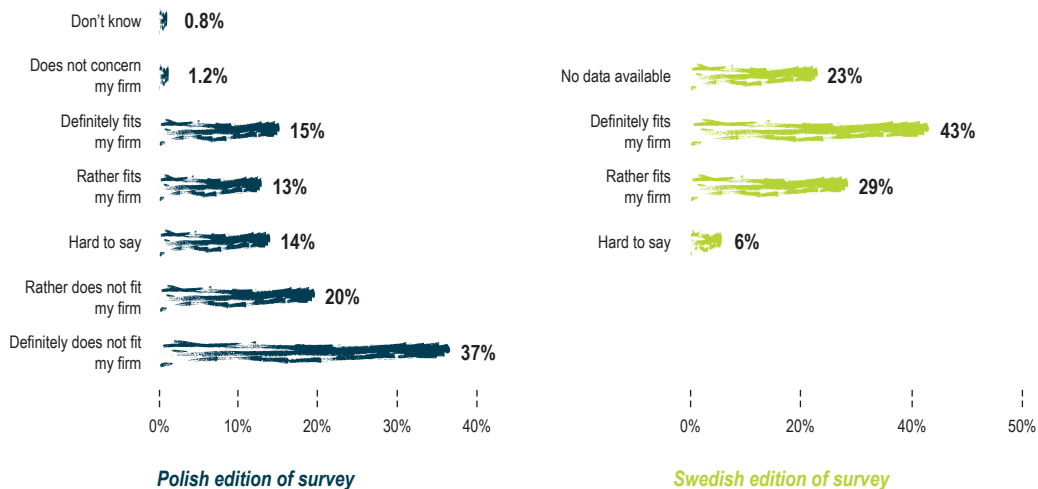


Fig. 9. Impact on the natural environment
Source: Survey RespEn, 2011.

The above results may point to a serious problem of lack of awareness among Polish entrepreneurs. Many of them follow the notion that significant impact on the natural environment may only apply to large production companies. But, this issue concerns everybody, regardless of the size or type of activity. As households, also the SME sector is responsible for waste management, rational energy or water use. Due to the high share of small and medium enterprises in the economy, improving their environmental awareness is an extremely important task. Of 3.74 mn enterprises in Poland, as many as 3.62 mn entities belong to the micro, small and medium sector. To illustrate the scope of the problem, it suffices to give a simple example. A leaking tap means a loss of even 20 litres of water in a day. If there are, say, 1.81 mn such taps (meaning, that half of Poland's micro, small and medium enterprises fail to turn taps off to avoid leaking), then the loss only in one day will exceed 36 million litres of water. Therefore, thought should be given on how to encourage environmentally-responsible attitudes among entrepreneurs. It seems that in the first place, an already existing potential they represent, should be taken advantage of. Many of them are saving energy (72.5% of those surveyed in Poland and 85.7% in Sweden) or minimising the volumes of waste produced (76.1% of Polish and as many as 97.1% of Swedish respondents). Being aware of entrepreneurs' mentality, it may be assumed with high probability that the dominant reason for this type of attitudes are nevertheless the economic factors, not the desirable care for the natural environment.

Therefore, entrepreneurs should be convinced that a responsible approach to the natural environment is a real source of business benefits, that such simple measures like purchasing energy-saving bulbs or replacing old equipment with more power-effective, contribute to reducing costs. It is good to stress that there are many such socially responsible activities, that may contribute to reducing the costs of enterprise's operations.

Conclusions

- (1) Bringing down the CSR idea to redistribution by enterprises of a part of their profit to important social purposes, is not in the general interest of society. Individual social groups, e.g. of those in need, who look for help by all means, should be understood, but the introduction of comprehensive solutions to involve enterprises in co-operation, should be based on proposals advantageous in the views of both society, and the business sector. Encouraging enterprises to engage in activities beneficial for determined stakeholders/beneficiaries, but contributing to deteriorating the economic condition of donors, would not be effective in the long term. Neither it is beneficial for local communities, whose social-economic development also depends on the economic condition of enterprises.
- (2) Creating comprehensive proposals should be considered for developing co-operation between business and public and social sectors, based on professional management and a strategy consistent with the strategy of regional/local development.

- (3) In analysis of results, the risk of excessively high assessment as a result of the declarative feature of answers provided, should be taken into account. Even if the surveyed overstated the level of their responsibility, it was so probably because they consider social responsibility important, and aspire to be socially responsible. Such a conviction constitutes a strong basis for developing socially responsible attitudes in the assessed sector of small and medium enterprises.
- (4) For SMEs, most of the launched actions and decisions taken are evaluated in terms of their economic effectiveness. The limited resources of small enterprises prevent them from risking actions that may expose the enterprise to unnecessary costs. Therefore, entrepreneurs should be made aware of the benefits entailed by CSR, especially of savings achieved by the use of modern, environmentally friendly technologies, or new management practices that enable to cut the consumption of resources, and of the reduction of transaction costs, resulting from trust and partnership achieved with stakeholders.

Specific features of the social responsibility of small and medium enterprises

On basis of research performed, it may be concluded that SMEs often operate in a scope that is too small to trigger their equally deep interest in all areas of CSR. Developing one coherent model of CSR for the sector of small and medium enterprises, is not possible. Their diversity determines the differences in needs, relations with environment, etc. The given enterprise must find its own approach to social responsibility, closely associated with conducted activity, its place in a given environment, and the market situation.

Several special features of SMEs may be pointed out, that may affect the effectiveness of CSR implementation in the sector.

Decision-taking

In SMEs, the owner takes most of the important decisions and decides on the directions of the enterprise's development. It is confirmed also by the results of this survey, wherein 64% of interviews with respondents were performed with owners, as they were the ones who declared that as owners or co-owners, they were in charge of taking all decisions. It is an important conclusion regarding the dissemination of CSR in the SME sector, because convincing an enterprise to undertake specific activities is actually tantamount to convincing the owner, and the enterprise's social responsibility derives from the owner's responsibility.

In remaining cases, these are also individual persons, probably representing the owners in taking important business decisions. Much less frequent in SMEs is the management model based on a broad delegation of authority and responsibility.

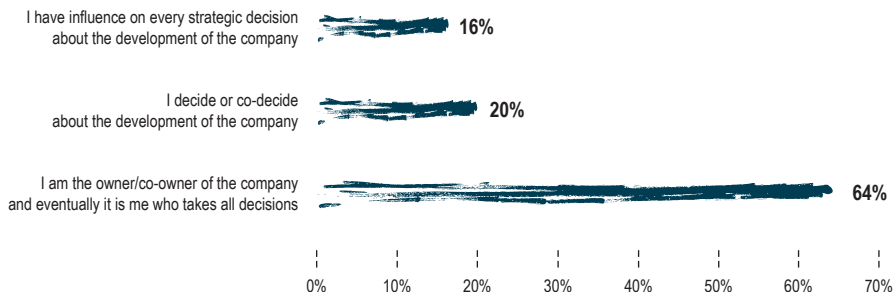


Fig. 10. **Surveyed person's influence on important decisions in the organisation (polish edition of survey)**

Source: Survey RespEn, 2011.

The use of local leaders

Smaller firms often operate locally, if not in terms of sales market, then very often in terms of locating their activity and place where employees are recruited. Consequently, those firms are often strongly rooted in local communities and good relations with them are advantageous. At the same time, the involvement of such enterprises in the matters of local community is often combined with broad participation of a type of local leaders, who are capable of establishing and organising such co-operation. Such people rarely sit at the office, most frequently they act on site, "struggling for money" to support social objectives that they are implementing. The co-operation is established precisely thanks to the engagement of these persons, who know the local conditions and the local entrepreneurs. Co-operation with such local leaders seems a natural step towards developing a socially responsible collaboration with small enterprises.

Participation of external organisers

Co-operation with entrepreneurs is performed on the basic level, it is not integrated in a wider scope, it takes place between enterprise and beneficiary/stakeholder. It is determined by the scope of operations of smaller enterprises, that rarely have access to resources that enable to launch and organise social initiatives. As regards smaller enterprises, social responsibility is often determined by immediate needs and concrete individuals searching for support. An obstacle that hinders the joining of major social actions by SMEs is the lack of trust in large, anonymous institutions.

Scope of enterprises' engagement

In case of the SME sector, engagement is limited to the local scope, the area of city or commune. Small firms are rather reluctant to engage in initiatives of a wider scope. Which is determined on one hand by the possibilities of smaller enterprises, and on the other, by achievable benefits. Even those enterprises that operate on the all-Polish market, often prefer to engage in the matters of the local community, rather than joining large image actions in social context. Which is probably associated with their dedication and rooting in the local community. The responsibility of smaller enterprises is often determined "by heart" rather than a strategic image plan.

Social responsibility vs. Life cycle of the enterprise

Firms that have been operating on the market for a longer time, are more inclined to co-operate. In the phase of market entry and growth, the firm is more focused on itself. Only a firm with a certain duration of presence on the market, that has a position stronger than in the beginning, opens up to the needs of others. It is a very important conclusion for the management of CSR promotion. However, it should not be considered a guideline to bypass "young" firms, but to pay attention to combining their support, with the disseminating of socially responsible management. For currently there are many programmes of support for entrepreneurs-beginners, and the skillful associating of those programmes with CSR, will offer those young entrepreneurs a proper direction.

Repetitive co-operation

The most difficult task is to begin co-operating under CSR for the first time. Then, significant lack of trust in external organisations is observed. Successful co-operation makes enterprises engage willingly in further activities, and it becomes increasingly easier to encourage them to do so.

The role of informal contacts

In case of smaller enterprises, the role of informal contacts in establishing co-operation under CSR, is very important. Many of those enterprises base their business operations, partly at least, precisely on informal contacts. It is not uncommon that smaller firms are approached by socialising. For example, a person looking for support for a determined initiative, searches for information among acquainted entrepreneurs, to find a valuable contact; former scouts (now entrepreneurs) support scouting in town; former footballers aid the local sports club. These are relationships that should be kept, and mechanisms that can not be bypassed in the process of developing the CSR idea in the SME sector. Small entrepreneurs sometimes view CSR as a complicated system (ISO-type), the implementing of which requires extensive financial investment, time and effort. They associate CSR mainly with large enterprises, and they think such systems may disturb the intuitively elaborated and already checked management methods of their own.

Recommendations

The specific features of the SME sector impose the necessity of a different approach to disseminating and developing CSR in those enterprises. Results of research confirm the assumption that small and medium enterprises may, and indeed would often like to be socially responsible. However, a serious barrier is the low awareness of both the concept as such, and of the benefits of being socially responsible, as well as their own potential and development prospects.

On formulating the recommendations, the mentioned specific features were taken into account, without forgetting that the value of a recommendation is determined by its usefulness in terms of the efficiency in strengthening the social responsibility of SMEs. Therefore, partial recommendations have been combined with detailed conclusions from individual sections of the report, and at this point an attempt has been made to combine them to create a coherent model of strengthening the social responsibility of SMEs. The model was developed on basis of identifying basic groups of actions, that should be launched in order to efficiently increase the social responsibility and involvement of small and medium enterprises.

Therefore, the recommendations boil down to three groups of activities, that considering the specific features of the SME sector and the current CSR's development status, stand a chance of being highly effective in further strengthening of the responsibility of small and medium enterprises. The mentioned groups have been attributed the following activities:

- Responsible education of managers
- Strengthening social ties
- Developing organisations – associations of entrepreneurs



Fig. 11. *Activities strengthening CSR in the SME sector*

Source: Own study.

The proposed groups of activities compose a coherent model of strengthening social responsibility of SMEs, by creating responsible attitudes and actions, in addition to enhancing ties with the local community and enterprises as such in the economic context, showing them the chances and possibilities of further development. Responsible education of managers, establishing associations of entrepreneurs, or strengthening the ties between enterprises and the local community, are the activities that generate concrete social advantages, simultaneously contributing to the enhancement of the competitive position of enterprises engaged in these activities. A strong economic position is a solid base for launching actions and initiatives under CSR. The proposed model, that takes advantage of the knowledge of the logic of the mentality and actions of SMEs, is structured on the principle of mutual benefits.

Responsible education of managers

The results of research evidently indicate that small and medium enterprises are more interested in those areas of social responsibility, that may bring them tangible business profits. However, they often lack knowledge on such benefits and the ways of performing actions, that would generate these benefits. Many meetings held with entrepreneurs conclude by transmitting information on potential benefits, without indicating how to achieve them. While enterprises – especially from the SME sector – lack the knowledge and skills in this regard.

Responsible education of managers must be based not only on convincing to assume social responsibility, but also on developing concrete skills in achieving business profits by actions beneficial for society. It might be efficient, as smaller enterprises often lack typical management expertise related to management of employees, marketing, acquiring funds for investments, innovations, etc. However, this can not be a profit list, but:

- (a) good practices, showing that others reap benefits by such actions, also in other countries (e.g. Sweden);
- (b) strongly associating profits with business practices, know-how – demonstrating how to achieve such benefits, operating a determined business.

Responsible education of managers should be based on several groups of activities: showing the benefits, trainings, consulting and developing open-source programmes of trainings.

SHOWING BENEFITS. (1) Disseminating in public opinion the conviction that real social responsibility must bring benefits that are not only social, but for business as well (currently, the frequent opinion is that achieving business profits from social activity diminishes its value); (2) showing benefits to enterprises, that constitute the main motivation to launch such actions.

TRAININGS. The formula of such trainings should consider the fact that representatives of smaller enterprises are rarely able to interrupt their current operations for a longer time. In such firms, individual persons are in charge of all processes, and there is no-one to replace them for the time of training. One of the attractive ideas seems to be to resort to e-learning, enabling to significantly reduce the time and individually adjust training schedules to needs.

CONSULTING. Considering the diversification of SMEs, trainings addressed to a higher number of entrepreneurs will not be sufficient to effectively convince and teach them how to make their enterprises socially responsible.

DEVELOPING TRAINING PROGRAMMES AS OPEN-SOURCE KNOWLEDGE. The purpose is to create a base of knowledge in form of ready training programmes, that would not only be available to all, but also continually expanded and improved by interested persons and organisations. This way, the range of positive impact may be considerably expanded. Also, attention should be dedicated to the topics of this type of training programmes, to make them attractive for SMEs, which means associated with everyday management issues, for example:

- How to communicate with clients effectively?
- How to increase employee loyalty and engagement?
- How to use co-operation with social and public organisations to develop competitive advantage?
- How to build a strong and reliable brand?

The issues of CSR as such, will not attract small and medium entrepreneurs as effectively, as its associating with everyday problems faced by entrepreneurs.

Strengthening social ties

Currently, enterprises are insufficiently rooted in local communities. True, 53.8% of assessed Polish entrepreneurs and 57.1% of Swedish, consider corporate community involvement and development of the local community important for the enterprise's future growth; but only slightly above 30% of Polish respondents have declared their active involvement in the affairs of the local community, active actions to promote its development, and undertaking dialogue with a more broad social spectrum, prior to taking decisions possibly affecting the local community.

At the same time, results of surveys point to an important influence of the environment and external initiative, on enhancing the social responsibility of SMEs. For example, consumer decisions are a very efficient tool of influence. Most of the assessed enterprises launch socially responsible actions, expecting them to translate into concrete market results.

Neither are entrepreneurs indifferent to the opinions of communities in which they not only perform business activity, but where they often also live. They think one should adapt to the requirements of these communities. They strive to adjust to the community in which they are functioning; they want social acceptance and legitimacy for their activities.

Strong social ties, also with entrepreneurs active in local communities, cause people not to be anonymous anymore for themselves, they know more about each other, they demonstrate more mutual

interest. Creating such an atmosphere of mutual openness and trust, definitely helps to enhance socially responsible attitudes. The mistake committed in developing CSR, was to launch initiatives addressed to entrepreneurs only, since they are not functioning in a social vacuum and their attitudes and behaviour are often derived from the values accepted by a given community.

Development of associations of entrepreneurs

Currently, a certain deficit of sectoral organisations is observed, composed of entrepreneurs as in old craftsmen's guilds, that fulfill very important social and economic roles. A guild is a social, professional and economic organisation. It gathers craftsmen representing one or several similar professions. Its main tasks include:

- Promoting attitudes consistent with professional ethics and dignity
- Strengthening community ties
- Improving members' professional qualifications
- Representing the interests of members against administration bodies, local governments and courts
- Performing social examination, education and economic activities for the members

Guilds had a special role in the communities of small localities, where by their activities they were basically the sole institutions stimulating the local community. Their role and task closely resembled the CSR ideas, it can be said that they even acted as guardian for their members. Reduction of the role and importance of this type of organisations, certainly did not contribute to promoting social responsibility of small enterprises.

The rising importance of organisations gathering entrepreneurs from a given sector, integrating them in professional, economic and social terms, would make it easier to reach smaller enterprises, in order to enhance their social responsibility. The huge diversity of small and medium enterprises and their limited resources, which determine their concentrating mainly on everyday basic operations, prevent the developing for them of one model solution under CSR.

Building on diversity

On the basis of surveys, the conclusion is that SMEs often operate in a scope too small, and their operation profiles are too diverse to make them all equally interested in all CSR aspects. It is not possible to develop a single coherent CSR model for small and medium enterprises. Their diversity determines the differences in attitudes, needs, relations with environment. The given enterprise must find its own approach to social responsibility, closely associated with its business, place in the environment, and market situation. Organisations of SMEs of a specific sector would well know their specific features, environment, problems, possibilities, motivation, etc.

Limited resources of SME

The results of assessments also point to the feature of limited resources, as a serious obstacle hindering the development of social responsibility in the sector of small and medium enterprises. Organisations composed of higher numbers of small enterprises may combine their resources to launch joint actions and initiatives, thus enhancing on one hand their social contribution, and the positive business effects resulting from actions undertaken, on the other.

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/ Expert's comment /

Jacek Dymowski

Incurable optimists?

I would like to honestly admit that I have a big problem to comment on the survey. I cannot clearly read and interpret its results. Generally speaking, they are very good. Very good results for Polish enterprises are a positive surprise. We should be pleased, especially as respondents were the managers of small and medium-sized enterprises or even micro businesses. To introduce socially responsible management in such small organisations is a challenge to be faced by the whole European Union. Meanwhile, management staff's declarations show that maybe EU officials' concerns are beforehand, because SMEs are very responsible. As I have written above, I should be pleased with the results. However, I am not pleased for some reasons. Maybe it is only my innate pessimism and carping or maybe entrepreneurs' excessive political correctness and aptitude for making declarations.

Probably, if I were a sociologist working at one of American universities, I would point out the very role that Polish enterprises seek in ethical values (94.8% of analysed Polish companies and only 45.7% of Swedish companies declare that they obey rules providing for the honesty and good quality of their business contracts and transactions). I would certainly write here about cultural conditions, Poles' strong attachment to tradition and the rules of faith of the Catholic Church, the unprecedented phenomenon of the Great Orchestra of Christmas Charity supported by enterprises, as well, etc. This would be the case if I had not lived in the Polish reality, did not run my own business and did not meet quite a "flexible" approach to the ethics and value of a word given by some of our entrepreneurs. If the situation were that good, would we have to deal with liquidity crises caused by payment defaults? Would we have in the country where 95% of companies is guided by honesty in their business activity such a small level of the society's trust to enterprises? Probably not. Of course, such critical evaluation may not be extended to all enterprises. This would be simply damaging, especially as there are many exemplary businessmen among them.

I have a strange feeling that the respondents' declarations are very optimistic. Frequently, too optimistic. Obviously, I speak only about feelings here, because it is difficult to prove such a thesis. I am not in doubt that the method of the survey is correct. The survey reflects our Polish opinion on ourselves and the analogical self-assessment of Swedes. Maybe, we, in particular, see ourselves through rose-coloured spectacles. I am concerned, for example, about the fact that 87.2% of entrepreneurs in the Pomorskie Voivodship believes that their companies are socially responsible while, in the same survey, only 57% declares that they do not know the term "Corporate Social Responsibility" at all. In the case of Swedish enterprises, this difference also exists, but a disproportion is much smaller (respectively 97.2% and 88.6%).

If we have a look at social and economic conditions in rather stereotypically social and environment-friendly Sweden, we would expect much a stronger pressure on the social aspects of business operation. While, in the situation where consumer movement is practically absent in Poland, our enterprises seem, based on their declarations, to be more advanced in terms of their responsibility for a product

and a customer. While, in terms of the environment, the results confirm Swedes' attachment to ecology and bigger environment-related awareness than in Poland: 27.8% of the analysed companies in Poland, in comparison to 71.5% in Sweden, agrees with the statement that their business activity influences the natural environment. Nevertheless, when questions refer to such actions like energy saving or waste production, differences are not that visible. Would we, as Poles, tend to give more "politically correct responses"? Our "statistical" company does not influence the environment, but, on the other hand, it declares that it reduces such an influence in various respects. Is it a kind of inconsistency in declarations? Maybe, yes. Shouldn't such poor awareness of the impact on the natural environment worry?

Thus, it would be worth deepening the analysis and checking to which extent declarations are consistent with acts and everyday operations. It is worth checking to which extent the positive result reflects a better than expected situation and to which extent it is overstated by incurable optimism during self-assessment and the political correctness of responses given by the respondents. This hardly consists in searching for "evidence" similarly to methods applied by auditors running the independent verification of large companies. It is difficult to expect that small enterprises are able to definitely prove the consistency of their declarations and acts. Finally, the power of small enterprises is their big operating flexibility resulting, without limitation, from the fact that they do not have written regulations, policies, procedures, etc. The complete absence of bureaucracy is their power and causes that they are not characterised by inertia typical for very large organisations. While looking for evidence, it would be more reasonable to force this 94.8% of the analysed companies declaring to take care of the honesty and good quality of their contracts and transactions to admit that they are in default with payments due to their suppliers or employees or exceed their deadlines. What percentage of entrepreneurs mentioning the ethics has resigned from cooperation with a business partner for ethical reasons? How many of them have had such an incident in their history? How many entrepreneurs speaking about flexible working hours understand them as free and unregistered overtime, which is often mentioned by labour inspections? Maybe this would enable us to demythologise the optimistic image of small and medium enterprises in the Pomorskie Voivodship resulting from the survey.

It is worth paying attention to a fragment of the survey concerning relations with local communities. Wherever specific measurable actions to the benefit of their local communities are required, Polish companies come out much worse than Swedish ones (35% of the Polish respondents and 65.7% of the Swedish ones declare that their company is involved in the life of the local community. 42.6% of the Polish companies and 4.8% of the Swedish companies do not engage in them).

While reading the results of the survey, it is worth sharing one more thought. The awareness of social problems is only a half of a road to success. The other half is to be able to translate the identified social problem into a market opportunity. Already Peter Drucker wrote "Business operation [...] consists in meeting social needs and own needs, at the same time, by translating social problems into business opportunities". Unfortunately, this is a bigger problem. As other studies show, for example, our enterprises associate ecology with expenses rather than a market opportunity. If we add, as already suggested by me, too optimistic perception of the environment, i.e. the absence of the sober evaluation of a situation, optimism accompanying the analysis of the survey evaporates irretrievably. Maybe the shortage of the real market pressure, the pressure of civil society (even in terms of "microsociety") enable to "inflate" declarations. Nevertheless, the market is, in a long run, extremely merciless in fighting incurable optimism.



05



Good practices

/ Polix /

/ Viking Toys /

/ Mercatus /

05. Good practices



/ Polix /

Marcelina Przybysz

POLIX is a family-owned company, operating since 1982. It is leading Polish producer of elastic PCV cables, appreciated by customers from Europe, Canada and the United States.

Elastic products of PCV are increasingly used in many sectors of the economy, such as industry, agriculture, horticulture, processing, construction, furniture, as well as in households and all types of laboratories. The enterprise continually modifies its products, following market novelties in chemicals on a current basis. Its headquarters is in Żukowo (Pomeranian Voivodeship).

POLIX is an example of an SME enterprise, that achieves excellent results by consistently implementing a sustainable policy in areas crucial for the strategy of Corporate Social Responsibility. It grows on strong foundations – transparent communication with client, care for its employees' working conditions, and conscient environmental risk management.

POLIX implements the principles of Corporate Social Responsibility by:

Efforts to improve the environment

The company introduced the integrated quality (PN – EN ISO 9001:2001), environment (PN – EN 14001:2005) and work health & safety (PN – N 18001:2004) management systems. All its products are environmentally-friendly and 100% recyclable.

The company also cares for the environment in the process of transporting and storing components. POLIX uses only stainless steel siloses and tanks to reload components, eliminating corrosion that enables harmful chemical agents to penetrate the environment.

Consumer practices

POLIX strives to ensure good communication with consumer. The company does it mainly by applying fair commercial practices, providing full access to information, and developing solutions tailored to consumers' individual needs.

The company attaches great importance to providing client with transparent information on products offered, such as price, technical description and conditions of use. Product description with price list is available on the company's website. That gives clients the option to price their order, select the most effective means of transport, and make the purchase.

POLIX is focused on client, therefore it always offers the most advantageous system of payment, transport and discounts. Thus, client receives a product that meets his or her needs identified during commercial talks. To develop its offer and proposed terms of co-operation, employees encourage their clients to submit remarks and suggestions about products offered. Client's central position within the organisation, also means that attention is given to ensure that products are reliable. When the customer complains that a product used is defective, it is always replaced with a new one without delay.

Practices at the workplace

POLIX is not only machinery and technologies, first of all it is people it employs. In relation with employees, the company states that it's ready to accept feedback, and enables employees to exert influence on changes implemented in the organisation.

The company cares for a family atmosphere and partnership relations. All employees are informed about its development plans and operations on a regular basis, thus ensuring broad employee participation in company's everyday affairs. Anyone who has an idea on how to improve the performance of specific fields of activities, may report his or her project to the company's president and reveal their suggestions. Employees discuss arising problems or shortcomings with their superiors, working out the best solutions together. The company also offers flexible working hours adjusted to the position of a given employee, thus enabling to harmonise professional duties with one's personal life.



/ Viking Toys /

Mats Dalberg, Annika Karpfors

The Swedish family-owned company Viking Toys is a good example of a successful CSR work. The company was founded in 1975 and it designs, manufactures and sells safe and sustainable plastic toys of high quality for children.

The head office is located in Torsås, a small village in the Southern part of Kalmar County, and this is where the administration, design and product development and the department for marketing is located. The company employs 5 persons. In the year 2009 the turnover was 35 million SEK.

Until 1996 the manufacturing was based in Sweden. Then the manufacturing was moved to T.T. Technoplast in Thailand. Marketing and sale philosophy is based on local sales companies in more than 60 countries, and each country has a functional distribution channel. In 2009, Viking Toys produced more than 5 million toys.

Company's CSR philosophy is characterized by:

- A strong commitment to its end customers
- A fair collaboration with suppliers and partners, e.g distributors and retailers.
- A good control of environmental issues

Commitment to customers.

Since its formation, the company had strong principles and ideas how to act as a producer of toys. These principles can be summarized by the **5 S**:

- **Safe**
The toys are safe even for the youngest child.
- **Soft**
The toys are of smooth round designs and are made of soft, virgin plastic.
- **Strong**
High quality plastic, strong axles and solid construction make the toys extremely durable.
- **Simple**
Viking toys are of a classic, timeless design.

□ **Silent**

Soft rubber tires make the toys silent and prevent them from damaging floors and furniture.

They also promise their customers that

- (a) The plastic they use is an approved, food-grade quality and contains no toxins or phthalates.
- (b) No small parts can come loose.
- (c) The toys can be used both indoors and out.
- (d) Viking toys comply with all international toy safety standards.
- (e) All of the toys are dishwasher proof.
- (f) They guarantee complete customer satisfaction or money back, no questions asked.

Collaboration with suppliers and partners

The owner has been the same ever since the start of the company more than 35 years ago. The manufacturing supplier, as well as the distributors and retailers, play an important role for the success of the company.

T.T. Technoplast has been manufacturing their toys ever since 1996 when production was moved from Sweden to Thailand. Viking Toys care for the employees at the factory and are actively engaged in the work being done to assure that the manufacturing is done in a fair and ethical good way. They also make sure that child labor is never used. There are limits for minimum wages and Viking Toys promote all improvements in working environments and production. They also invite all employees to a party once a year. T.T. Technoplast are certified according to the ICTI CARE process. (ICTI = "International Council of Toy Industries" who are promoting international toy safety standards and a responsible attitude to advertising and marketing to children, CARE = Caring, Awareness, Responsible, Ethical)

Many of the distributors and retailers, or "friends" as Viking Toys like to call them, have been faithful to Viking for more than 30 years, and new members join the family all the time. Together they make up a team and are the basis for a well functioning partnership. Viking Toys designs and manufactures the toys, but it is the distributors and retailers who carry out the most important task of seeing to it that the toys reach the marketplace.

Over the years, Viking Toys AB has been honored with several awards for its design and function from different parts of the world.

- Creative Child Magazine Seal of Excellence, USA - 2009
- Supplier of the Year, Australia - 2007
- Parents' Choice Award, USA - 2007
- Trissan award, Marketer of the year, Sweden - 2007
- Parents' Choice Award, USA - 2006
- Recommended Toy Awards, British Toy & Hobby Organisation, UK - 2004

- Good Toy Awards, Thailand - 2004
- SA Toy of the year Awards, South Africa - 2004
- Play Matters Good Toy Awards, UK - 2004
- Dr. Toy – Best Vacation Products, USA - 2003
- Oppenheim Toy Portfolio Gold – USA, 2000

Control of environmental issues

Viking Toys also care about the environment and all of their products and packaging are fully recyclable.

All Viking toys comply with the following standards and regulations:

- EN71, ASTM and ISO 8124
- CPSIA (Consumer Product Safety Improvement Act)
- EC Regulation REACH (Registration Evaluation and Restriction of Chemicals)
- European Toy Safety Directive

The factory in Thailand is

- ICTI-CARE certified
- CCC certified for the Chinese market
- ISO 9001 certified.

If you want to know more about Viking Toys, please visit their website
www.vikingtoys.se



/ Mercatus /

Mats Dalberg, Annika Karpfors

Mercatus is a privately owned company with 17 employees. The company started in the beginning of the 1970s. It delivers technology for purification and recycling of contaminated fluids to industries, waterworks and thermal power plants on a global scale.

The company is placed in Vimmerby, the hometown of Astrid Lindgren, the famous writer of children's books, e.g. Pippi Longstockings. Vimmerby is located in the north of Kalmar County.

Mercatus has a leading position in two main areas:

- (1) Swarf management, briquette pressing and cutting fluid purification for both the manufacturing and the metalworking industries. (Swarf is the debris or waste resulting from metalworking operations including milling and grinding.)
- (2) Membrane technology for the purification and recycling of process fluid, water, energy and material from industry, waterworks and thermal power plants.

The company's growth has been stable. Since 1996, turnover has grown from 1,1 Million Euro to approximately 3,3 Million Euro.

The company's vision is to be ideal on environmental technology and working methods. It points out some of the most important factors for its success:

- ☐ Persevering in what they do with focus on long term thinking.
- ☐ Common vision and core values for all employees.
- ☐ Skilled and creative employees.
- ☐ Independent of technology and/or a specific supplier.
- ☐ Continual R&D projects.

The company's CSR work is characterized by:

- ☐ A strong commitment to fight pollution and environmental degradation.
- ☐ Creating the best working conditions possible for the benefits of the employees as well as for the company.

The company's work in these fields is extraordinary and is a good example of CSR.

Commitment to the environment

Mercatus sees itself as knights fighting against the “environmental dragon”.

“A future without clean water looks bleak. Using the latest technology, we build facilities and systems for the recycling and purification of process fluid for small and large manufacturing companies.”

By entrusting all manufacturing to carefully selected Swedish subcontractors, Mercatus retains its flexibility and can thus concentrate on what it does best – technological development, design, construction, delivery, commissioning, service and aftermarket.

Within the well-equipped and totally renovated premises lies the heart of the company's operations – the “test corner” where both process fluid and swarf are tested prior to tender. This is also where a great deal of technological development takes place – often in collaboration with customers, research institutes, colleges and universities.

With the right solution, it is possible to gain both time and money while at the same time improving the environment work and reducing the amount of waste released into the environment.

Right back in 1973 Mercatus saw the potential of using high technology to recycle and purify process water and materials generated by the processing industry. And the company is still going strong.

Everyone who has been involved since the 1970s knows that it took a couple of decades for environmental technology to catch on. But now, more than thirty years after the company was founded, environmental technology is in great demand.

With commitment and quality as the company's guiding principles, it plans and supplies plants for companies of all sizes in the processing industry, and for energy companies.

For all these customers the technology helps to improve product quality, cut costs, improve the working environment and reduce the amount of waste emitted to the environment.

Anders Adolfsén, Managing Director at the company says: “Give us a challenge and we will give you new opportunities to make good investments for your company, your employees, the future and the environment.”

Working conditions

The organization has always been based on human resources. Right from the very start Mercatus wanted to create an efficient organization based on human skills. The work is based on the creativity and competencies of the staff in a successful combination of teamwork and independence. And the whole concept is grounded in group dynamics.

The staff is trained in problem solving as a team and it also receives education about the FIRO (Fundamental Interpersonal Relationship Orientation) group development theory. This theory was formulated by the American psychologist Will Schulz and describes different development levels when ones forms a team. And it also gives an understanding of how to make this development more efficient and how to handle different kinds of problems that may arise.

Team development , discussions about a healthy organization in a working environment that allows people to develop and take responsibility, regular meetings to discuss objectives, visions and strategies,

staff reviews, the development of competencies and a highly developed intranet are just some of the factors that keep the process of improvement alive at Mercatus.

The company's efforts to set up an effective organization have occasionally been tough and demanding, requiring a good deal of patience. But more than anything else, these efforts have been an investment generating a daily reward in the form of enthusiastic staff and great efficiency without stress. And the company is always happy to share its experience with others.

TAO development and partnership

Mercatus is proud to say that the plants it delivered more than thirty years ago are still in operation. This is because know-how and ongoing development have taught the company to make high demands on quality and lifetime.

Purposeful work and a clear strategy for ongoing technological development have given strong foundations.

The company's own development of technology and research projects in partnership with the customers, universities and colleges all help to underpin a strong position on the market.

Ever since the company started, it has demonstrated a strong environmental and human resource commitment. Mercatus was one of the first environmental technology companies to gain an ISO 14001 environmental certificate.

The metaphor with the knight and the "environmental dragon" is strong and used as a real metaphor in everything the company does. When a new employee comes to the company he or she will begin as a "squire". After some time, when he or she has proved to be worthy, he or she will be knighted. The big conference room is named the "Knights Hall". And they also have a "torture chamber" where the employees can get massage at the cost of the company.

The company's own integral TAO management system comprises the environment, quality, development and the working environment.

In Chinese "TAO" means "The path" for the Employees of Mercatus it stands for total responsibility and care. In Swedish "Totalt Ansvar med Omtanke"

Distinctions

The company has received praise and distinction for its strategies for building a sound and growth-oriented organization Here are some examples:

- 2006 Nominated as Sweden's best workplace by Alecta.
- 2006 Royal grant for good ambassadorship for Swedish environmental technology.
- 2005 Vimmerby Municipality's Environmental Award.
- 2004 PA Forum's Sticka ut hakan (Stick out your chin) challenge award.
- 2003 Prevent's training grant 2003.
- 2003 Kalmar County's Progress Award.
- 2002 Excellent environmental leadership.



06



Dictionary with important phrases

06. Dictionary with important phrases



All definitions on the basis of definitions from www.odpowiedzialnybiznes.pl

Business ethics

The term is used to determine the ethical (moral) principles applied to all forms of economic activity, business operations, corporate management.

Business ethics is defined as a set of standards of reliable and responsible entrepreneurs' approach to mutual contacts with clients, contractual parties, employees, partners, the community, local and state authorities, that are consistent with current legal regulations and generally adopted social norms.

Business ethics may be analysed in three categories:

- Manager ethics (individual ethics, applies to human activities in the economy/enterprise).
- Corporate ethics (company's ethics as a single item, ethics in this category may apply to ethical management of relations with employees, contractual partners, competitors).
- Business ethics (ethics in the broad sense, associated with economic life, and functioning of companies and other entities against each other).

Eco-labeling

Eco-labels inform about products that meet environmental standards higher than those determined by law. Applying for an eco-label is voluntary, and its granting depends on the assessment a product is given by the respective committee. In most cases eco-labels are granted for 3 years, following which the product must undergo another process of verification. Ecological labeling has been established as a voluntary symbol, designed to encourage entrepreneurs to produce environmentally-friendly items. The companies that have been granted a respective certificate, may mark their products with a special symbol. It is placed on products in order to show consumers that those products are less harmful to the environment than similar products, throughout their lifespan.

Fair Trade

The Fair Trade Movement emerged in response to the deficiencies of global trade policies. The initiative is designed to help inhabitants of the developing countries to overcome poverty by participating in global trade, instead of being offered subsidies and charity.

Main guidelines of Fair Trade:

- (1) Guaranteed minimal prices for farmers/producers, enabling them to improve planning and to develop their businesses.
- (2) Financial bonus for projects aimed at developing local communities, e.g. by building schools or medical units.
- (3) Stable revenues for farmers/producers, by encouraging importers to sign long-term contracts with suppliers.
- (4) Reducing the role of agents in the supply chain.
- (5) Democratic decision-making processes: farmers form co-operatives to decide together on the allocation of financial surpluses.
- (6) Focus on sustainable production, e.g. by prohibiting the use of some pesticides.
- (7) High work standards, e.g. by prohibiting children's work, offering the possibility to organise trade unions.

Global Compact (UN Secretary-General's Initiative Global Compact, GC)

Global Compact was created in 1999 on the initiative of Kofi Annan, the then Secretary-General of the United Nations. It is based on voluntary participation of enterprises, providing a platform for dialogue and education. It is a forum for sharing knowledge and experience, and promoting Corporate Social Responsibility.

Currently, Global Compact is the world's largest initiative for corporate responsibility and sustainable development. It has already been joined by over 8700 members from 130 countries.

Global Compact is a call to business to adopt as a guideline for its activities the 10 fundamental principles of human rights, employee rights, environmental protection and counteracting corruption, and to promote Corporate Social Responsibility.

Every enterprise may join the Global Compact Initiative (excluding microenterprises that employ up to 10 persons), that is involved in implementing the basic principles of Global Compact. This initiative is voluntary and as such it does not charge its members with any fees. GC accepts only government subsidies for its core activity.

Good practice

Positively effective actions/initiatives launched by a company or institution/organisation in a selected area. Good practice may constitute a benchmark for other companies. An example might be good CSR practices, or corporate actions launched in areas associated with CSR, designed to produce positive effects in the company and/or its environment.

Green paper: promoting framework for Corporate Social Responsibility

The Green Paper was first published by the European Commission on 18th July 2001. It was the first document that determined in detail both the rules and procedures of implementing CSR. Thanks to it, the concept of responsible business has become one of the key topics of the EU's economic policy. According to the definition of Corporate Social Responsibility, "enterprises voluntarily take into consideration the social and environmental aspects in their activities, and in contacts with their stakeholders".

Greenwashing

Misleading consumers by presenting untrue information on "ecological" features of products or services; it is often combined with distracting attention from a company's harmful actions in other fields of its activities. This term is also used when more time and money have been spent to promote "green" products, instead of following actual ecological practices. Greenwashing may be expressed by obscure or exaggerated advertising slogans, graphics/visual effects inconsistent with reality, etc.

GRI (*Global Reporting Initiative*)

The Global Reporting Initiative (GRI) is an international standard for companies, used to report responsible business and sustainable development for companies.

The GRI's purpose is to develop a generally adopted framework for reporting economic, environmental and social aspects of the organisation's functions; a framework tailored to use by organisations of all sizes, sectors and locations.

The framework includes the functional aspects of different organisations, from small companies to international organisations/enterprises, operating throughout the world.

In 2011, the GRI published the newest and most complete guidelines for social reporting G3.1. G3.1 extends the scope of social reporting to include human rights, gender, and impact upon local communities. At this moment these are the most complete guidelines for social reporting worldwide.

GRI guidelines are available free of charge.

Innovations

The OECD definition of 2005 says that innovation is "implementing a new or significantly improved product (manufactured, or a service), new or significantly improved process, new marketing method or a new organisation method in scope of business practice, organising the workplace, or relations with the external environment".

The concept of Corporate Social Responsibility may be in itself perceived as innovation in the meaning that it is the basis for creating or developing such paradigms of management or economy, that differ from those generally or hitherto applied. The companies that were first to officially integrate their strategies with CSR principles and to use the concept to develop competitive advantages, have been successful i.a. thanks to an innovative approach to business, not followed by other market participants.

Furthermore, if implemented CSR principles inspire to continue developing various aspects of a company's operations, they stimulate further innovations, that are often effective and profitable.

ISO 14 000

An environmental management system of standards, developed by the International Organisation for Standardisation. Its purpose is to improve the results of a company's environmental activities, or to stimulate the meeting of environmental standards and requirements by the company by minimising the use of natural resources, energy and water, simultaneously preserving unchanged quality of production. ISO standards of series 14000, that regulate the management system, are structured upon a quality ensuring system that is consistent with ISO standards of series 9000.

The environmental management system is implemented in the following phases:

- Developing a company's environmental impact policy.
- Measuring environmental pollution (internal audit).
- Organising and developing an environmental management system that includes environmental priorities.
- Training of employees.
- Implementing and developing environmental management.
- Recording and monitoring the effects and costs of system implementation.
- Improving the system and company's operations in terms of environmental protection.

ISO 26 000

An environmental standard developed by the International Organisation for Standardisation, that includes the guidelines relative to social responsibility. The document, presented in November 2010, is not designed as a certificate or mandatory regulation. The standard is to be a practical guide of responsible business, defining its scope, and promoting values and ideas.

The standard defines social responsibility as a company's responsibility for the impact of its decisions and actions on society and the environment, expressed by a transparent and ethical behaviour, that

- contributes to sustainable development, health and welfare of society
- considers stakeholders' expectations (of individuals or groups interested in the organisation's decisions or actions)

- is consistent with current law, and international standards of behaviour
- is implemented in the whole organisation and exercised in its relations

ISO 26 000 is a guide that may be used in all types of organisations, businesses as well as governmental administration bodies and institutions of the third sector, in developed and developing countries.

The standard distinguishes seven areas of Corporate Social Responsibility: corporate order, human rights, practice at workplace, environment, market practices, consumer issues, social engagement, and development of community.

Reporting

Reporting is related to the requirement of openness and transparency of the organisation's activities. It also provides for flow of information.

The social report presents a condensed image of management, and publishes the results of responsible business activities. Therefore, it should define the reporting period, contain statements on policy, aims and strategies and a review of results, enabling to compare them in successive years.

CSR reporting has been significantly evolving, from its beginnings in the 1970s that focused on issues of health and safety at the workplace, as no more than addendum to the classic annual report. Nowadays we are dealing with integrated reporting.

Guidelines for reporting

- Global Reporting Initiative, GRI
- Guidelines G3
- AA 1000
- ISO 26000
- SA 8000

SA 8000 (Social Accountability 8000)

The SA 8000 standard was created in 1997 to determine how the enterprise ensures its personnel the basic and fundamental rights, that are guaranteed under international conventions. It is based upon eight key principles:

- (1) Prohibition of children's work.
- (2) Prohibition of forced labour.
- (3) Health & safety at work.
- (4) Freedom of association.
- (5) No discrimination.

- (6) Disciplinary practice.
- (7) Working hours – flexible as possible, adjusted to employees' needs.
- (8) Remuneration adequate to work performed and paid in time.

The three-year certificate of conformity with this standard, offers the company the option to systematically document and monitor its effectiveness. For the SA 8000 programme includes a “self-assessment package” and other tools, useful in implementing a Corporate Social Responsibility policy.

Stakeholders

Groups or individuals interested in a company's operations, and demanding from the same. They include the entities that supply the company with resources, that bear risk or influence the level of this risk, entities forcibly or voluntarily associated with the company, etc.

Stakeholders may be classified under various criteria (e.g., association with the company, force of impact, character of relations, etc.). The basic division is in internal and external stakeholders. Internal stakeholders are composed of the following groups:

- ☐ employees
- ☐ shareholders
- ☐ supervisory boards

External stakeholders may be:

- ☐ clients
- ☐ suppliers
- ☐ competitors
- ☐ state authorities
- ☐ media
- ☐ trade unions
- ☐ non-governmental organisations

Supply chain

It comprises all elements of production, from acquiring basic raw materials (those generated by land, water or air), to sales of the end product to the end customer, and utilising whatever remains after use.

Sustainable development

The concept of “sustainable development” appeared in 1987 in the final report of the World Commission on Environment and Development, titled “Our Common Future” (the so-called Brundtland Report, named after the commission's chairwoman, Gro Harlem Brundtland). It formulated the guidelines of the United Nations Conference on Environment and Development (UNCED), held in 1992 in Rio de Janeiro (Earth Summit). The conference adopted the programme Agenda 21 as a global strategy of sustainable development. The report states that sustainable development is a process that meets current needs, without the risk that future generations might not be able to satisfy their needs.

Value chain

Describes various processes the purpose of which is to enable the company to boost as much as possible, the value of its own products.

The chain model was developed by M. E. Porter in the late 1970s. It is one of the methods of analysing the organisation's strategic potential. Porter's method enables to identify and understand the whole set of relations between the system of the organisation's resources, and the level of competitive advantage it achieves. It enables to certify how much do the company's activities support and contribute to achieving competitive advantage.

The model shows a simplified image of the enterprise as a sequence of actions (functions), from the phase of acquiring raw materials, other materials and technology, to their processing into end products, and delivering to customer. Basic and auxiliary functions are distinguished in the value chain. Basic functions comprise operations designed to receive raw materials, other materials and subassemblies, production, sales and service. Distinguished auxiliary functions cover activities like research and development, marketing, human resources management, information management, and other.

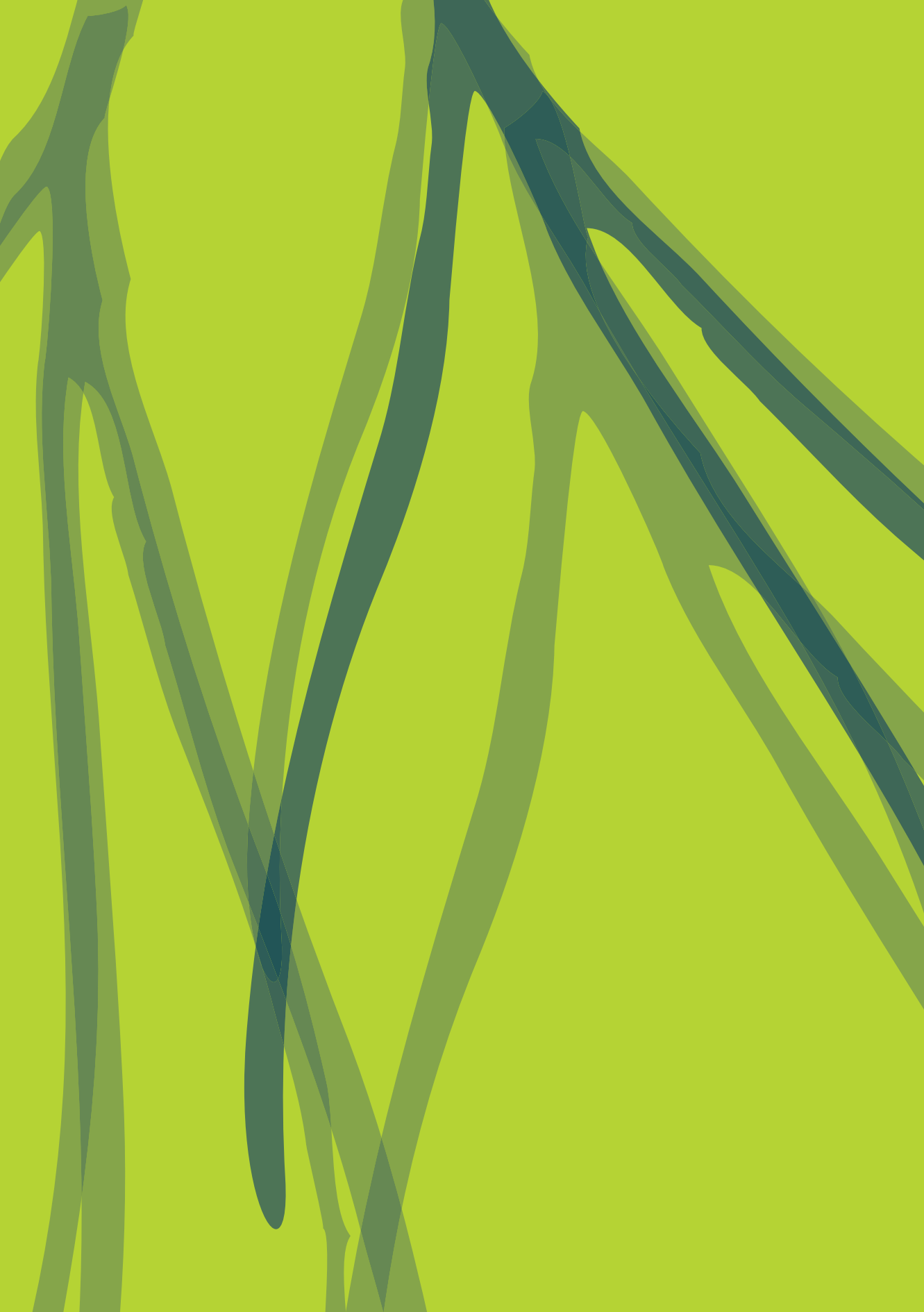
White Paper: Communication on CSR

Document released by the European Commission in 2002, stating the strategy of implementing and disseminating the concept of Corporate Social Responsibility.

The White Paper presents 4 areas of the EU's necessary actions in the field of Corporate Social Responsibility:

- (1) Education, sharing experience and good practices.
- (2) Developing the tools of Corporate Social Responsibility.
- (3) Launching the European Multi-Stakeholder Forum on CSR.
- (4) Including CSR in all EU's policies.

The document is addressed, i.a. to European institutions, member states, social partners, business and consumer associations, and individual enterprises.





07



Appendix - RespEn research questionnaire

07. Appendix - RespEn research questionnaire



Interview guide (time 110 min)

I. Introduction (10 min)

- 1) Moderator explains the purpose of the research and the rules of the interview.
- 2) Respondent introduces himself (herself) – name, how long does he/she work in the company, explains his/her position (duties).

II. Basic information about the company (15 min)

- 1) How long does the company exist?
- 2) If respondent is its owner – why did you decide to start such a company?
If respondent is its employee – why did you decide to start working in this company?
- 3) What is your previous work experience?
- 4) What would you consider the biggest success of the company during last year? What else?
Why can it be defined as success?
- 5) Were there any barriers, challenges for the company during past year? If yes – why did they appear?
How did the company managed?
- 6) In which stage of development is your company now?
- 7) What is specific about your company? How does it differ versus others?
- 8) What is your source of information regarding the way you should lead the company, effect it's development, coping with problems?
- 9) Do you – your employees – use training? If yes – what kinds of training? Why? If no – why not?

III. Organizational governance (10 min)

- 1) What are the rules you try to observe in the way you manage the company?
- 2) Do the employees know these rules? If yes – where do they know them from? If not – why?
- 3) What are the target, goals you are going to achieve in leading your company?
- 4) What is the practical meaning of those rules and goals? How can it be observed?
- 5) Ethical code, defining the goals of the company – is that something beneficial for the company in your opinion?
Why do you think so?
- 6) Imagine that there is a training available that could help you establishing the ethical code and goals for you company and defining their practical implication - would you be interested in taking a part in it? Why?

IV. Human rights (10 min)

- 1) Have you encountered/ heard about discrimination in the labour market?
If yes - please, tell me about it. If no - how do you think, why?
- 2) Does the entrepreneur may prevent discrimination?
If yes - how? If no - why?
- 3) Does the term "human rights" relates to labour market?
Why yes? Why not?
- 4) If there was a workshop which would help to define relationship between protection of human rights and business and to define practical meaning of such behavior, would you like to take a part in it? Why?

V. Labour practices (10 min)

- 1) How do you choose your employees? What is important for you? How do you look for them?
- 2) Who is working for you now and what are the positions?

- 3) Do you undertake activities which are meant to keep good relations with employees? If yes - what kind and why? If not – why?
- 4) Do you have any habits? Do you have meetings (if yes - how often, what for? if not – why?)
- 5) How do you reward and punish your employees?
- 6) What are the relations between employees?
- 7) What happens when the difficult moments come: disease, pregnancy, conflict between employees, dishonesty?
- 8) Do your employees create a team? Why? Is it important?
- 9) Do you think such activities translate to benefits for the company or not? Why?
- 10) If there was a workshop which could help to create good relations and open communication with employees, would you like to take a part in it? Why?

VI. The environment (10 min)

- 1) Now, let's talk about environment - what is your, as an entrepreneur, attitude to the environment?
- 2) Do you take any actions in your business activity to take care of environment? What kind? What about your private life? Do you take any pro-environmental activities? What kind? (If there is no agreement – in occupational sphere yes, in private no – moderator asks about reasons)
- 3) What influence on the environment does the activity of your company have? Do you attempt to compensate this influence?
- 4) Do you think pro-environmental activities translate to benefits for company or not? Why?
- 5) If there was a workshop which would help to work out practices towards environmentally responsible activities, would you like to take a part in it? Why?

VII. Fair operating practices (10 min)

- 1) We were talking about relations with employees – now let's think about wider company's context and its trade practices. Who benefits from your business activity? Whose services is your company using? (identifying the business environment)
- 2) How do the relations with them look like? On which principles are they based?
- 3) What relations does your company have with the competition? Have you met unfair competitors?
- 4) Do you think ethical trade practices are theoretical or practical issue? Why do you think so?
- 5) Do you see any companies around you which account and do not account ethical principles in their trade practice? Could you give an example of activities towards business partners, which you evaluate as ethical or unethical?
- 6) Do you undertake any activities to build correct relations with external partners of your company? If yes – what kind and why? If not – why?
- 7) Do you think attitude towards trading partners translate to benefits for company or not? Why?
- 8) If there was a workshop which would help to define good relations with external partners, would you like to take a part in it? Why?

VIII. Consumer issues (10 min)

- 1) Let's talk about consumers – who could be defined to be a consumer of your company (if it is not clear)?
- 2) Do you undertake any activities which are meant to take care of consumer? What kind? Why are they undertaken?
- 3) What is your consumer allowed to do? And what is not allowed?
- 4) What about conditions of agreements, complaints – what is important for you in these areas?
- 5) What about the product itself – is it connected with taking care of consumer?
- 6) Do you think attitude towards consumer translate to benefits for company or not? Why?
- 7) If there was a workshop which would help to develop activities undertaken in this area, would you like to take a part in it? Why?

IX. Community involvement and development (10 min)

- 1) The last topic is social environment of company – local community, non-governmental organizations. Do you know social environment of your company? Inhabitants, organizations, institutions?
- 2) Do you keep relations with them? Do you have any contacts? If yes – what kind any why? If not – why?
- 3) Is activity of your company connected with local community?
- 4) Is your company dependent on its social environment in any aspect of its activity?
- 5) Do you see any activities for local community, in which your company could be involved?
- 6) Does such involvement translate to benefits for company or not? Why?
- 7) If there was a workshop which would help to develop involvement in local community affairs, would you like to take part in it? Why?

X. Recapitulation (15 min)

- 1) What does it mean for you: to run business in a socially responsible way? How do you understand it? What are your associations?
- 2) Would you like to run your company in a socially responsible way? Is it important for you? Why?
- 3) We talked over a lot of aspects of running a company. All proposed topics are complaint with new formulated ISO standard referring to running business in a socially responsible way (ISO 26 000). Mention the issues, which we talked over (*moderator presents a list with all topics*). Did you associate all of them with CSR? Maybe same more and same less?
- 4) Do you think CSR translates to business benefits or not?
- 5) At the end, I present you a list of possible CSR workshops. Put them in an order – from the workshop which you would be the most interested to take part in to the workshop which you would sign on at the end.
- 6) Respondent ranks the workshops and explains the order.
- 7) Is there anything missing?

That is all. Thank you for your time and help.



Quantitative research survey.

The questionnaire contains questions for advanced markets ("extended questions").
The Swedish translation of the questionnaire is available at www.responsiblesme.eu/se

Information about the company

- 1) How many persons does your company employ?
(Employee is a person who constantly cooperates with company, based on temporary contract, contract for an indefinite time, contract for a specific work or contract of mandate).

/1/	Up to 9 persons	Micro company – check quotas
/2/	From 10 to 49 persons	Small company – check quotas
/3/	From 50 to 249 persons	Medium company – check quotas
/4/	More than 250 persons	Finish

Quotas connected with the company size (for sample 250 companies):

- ☐ Number of micro companies 75 - 115
- ☐ Number of small companies 100 - 140
- ☐ Number of medium companies 35

- 2) What does your company do? (*Interviewer, note*)
- 3) Which branch does your company represent?

/1/	Manufacturing companies	
/2/	Services for business	
/3/	Services to individuals	
/4/	Wholesale	
/5/	Retail	
/6/	Other	

Quotas connected with branch:

- ☐ In each sector size of enterprises all 3 branches (production, service, trade) will be represented.
- ☐ Production – our aim is to have at least min 10% of micro and small companies and 5 medium ones.

4) How long does the company exist?

/1/	Less than 1 year	Finish
/2/	1 year or longer	Continue

5) Does your company cooperate with any foreign country?

/1/	Yes, we do cooperate	Go to question 6
/2/	No, but we plan to start	Go to question 6a
/3/	No and we do not plan to start	Finish

6) Please tell me what kind of foreign cooperation do you have?

(Interviewer, note)

- a) Import
- b) Export – we are subcontractor to a foreign company
- c) Direct export to a final consumer
- d) We have representative office abroad
- e) We have branch abroad
- f) Other

6a) Please tell me what kind of foreign cooperation do you plan to start?

(Interviewer, note)

- a) Import
- b) Export – we are subcontractor to a foreign company
- c) Direct export to a final consumer
- d) We have representative office abroad
- e) We have branch abroad
- f) Other

7) Which from the below sentences describes your work position and duties the best (you can only choose one)?

/1/	I am owner/co-owner of the company and eventually it is me who takes all decisions	Continue
/2/	I can give my opinion, but my boss takes decisions.	Finish
/3/	I decide or co-decide about the development of the company	Continue
/4/	I have influence on every strategic decision about the development of the company	Continue
/5/	I have my field and I do not have influence on decisions regarding the whole company.	Finish

8) Does your company have any kind of environmental certificate like ISO 14001, EMAS or others?

/1/	Yes, it does	Go to question 9
/2/	No, it doesn't	Go to the next section

9) What kind of certificates does your company have? ((Interviewer, note)

CSR introduction

- 1) Are you familiar with the term: CSR? (Corporate Social Responsibility)

/1/	Yes	Continue
/2/	No	Continue

- 2) Please, tell what words do you associated with this term – just share your first associations.
(Interviewer, note)

Labour practices

I will ask you a few questions regarding the way you lead your company (the company you work in is lead). The first topic will be the employees. I will read few statements and your role will be to tell to what extent they refer to your company.

- 5 – Definitely fits my company
- 4 – Rather fits my company
- 3 – Hard to say
- 2 – Rather doesn't fit my company
- 1 – Definitely doesn't fit my company

Additional answers - It does not concern my company; I do not know

- 1) Employees are encouraged to suggest improvements to the company.
- 2) In my/our company we have regular meetings when staff and management can share information about the company's achievements, successes, and disappointments/ needs.
- 3) We are flexible regarding varying working-hours per day (flex time), working at home, etc.
- 4) The company encourages the employees to develop real skills and long-term careers – for example via training plan.
- 5) We take care about safety of our workplace for all workers.
- 6) Does your company have any good practices connected with labour practices?
Yes - No
- 7) If so, please specify them (Interviewer, note)
- 8) Do you have any comments or reflections to add? (Interviewer, note)

Extended Questions

- 9) All employees have written employment contracts.
- 10) Management consults with staff and / or the union when major changes will occur in the company.
- 11) We have arranged that men and women are given the same opportunities to perform all tasks in our business.
- 12) We have appraisals with our staff at least once a year.
- 13) Our staff is required to report all incidents and accidents, so that our company can take steps to improve safety and minimize risk.

The environment

Now I am going to ask a few questions regarding the environmental issues. I will read few statements and your role will be to tell to what extent they refer to your company.

- 1) Our business has an impact on the environment.
- 2) Our organisation strives for resources sustainably through recycling of e.g. process-effluent and/or materials.
- 3) We work to reduce our company's environmental impact through energy saving.
- 4) We work to reduce our company's environmental impact through waste-minimisation.
- 5) We are aware of those environmental laws which affect our operations.
- 6) We aim to reduce use of fossil fuels in our operations.
- 7) Does your company have any good practices connected with the environment?
Yes - No
- 8) If so, please specify them (Interviewer, note)
- 9) Do you have any comments or reflections to add? (Interviewer, note)

Extended Questions

- 10) We have environmental management system that helps us to minimize the emission of pollutants, toxins and chemicals in our environment.
- 11) We measure and monitor our environmental impact (fuel use, waste, energy, hazardous waste, greenhouse gas emissions, etc.) in order to minimize long-term effects.
- 12) We sort our waste into different fractions (such as plastic, metal, wood, paper/ cardboard, burnable waste and hazardous waste).
- 13) We have control over the use of chemicals and rules and procedures for the introduction of new chemicals.
- 14) We openly report our environmental impact/ environmental work in our annual report.

Fair operating practices

Now I am going to ask a few questions regarding the relations your company have with competitive and cooperating companies. I will read few statements and your role will be to tell to what extent they refer to your company.

- 1) We actively ask for the feedback we can get from our business partners – customers, suppliers.
- 2) Our company has formulated rules to ensure honesty and quality in all its contracts and business dealings.
- 3) We try to build the fair relations with the competitive companies.
- 4) The companies we cooperate with can be generally described as ethical.
- 5) We have a code of conduct which is enforced throughout our organization and which we ensure is followed.
- 6) We work actively to argue for social responsibility in the circles we are active in (business associations, networks, politically, etc.).
- 7) Does your company have any good practices connected with fair operating practices?
Yes - No
- 8) If so, please specify them. (*Interviewer, note*)
- 9) Do you have any comments or reflections to add? (*Interviewer, note*)

Extended Questions

- 10) We do not participate in activities that obstruct free competition.
- 11) We have a policy on representation and gifts.
- 12) We ensure that our suppliers' invoices are paid on time.
- 13) We do not use our position of power to influence political decisions in the community to our advantage.

Consumer issues

Now I am going to ask a few questions regarding your consumers – the relations you build, the actions you take to satisfy them. I will read few statements and your role will be to tell to what extent they refer to your company.

- 1) We openly show how we manufacture our products or the way we deliver our services as well as the materials we use.
- 2) We communicate all potential risks associated with our products and/or services in order to reduce the risk of danger to consumers' health & safety.
- 3) Customers can easily make contact with us with queries regarding our products and services, and we ensure to help them.
- 4) Our company has formulated rules for assuring honest and complete marketing information.
- 5) We do not share clients' information with other companies or organizations without the customers' approval.
- 6) Does your company have any good practices connected with consumer issues?
Yes - No
- 7) If so, please specify them. (*Interviewer, note*)
- 8) Do you have any comments or reflections to add? (*Interviewer, note*)

Extended Questions

- 9) Our products fulfill requirements for CE marking of personal safety.
- 10) We are aware of the laws that apply to us with respect to consumer rights.
- 11) Our company offers clear and accurate environmental information about our products, services and activities to interested parties.
- 12) Our products come with user manuals and safety instructions in the local language.
- 13) In connection with the supply/sale, we provide information about how our products should be treated after they are consumed.

Community involvement and development

Now I am going to ask a few questions regarding your social environment, local community your company functions in. I will read few statements and your role will be to tell to what extent they refer to your company.

- 1) We conduct an open dialogue with local community on controversial, sensitive issues that concerns our company - like our waste, destroying roads by our vehicles, etc.
- 2) We endeavour to purchase from local suppliers.
- 3) We have dialogue with local interested parties before important decisions are taken which affect the area we operate within.
- 4) We actively work to develop local community or organizations in the long-term through our skills or technology transfer.
- 5) We are actively involved in local community issues.
- 6) Does your company have any good practices connected with community involvement and development?
Yes - No
- 7) If so, please specify them. (*Interviewer, note*)
- 8) Do you have any comments or reflections to add? (*Interviewer, note*)

Extended Questions

- 9) We encourage our employees to participate in local activities (eg, by allowing them to use working hours for charity work or offer expertise).
- 10) We support the culture in our region.
- 11) We act as mentors for new start-up companies.
- 12) If we need to reduce the number of employees, we make efforts to reduce the negative effects both for individual employees and the local community (through training, grants for start-ups, coaching, etc.).
- 13) We support apprenticeship by striving to have a number of apprentices in our workforce.
- 14) We donate money to charity.

Human rights

Now I am going to ask a few questions regarding human rights. I will read few statements and your role will be to tell to what extent they refer to your company.

- 1) We have assured that our operations do not contribute to offences against human rights in Sweden/ Poland.
- 2) We have assured that our operations do not contribute to offences against human rights in other countries.
- 3) We place requirements on our suppliers, not to breach human rights.
- 4) We have assured that our staff can communicate opinions and complaints without any risk of reprisals.
- 5) We ensure that adequate steps are taken against all forms of discrimination, both in the workplace and at the time of recruitment (e.g. against women, ethnic groups, disabled people, etc.).
- 6) Does your company have any good practices connected with community involvement and development?
Yes - No
- 7) If so, please specify them. (*Interviewer, note*)
- 8) Do you have any comments or reflections to add? (*Interviewer, note*)

Extended Questions

- 9) We encourage freedom of associations, trade unions and have a positive attitude to collective negotiations.
- 10) When recruiting, we promote a diversity of age, gender, disability, ethnicity, religion and sexual orientation.
- 11) We encourage parental leave for both men and women.
- 12) We have a policy for whistle-blowing. (Whistleblower, means a person who attracts the attention of irregularities, such as corruption, and may then be exposed for a risk of negative consequences and / or retaliation.)

Company's future development

We talked over a lot of aspects of running a company. All proposed topics are complaint with new formulated ISO standard referring to running business in a socially responsible way (CSR).

- 1) Do you consider your company as socially responsible?
5 – Definitely yes 4 – Rather yes 3 – Hard to say 2 – Rather no 1 – Definitely no
- 2) Would you like your company to be run according to CSR standards?
5 – Definitely yes 4 – Rather yes 3 – Hard to say 2 – Rather no 1 – Definitely no
- 3) Why would/wouldn't you like your company to be run according to CSR standards? (*Interviewer, note*)
- 4) State how important management judges each area will be for your company in the future.
You can give the same score more than once.
5 – Definitely important 4 – Rather important 3 – Hard to say 2 – Rather not important 1 – Definitely not important
/1/ Labour practises
/2/ The environment
/3/ Fair operating practices
/4/ Consumer issues
/5/ Community involvement and development
/6/ Human rights
- 5) Do you communicate your socially responsible activities internally, i.e. to your employees?
5 – Definitely yes 4 – Rather yes 3 – Hard to say 2 – Rather no 1 – Definitely no
- 6) Do you communicate your socially responsible activities externally, i.e. to your clients, business partners or local community?
5 – Definitely yes 4 – Rather yes 3 – Hard to say 2 – Rather no 1 – Definitely no

Customers and Market

Our customers are prepared to pay a higher price for our products and services so that we and our suppliers can be environmentally responsible.

5 – Definitely yes 4 – Rather yes 3 – Hard to say 2 – Rather no 1 – Definitely no

Extended Questions

Our customers are prepared to pay higher prices for our products or services so that we and our suppliers can give priority to health and safety for our staff.

5 – Definitely yes 4 – Rather yes 3 – Hard to say 2 – Rather no 1 – Definitely no

Our customers are prepared to pay higher prices for our products or services so that we and our suppliers can take responsibility in the community (support for local sporting clubs, humanitarian organizations, culture, etc.).

5 – Definitely yes 4 – Rather yes 3 – Hard to say 2 – Rather no 1 – Definitely no

Thank you for your time and help.

