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SELECTED ASPECTS OF CSR IN THE OPINION OF SMALL AND MEDIUM ENTERPRISES IN RURAL AREAS OF WARMIA AND MASURIA

WYBRANE ZAGADNIENIA KONCEPCJI CSR W OPINII MAŁYCH I ŚREDNICH PRZEDSIĘBIORCÓW Z OBSZARÓW WIEJSKICH WARMII I MAZUR

Key words: corporate social responsibility, economic benefits, agribusiness

Słowa kluczowe: społeczna odpowiedzialność biznesu, korzyści ekonomiczne, agrobiznes

Abstract. The aim of the study is to present selected issues relating to the concept of CSR in the opinions of small and medium enterprises engaged in economic activities in rural areas. The concept of corporate social responsibility, functioning under the name of CSR, which is the responsibility of the business, is becoming more popular not only in academia, but also business. Research into business opinions on the concept of CSR was carried out in the second half of 2013 and included 174 micro (0-9 employees), small (10-49 employees) and medium (50-249 employees) agribusinesses engaged in business activities in rural areas of Warmia and Mazury. Studies have shown that nearly 30% of traders noted that the principles of social responsibility are reflected in financial results – they saw benefits such as higher quality products, lower costs and associated savings such as in water or energy.

Introduction

In business practice it is usually believed that companies only exist to obtain a profit for owners. Few entrepreneurs and managers see the need to link their business activities with ethics and above all with duties to the public or the environment. Similar statements can also be found in the publications of authors with neo-liberal views. The most frequent are those cited by Milton Friedman, Nobel Prize laureate in economics, whose opinion is that in a market economy companies should use their resources primarily to multiply profits, on the basis of certain standards, without fobs and fraud [Friedman 1987].

That opinion on the role of businesses in the socio-economic reality, derived from classical economics, is becoming less suited to the current situation in the economy of most countries [Bromley 1991]. Hence, for some time growing interest has been observed in the concept of business management, involving deliberate action oriented not only towards financial gain and other economic aspects, but also to social and environmental interests [Rybak 2004]. According to the assumptions of this concept, corporate social responsibility is about more than just fulfilling the legal and formal requirements which Friedman relied on. Corporate social responsibility should be manifested in the business strategy focusing on permanent and long-term activities for the near and distant environment, such as actions related to environmental protection, improvement of local infrastructure or investing in the development of employees [Ratajczak et al. 2012].

The concept of social responsibility, functioning under the name of CSR (Corporate Social Responsibility), is becoming more and more popular not only in academic circles, but also in business. This is due to the fact that entrepreneurs and managers are beginning to see some benefits from the implementation of this idea into their businesses. These not only pertain to the economic aspect, but also to ensure a good position in the future [Velford, Gouldson 1994]. In addition, they begin to realize that when operating in a particular social space and in a particular natural environment, they are supposed to comply with certain moral, ethical and environmental standards, and to take responsibility for their own decisions. That is why the concept of CSR is

focused on building a new balance between the economic, environmental and social dimension of the operating enterprise and economic development [Ratajczak 2013a].

Several definitions of the CSR concept can be found in academic literature. This is because many international institutions such as the European Commission and the ISO Committee, social organizations and business theorists and practitioners have taken to try and explain its essence, applying different arguments. Concepts have undergone some modifications depending on where they originate from. Those that currently are the most frequently invoked, contain responsibilities referring to the need for compliance with ethical, moral and legal standards in business, but go beyond traditionally understood ethics and law [Syska-Romańczuk et al. 2012].

It can be said for certain that the most important initiative in promoting CSR was the publication of the Green Paper on corporate social responsibility by the European Commission. This document systematizes the concept of CSR at a European level. The announcement of the Green Paper launched a wide debate on how the EU can actively promote CSR at European and global level [*Green Paper* 2001].

At the World Economic Forum in Davos in 1999, UN Secretary-General Kofi Annan announced an initiative called “Global Compact”. This initiative in current form is a set of 10 principles accepted by more than 4300 companies from all around the world which have committed to comply with them. These rules relate to four areas of business: respect for human rights, working conditions, environmental protection and the fight against corruption [*The Ten Principles*].

Another important initiative is the OECD Guidelines for Multinational Enterprises. This is a set of standards and principles to guide the operation of enterprises, so that they are socially responsible. They were developed in 1976, and the last amendment took place in 2000 [Bojar 2007]. These rules primarily relate to issues such as the relationship between employees and employers, human rights, competition, environment, consumer interests, share of information, fight against corruption and taxes [Ratajczak 2013b].

It should also be mentioned that alongside these international documents containing codes of ethics, at the plenary session of ISO in Copenhagen in May 2010, the first international social responsibility standard – ISO 26000 was adopted, which in Poland was officially translated and presented in the second half of 2012. In the content, besides corporate social responsibility, a description was presented of the seven basic areas of CSR relating to organizational governance, human rights, relations with employee, natural environment, market practices (economic and social benefits), consumer issues and social development [Hąbek, Szewczyk 2010].

The purpose of this paper is to present the concept of CSR in the context of the economic benefits generated by the SME sector in rural areas.

Characteristics of the studied population

Research into the opinion of entrepreneurs about their knowledge of the CSR concept, its scope and the application of the principles of corporate social responsibility were carried out in the second half of 2013 and included 174 micro (0-9 employees), small (10-49 employees) and medium (50-249 employees) agribusiness companies engaged in business activities in rural areas of the Warmia and Mazury.

The analysed population was dominated by small businesses – accounting for 62.5%, micro-enterprises comprised 29.5%, and medium-sized entities 8%. Men were owners of 54.9% of the analysed companies and women were operators of 45.1% of companies from the agribusiness sector. In the studied population a clear differentiation in respect to owner age was observed. Over 60% of respondents were 46 years old and older (46-55 years old accounted for 36.7%, and over 56 years old – about 25% of the owners). Every third entrepreneur was in the age group of 30-45, while managers under the age of 30 comprised 7.4% of the population.

The represented structure of surveyed company owners according to their education was interesting to observe. Managers of 46% of companies had a higher education – which is certainly a positive observation taking into account the migration of educated people from rural areas to the cities. Men aged 30-55 with higher education were slightly higher in number (over 59%) than

women of the same age and education. Almost 37% of respondents had a secondary education – management was dominated by 46-55 year old. The remaining respondents were characterized by a basic vocational education and constituted about 17% of the studied population (dominated by men aged 56 and over).

Almost 59% of respondents operated in industrial processing, which is typical for small and medium-sized agribusiness companies, especially in rural areas. Every fifth respondent dealt with wholesale and retail trade, which resulted in frequent localization in rural areas near large urban agglomerations. Agriculture and transport, accounted for about 20% in the structure of the surveyed entrepreneurs.

Another object of the analysis was the legal forms of ownership of investigated operators in rural areas. Most of the surveyed companies (almost 61%) functioned as a natural self-employed person - this form is also the most popular in the whole country. In other cases, these entities were registered as a Limited Liability company, civil and public (every eleventh surveyed company). The study was performed by a diagnostic survey, a primary research tool was a questionnaire addressed to the entities surveyed. The material obtained in this way was mathematically and statistically analysed. The arithmetic mean, χ^2 independence test, the coefficient of convergence T Czuprow and contingency coefficient C Pearson (corrected and simple), were used.

Selected aspects of CSR in the opinion of surveyed entrepreneurs in rural areas

The study showed that almost 30% of businesses operating in rural areas of the Warmia and Masuria voivodeship confirmed that socially responsible actions brought economic benefits to the company and only every fifth owner denied that CSR activities were profitable for their economic entity profitable (Fig. 1).

It should also be noted that almost half of the respondents did not express an opinion as to the viability of the implementation of CSR principles in business practice.

Entrepreneurs who have achieved economic benefits from the application of the principles of social responsibility admitted that commitment to the good practice pays off, because it primarily affects the reduction of costs, such as costs of energy, water or raw material consumption, and thus the profits are higher (more than 1/5 responses). It also contributes significantly to improving quality, thus it promotes commitment to producing better products and services to increasingly demanding customers (Fig. 2).

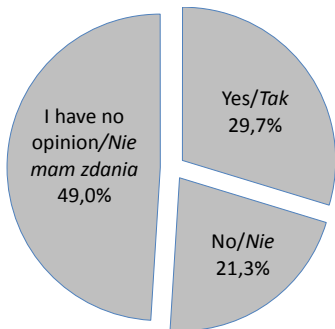


Figure 1. The economic benefits arising from the implementation of CSR principles in surveyed agribusiness enterprises

Rysunek 1. Korzyści ekonomiczne wynikające z faktu wdrażania zasad CSR w badanych firmach agrobiznesu

Source: own study

Źródło: opracowanie własne

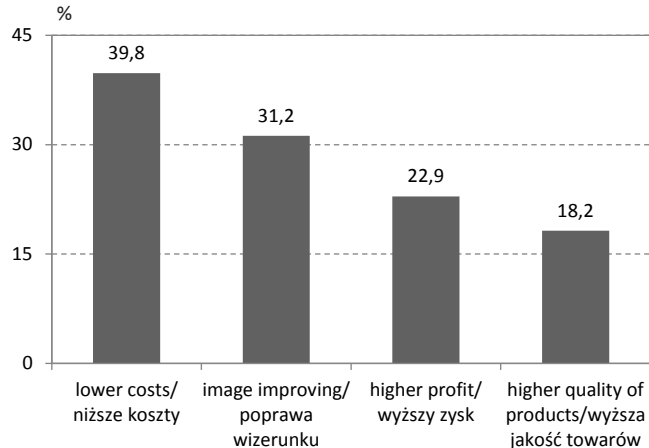


Figure 2. Type of economic benefits from the implementation of CSR practices in surveyed agribusiness enterprises

Rysunek 2. Rodzaj korzyści ekonomicznych wynikający z wdrażania praktyk CSR w badanych przedsiębiorstwach agrobiznesu

Source: own study

Źródło: opracowanie własne

The last benefit indicated by the surveyed entrepreneurs was the opportunity to create a positive image of the company, which certainly contributed to the greater interest of investors and consumers (over 30% of responses).

The study assumes that the business section of the economy can affect the economic benefits achieved, and therefore the appropriate statistical tests were chosen to verify this. In order to determine the statistical independence between the business section and the economic benefits arising from the implementation of CSR, the χ^2 test of independence was conducted, which showed that the tested variables are not independent (Tab. 1). Among the surveyed small and medium-sized enterprises from the manufacturing industry, wholesale and retail trade, lower costs were indicated as the main benefit, which allowed the company to achieve a higher profit as a consequence of the implementation of responsible business principles. Entrepreneurs in the agricultural and transport section emphasized, above all others, the higher quality of the goods that can be offered by using CSR principles. It should be underlined that the values of calculated coefficients showed a significant relationship between the analysed characteristics, with a particularly high value of the C Pearson corrected coefficient of contingency.

Respondents were also asked how they perceive the relationship between CSR and financial results of the company (Fig. 3). Despite the fact that approximately 30% of the respondents confirmed the economic benefits of CSR, almost 39% noted the relationship between CSR and profits, but did not declare that they currently obtain benefits.

This relationship is certainly optimistic in terms of the development of CSR in the future, especially in small and medium-sized enterprises, however more than half expressed no opinion about the existing relationship between these characteristics..

Table 1. Determination of statistical independence between the section of activity (NACE) and the economic benefits arising from the implementation CSR principles

Tabela 1. Określenie statystycznej niezależności pomiędzy sekcją działalności (PKD) a odnoszeniem korzyści ekonomicznych wynikających z faktu wdrażania zasad CSR

χ^2 Test of independence/Test niezależności χ^2	
Hypothesis/Hipotezy: H_0 : [badane zmienne są wzajemnie niezależne]/ H_0 : [tested variables are independent] H_1 : [badane zmienne nie są wzajemnie niezależne]/ H_1 : [tested variables are not independent]	
$\chi^2 = 28,34 > \chi_{\alpha}^2 = 15,50$ the null hypothesis H_0 is rejected in favor of alternative hypothesis H_1 at $\alpha = 0.05$ $\chi^2 = 28,34 > \chi_{\alpha}^2 = 15,50$ zatem odrzucamy hipotezę H_0 na rzecz H_1 przy $\alpha = 0,05$	
T Czuprow's convergence coefficient/ Współczynnik zbieżności T Czuprowa	Txy = 0,52
C Pearson contingency coefficient – simple/ Współczynnik kontyngencji C Pearsona – zwykły	Cxy = 0,65
C Pearson contingency coefficient – corrected/ Współczynnik kontyngencji C Pearsona – skorygowany	skorCxy = 0,74
Variable X: Activity section (NACE)/Zmienna X: Sekcja działalności (PKD) Variable Y: Economic benefits from the CSR principles implementation/ Zmienna Y: Korzyści ekonomiczne wynikające z faktu wdrażania zasad CSR	

Source: own study

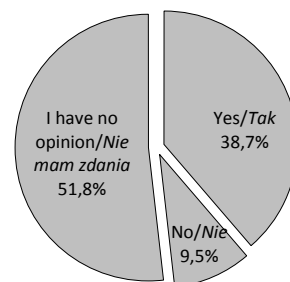
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Figure 3. The relationship between the financial results and the implementation of CSR principles

Rysunek 3. Zależność pomiędzy wynikami finansowymi a wdrażaniem zasad CSR

Source: own study

Źródło: opracowanie własne



Summary

Summarizing the above considerations it should be noted that nearly 30% of entrepreneurs remarked that the principles of social responsibility are reflected in financial results. These were mainly businessmen in the fields of manufacturing and trade. They observed benefits such as higher quality of products, lower costs and associated savings of resources such as water or energy. Entrepreneurs from agricultural and transport sectors emphasized the importance of higher quality of goods offered in the market owing to the principles of CSR.

It must be pointed out that CSR is not about costs that corporations cannot afford because of difficulties on the market but economic benefits to their owners and stakeholders, as well as a positive impact on the environment. Businesses, especially small and medium-sized companies, often demonstrate little or no awareness of the importance of CSR and therefore it is necessary that promoting institutions should increasingly emphasize its significance in business practices (in the field of agribusiness) on both domestic and foreign markets.

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Streszczenie

Celem badań było przedstawienie wybranych zagadnień dotyczących koncepcji CSR w opinii małych i średnich przedsiębiorców prowadzących działalność gospodarczą na obszarach wiejskich. Koncepcja społecznej odpowiedzialności biznesu, funkcjonująca pod nazwą CSR, czyli odpowiedzialność w biznesie, zdobywa coraz większą popularność nie tylko w środowiskach akademickich, ale także w biznesowych. Badania dotyczące opinii przedsiębiorców na temat koncepcji CSR zostały przeprowadzone w drugiej połowie 2013 roku i obejmowały 174 mikro (0-9 osób), małe (10-49 zatrudnionych) i średnie (50-249 pracowników) przedsiębiorstwa agrobiznesu, prowadzące działalność gospodarczą na obszarach wiejskich województwa warmińsko-mazurskiego. Badania pokazały, że prawie 30% przedsiębiorców zauważyło, że przestrzeganie zasad społecznej odpowiedzialności przekłada się na wynik finansowy – dostrzegali oni korzyści, takie jak: wyższa jakość towarów, niższe koszty oraz związana z tym oszczędność zasobów, np. wody czy energii.

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