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CORPORATE SOCIAL RESPONSIBILITY AND ITS IMPLEMENTATION IN DAIRY COOPERATIVES IN POLAND

Key words: dairy cooperatives, sustainable development, environment, areas of CSR, ethical standards

ABSTRACT. The purpose of the study was to present and assess the development of the concept of social responsibility in dairy co-operatives in Poland. Nowadays, the development of enterprises with adequate impact on the natural environment is an element of Corporate Social Responsibility (CSR), in which three goals must be reconciled: economic, environmental and social. More and more good practices, often innovative, are appearing, which shape the competitive advantage of Polish companies on the market. The subject of the study were co-operatives in the dairy sector. The questionnaire was implemented in enterprises involved in milk purchasing and processing, which in 2020 achieved revenues from the sales of products at a level of at least PLN 15 million. The concept of Corporate Social Responsibility and areas of its implementation in selected dairy co-operatives have been indicated. A list of elements and areas considered important in the approach to sustainable development was presented. It was found that not all the surveyed enterprises implemented all the elements recognised as components of Corporate Social Responsibility to the same extent. In all the studied cooperatives, safety standards, the high quality of products, transport and logistics were indicated as the most significant in the area considered important in the approach to sustainable development. On the other hand, the activities undertaken within the framework of corporate social responsibility in most of the studied cooperatives concerned the use of fair market practices and activities for the benefit of local communities. The research also showed that the approach to CSR was not influenced by the size of the enterprise, measured by the value of product sales.

INTRODUCTION

The milk market in Poland has developed dynamically over the last few years. This fact consists of many economic and social factors. Milk production is a significant sector and one of the basic components of agricultural production. The ever-increasing concentration and intensification of production is contributing to an increase in productivity, while,

at the same time, the process of milk production and processing is becoming increasingly automated from year to year. Poland belongs to the zone located in a temperate climate, which many specialists consider to be an optimal climate for the development of the dairy industry. Poland is one of the leaders in terms of milk production; it ranks 4th among European Union (EU) countries. In 2019, the share of Polish milk production in the EU was 8.3%, while according to the world ranking it was 12th [GUS 2020].

At the same time, it should be stated that milk production and processing is an important factor influencing the climate and environment. In this respect, the importance of dairy cooperatives is emphasised in the context of actions for the environment, including the climate, but also more broadly, in terms of water and land use, the protection of biodiversity and the preservation of animal welfare. Such actions form a part of running enterprises in such a way that the implementation of economic objectives is accompanied by care for the welfare of the natural environment and concern for meeting social needs, which Edward Majewski and co-authors [2007] defined as corporate social responsibility (CSR). As Krzysztof Firlej [2018] points out, contemporary companies are obliged to follow principles consistent with corporate social responsibility, and their prestige and credibility are subject to evaluation and criticism by society. This society requires the application of generally accepted norms and principles of conduct in their activities and exerts pressure to properly implement the accepted obligations. Companies, on the other hand, have appropriate codes of conduct, conduct their business in a transparent manner and often employ staff responsible for such tasks in specialised organisational units. Pranas Žukauskas with his team [2018] states that wider scientific interest in the concept of corporate social responsibility occurred in the 5th-6th decade of the last century.

According to Archie B. Carroll [2021], the concept of corporate social responsibility has a long and varied history. Many companies have long undertaken social welfare activities. However, the development of the CSR concept is linked to Howard Bowen, who defined corporate social responsibility as a social obligation. As the author of the groundbreaking book *Social Responsibilities of the Businessman*, he asked the single most important question in the book: what responsibility to society can businesses have? [Bowen 1953, after Carroll 2021]. Gail Thomas and Margaret Nowak [2006] point out that corporate social responsibility is defined by Howard Bowen as a “social obligation” to make decisions and act in accordance with the values accepted by society.

The problems of defining what should constitute CSR and what should be the nature of CSR regulation are pointed out by Mallika Tamvada [2020]. The author interprets CSR as companies’ responsibilities and duties towards society, particularly in the context of their location and activities, and CSR is related to the core functions of companies. Thomas Lamarche and Catherine Bodet [2016] state that CSR is presented as a “corporate” or “organisational” component of sustainable development that aims to provide solutions at a company level in the face of the global environmental and social crisis.

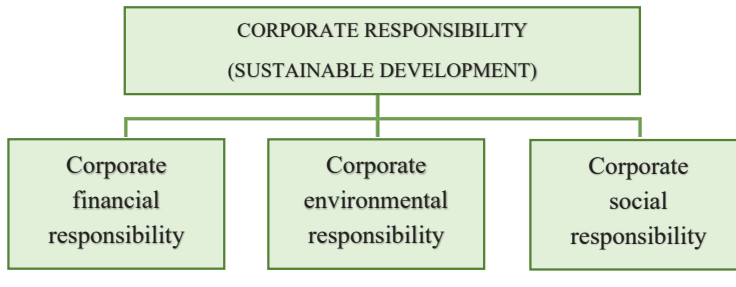


Figure 1. CSR as an integral part of sustainable development

Source: [WBCSD 2016]

Corporate social responsibility, according to the World Business Council for Sustainable Development [WBCSD 2016], constitutes the ethical behavior of a company towards society. In particular, it means that management acts responsibly in its relations with other stakeholders. At the same time, it contributes to economic development while improving the quality of life of employees and their families, as well as the local community and society as a whole. CSR is an integral part of sustainable development and corporate responsibility includes financial, environmental and social responsibility (Figure 1).

As Thomas Lamarche and Catherine Bodet [2016] point out, CSR has become a tool for pursuing strategic interests rather than a required corporate responsibility. Krzysztof Firlej (2018), on the other hand, states that the principles and objectives pursued by corporate social responsibility are primarily concerned with the functioning entity and its interaction with its immediate environment.

The corporate social responsibility (CSR) model is particularly interesting not only because of the ethical dimension of the company, but also as a factor of strategic business improvement, which combines the concepts of CSR and CE as possible solutions for the development of sustainable business processes [Fortunati et al. 2020]. Social responsibility towards sustainability is becoming an increasingly common practice in the dairy industry [Stawicka 2018]. Research in this area was undertaken by Edward Majewski and team [2007] or Paulina Wiza [2020], among others. Andrzej Wiatrak [2015] points out that the social responsibility of organisations includes various areas and planes, which are closely related to a specific type of activity and in agribusiness all its planes should be taken into account, with the ecological and then the social plane playing a special role. The study attempts to assess activities in the field of corporate social responsibility in selected dairy cooperatives.

RESEARCH METHODOLOGY AND SOURCES

The aim of the study was to present and assess the actions taken in selected dairy cooperatives in Poland in the field of corporate social responsibility. The study was based on a questionnaire survey carried out by the Polish Milk Chamber among enterprises involved in milk purchasing and processing. The questionnaire was implemented in enterprises involved in milk purchasing and processing, which in 2020 achieved revenues from product sales at a level of at least PLN 15 million. The scale of business activity of enterprises was also taken into consideration and selected companies were those conducting sales at least in the scale of one voivodship. Some enterprises conduct production and purchase activities through several or more production plants located in the country, e.g., SM (dairy cooperative) Milkovita, SM Spomlek, OSM (a regional dairy cooperative) in Piątnica, Hochland sp. z o.o, OSM in Łowicz, OSM in Sierpc and OSM in Koło. The production branches of these enterprises were not treated as independent units as they carry out activities compliant with the general company strategy anyway.

The questionnaire was prepared for the purpose of ranking enterprises and assessing them in terms of Corporate Social Responsibility (CSR) and the Enterprise of Green Solutions. The assessment covered eight areas included in the survey questions. As areas allowing to classify the enterprise on particular positions in the ranking, 22 variables were distinguished. They included such issues as the understanding of the CSR concept in the enterprise, CSR areas already implemented and taken into account, the identification of CSR occurrence and needs in this respect, taking CSR into account when selecting suppliers, certificates held, undertaking activities for the benefit of local community, the identification of influence on the local environment, limiting material and energy consumption, the application of environmental management policy, taking user safety into account when designing new products, the correlation between financial results and CSR implemented as well as the relation between CSR and enterprise image. The survey included many questions with a broader scope. Only questions concerning the knowledge of the CSR concept and the implementation of its areas in the surveyed cooperatives were included in the study.

RESULTS

The research analysed four aspects related to corporate social responsibility, namely: the understanding of the concept of CSR, the assessment of the implementation of CSR areas, to what extent the company has identified the objectives/stakeholders' needs and which area is considered crucial in the company's approach to sustainable development. Figure 2 presents the elements that were perceived as characterising the concept of CSR.

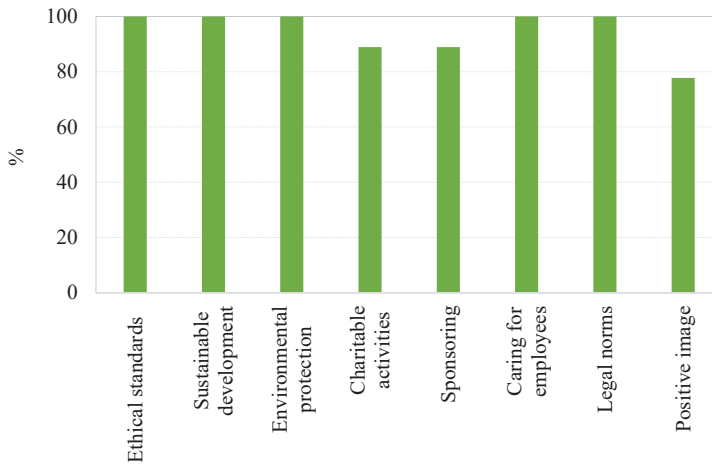


Figure 2. Concepts perceived as elements constituting CSR

Source: own study

Most of the indicated elements concerned the maintenance of ethical and legal standards, environmental protection and sustainable development, and relations with employees. As Ewa Hope and Ewa Grzegorzewska-Mischka [2015] point out, adopting ethical norms operating in a given society as one's own in companies suggests that the organization in question is also guided by the same norms, cherishes the same values and, thus, recognizes their importance in the functioning of the whole society in which the organization exists. Related to this are also legal norms that create a friendly ground for the implementation of CSR. However, it must be preceded by changes in the way of thinking of both managers and employees of the organization, regarding the role of the organization in society and its duties towards the social and natural environment. The indication of these elements in the surveyed enterprises underlines that they declare a certain framework of behavior recognized in society. This is also confirmed by the maximum result regarding the recognition of the need to care for employees. Research by Agnieszka Furmańska-Maruszak and Agata Sudolska [2017] confirms that positive employee relations are now a factor stimulating employee development and engagement, which translates into individual as well as team performance. An example of such action in Mlekovita Group, as reported by Edward Majewski and co-authors [2007], was the use of procedures to ensure the fair treatment of employees and social programs.

Charitable activities or sponsoring were of lesser importance among the surveyed companies. To the smallest extent, the surveyed enterprises indicated maintaining a positive

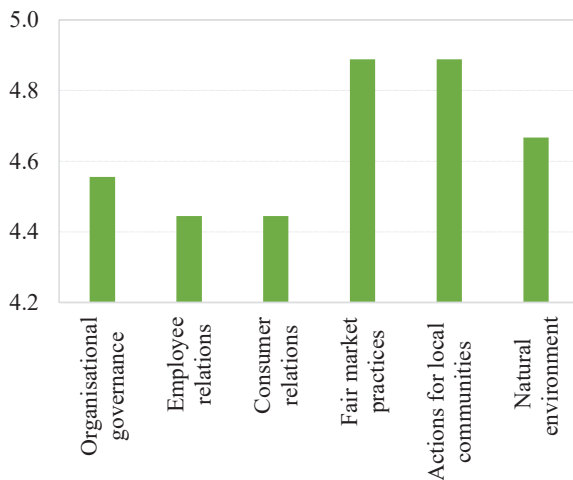


Figure 3. CSR areas implemented in the studied cooperatives (points)

Source: own study

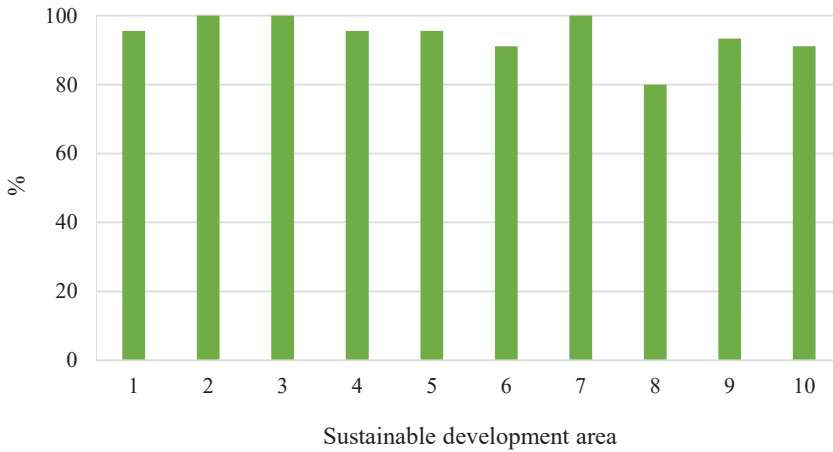
image, although, as Anna Krzysztofek [2015] states, shaping a positive image should become an element of every enterprise's strategy, as only then does it have a chance to develop in the long term.

Figure 3 presents the degree of implementation of individual CSR areas on average in the surveyed enterprises. The assessment was made using a 5-point Likert scale, where 1 meant the implementation of a given area to a small extent and 5 – to a very large extent.

As the most frequently implemented CSR areas the application of fair market practices and undertaking activities for the benefit of local communities were indicated. The studied cooperatives have been operating among the local community for many years, which is important in undertaking activities for the benefit of that community. This was demonstrated in the research by Marcin Ratajczak [2017], who found that social commitment increased with the number of years the company had been operating in the market. Entrepreneurs with a longer period of operation were more likely than others to engage in activities for the benefit of the local community. It should be pointed out that the assessment of relations with employees was estimated at a relatively low level, although 100% of respondents recognized it as the main element of CSR.

The study also assessed the areas considered important in the context of sustainable development in the studied cooperatives (Figure 4).

Safety standards, the high quality of products even for less affluent consumers and transport and logistics were considered most important in all companies surveyed.



Legend: 1) natural ingredients in products, 2) safety and product quality standards, 3) high quality products even for less wealthy consumers, 4) ethics in marketing and advertising, 5) using local suppliers, 6) the education of milk suppliers, 7) transport and logistics, 8) setting high requirements for milk quality from suppliers, 9) equal opportunities in the workplace, 10) caring for the environment, 11) developing sustainable agriculture

Figure 4. Areas considered important in the approach to sustainable development

Source: own study

The quality issues of food production and processing processes, including those related to environmental management in agribusiness, are also pointed out by Andrzej Wiatrak [2015], specifying that in food processing there may be irregularities (e.g., adulteration processes) in preparing and directing food for consumption.

While safety standards and taking care of high product quality are obvious, it is interesting to point out transport and logistics as an important area of sustainable development. Although in enterprises that make extensive use of logistic processes both as receiving raw material from farmers and distributing finished products, one should keep in mind the risks for the environment that are associated with this. Anna Misztal [2017] points out that in addition to bringing economic benefits, logistics processes should have a positive impact on the environment and a pro-environmental attitude should prevail in the enterprise. On the other hand, Barbara Kryk [2011] states that companies, in the face of the growing environmental movement, increasing pro-environmental activities at all levels of management have begun to recognize that concern for the environment is in their interest.

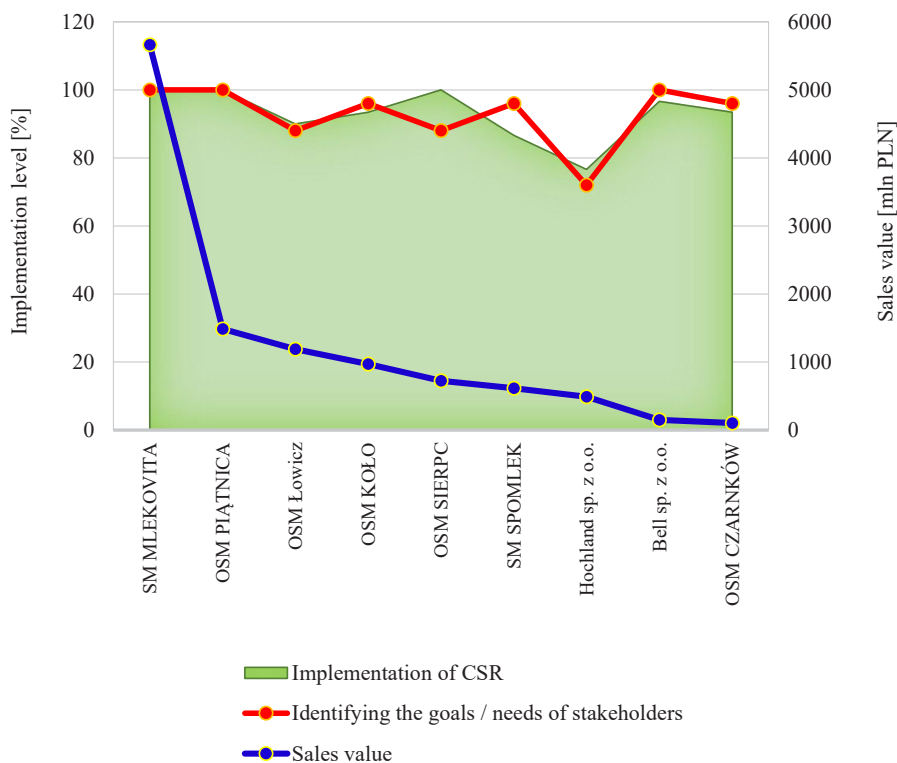


Figure 5. Value of product sales vs. CSR in the enterprises surveyed

Source: own study

The study also shows that the size of the enterprise, measured by the value of product sales, did not influence the approach to CSR (Figure 5). The minimum sales volume among enterprises included in the survey was PLN 136 million in 2020, while the highest sales volume was PLN 5.6 billion. Both the smaller and largest enterprises indicated the same CSR-related aspects. It can be concluded that the type of activities undertaken, as well as the perception, does not differ between enterprises classified as small or medium-sized, and dairies with a structure closer to large corporations. The only differences in this aspect occurred in terms of the intensity and repeatability of declared activities.

In the case of larger enterprises, they were more intensified. All companies, regardless of size, strived to monitor and evaluate their activities towards their micro and macro environment. This indicates that CSR is perceived as a permanent element in the functioning of the enterprise, which is to bring measurable effects in the long term. It is possible to speak of investing in relations, as most of the actions taken did not bring both small and medium, as well as large, financial benefits in the short term.

CONCLUSIONS

At the current stage of society's development, there is a growing interest in understanding corporate social responsibility. This applies to companies in every industry, but especially to the food industry. Therefore, it also includes activities undertaken by enterprises dealing with milk purchases and processing.

The research carried out allowed to formulate a few summary statements:

1. The studied cooperatives, as part of their activities in the field of corporate social responsibility, indicated that they consider the application of fair market practices and activities for the benefit of local communities as the most important.
2. Areas considered important in the approach to sustainable development in the analyzed companies included, above all, safety standards, the high quality of products and transport and logistics. The indication of logistic processes as important in the context of sustainable development may prove that companies perceive the influence of their activity on the environment to a greater extent.
3. It was also shown that the approach to CSR was not influenced by the size of the enterprise, measured by the sales value of products, as both smaller and the largest enterprises indicated the same elements of corporate social responsibility.

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SPOŁECZNA ODPOWIEDZIALNOŚĆ BIZNESU I JEJ REALIZACJA W SPÓŁDZIELNIACH MLECZARSKICH W POLSCE

Słowa kluczowe: spółdzielnie mleczarskie, zrównoważony rozwój, środowisko, obszary CSR, normy etyczne

ABSTRAKT

Celem badań było przedstawienie i ocena rozwoju koncepcji społecznej odpowiedzialności w spółdzielniach mleczarskich w Polsce. Rozwój przedsiębiorstw z zachowaniem odpowiedniego wpływu na środowisko naturalne jest obecnie elementem społecznej odpowiedzialności biznesu (CSR), w której należy pogodzić trzy cele: ekonomiczny, środowiskowy i społeczny. Pojawia się coraz więcej dobrych praktyk, często innowacyjnych, które kształtują przewagę konkurencyjną polskich firm na rynku. Przedmiotem badań były spółdzielnie z branży mleczarskiej. Ankietę wdrożono w przedsiębiorstwach zajmujących się skupem i przetwórstwem mleka, które w 2020 roku osiągnęły przychody ze sprzedaży produktów na poziomie co najmniej 15 mln zł. Wskazano rozumienie pojęcia społecznej odpowiedzialności biznesu oraz obszary jej realizacji w wybranych spółdzielniach mleczarskich. Dokonano prezentacji wykazu elementów oraz obszarów uznanych za ważne w podejściu do zrównoważonego rozwoju. Stwierdzono, że nie we wszystkich badanych przedsiębiorstwach w jednakowym stopniu realizowano wszystkie elementy uznane jako składowe społecznej odpowiedzialności biznesu. We wszystkich badanych spółdzielniach za najważniejsze w zakresie obszaru uznanego za ważny w podejściu do zrównoważonego rozwoju, wskazano standardy bezpieczeństwa, wysoką jakość produktów oraz transport i logistykę. Natomiast podejmowana aktywność w ramach społecznej odpowiedzialności biznesu w większości badanych spółdzielni dotyczyła stosowania uczciwych praktyk rynkowych oraz działań na rzecz społeczności lokalnych. Badania pozwoliły także wykazać, że na podejście do CSR nie miała wpływu wielkość przedsiębiorstwa, mierzona wartością sprzedaży produktów.

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