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**Knowledge of the
concept of corporate
social responsibility in
agribusiness enterprises
(based on the example
of the SME sector in
Malopolska)**

1. Introduction

Corporate Social Responsibility (CSR) is a concept according to which companies building strategies freely take into consideration social interests and protection of the environment, as well as relations with their stakeholders (Van Marrewijk 2003, pp. 95-99). Such an approach implies that being responsible involves not only meeting all formal and legal requirements of business organisations (companies), but also increasing the amount of investments in human resources, protection of the environment and relations with stakeholders (Ratajczak, Wołoszyn, Stawicka 2012, pp. 26-27).

One of the authors, L. Zbiegień-Maciąg (1997, pp. 48-49), defines social responsibility as a duty, both moral and congruous with the law, towards the entire internal and external environment surrounding the company - the company's social responsibility implies that the company is morally responsible and obliged to answer for its activities before the law and the society. In his works, M. Żemigła (2007, p. 99) uses a similar definition, drawing

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attention to the fact that the corporate social responsibility concept implicates a certain sensitivity towards environmental factors, such as social or ecological sensitivity, the ability to maintain the balance between the clients, employees and shareholders' interests, as well as providing certain services to the local community.

According to J. Korpus (2006, p. 84), however, social responsibility is a new global direction of changes in corporation's strategic management, which obliges companies to a balanced development with full respect for the rules of economics, ecology and ethics. The European Commission, on the other hand, describes social responsibility as an idea according to which companies voluntarily incorporate social and environmental questions in their business activities and their relations with groups of their stakeholders (European Commission 2001). The World Business Council for Sustainable Development (WBCSD) defines the companies' responsibility as a perpetual business commitment to maintain an ethical attitude and contribute to a balanced economical development by means of improving the quality of life of the employees and their families, the local community and the society as a whole (Saiia, Cyphert 2003, pp. 47-58).

According to various scientific papers, different divisions of social responsibility interests can be found (Bromley 1991; Ratajczak 2013, pp. 10-11). The most commonly encountered one is the division based on the subject and object criterion. The first one, referring to Maslow's Hierarchy of Needs (Maslow 2013, p. 17), comprises four segments: economical, legal, moral and philanthropic. In turn, the basic criterion concerns the employees, the local community, suppliers, clients and such. (Banerjee 2008, pp. 3-7).

R. Speamann (2000, pp. 52-62) enumerated five main areas of companies' responsibility: the first area - concerns eliminating or weakening the contradiction between interests arising from the diastase of objective and subjective purposes; the second area - is ensuring the employees' satisfaction from their work; the third area - is related to public responsibility, to duties of the business to the society; the fourth area - refers to the responsibility for the natural environment, to protecting it against degradation, to leaving it to future generations in a state making possible a life on an appropriate level; the fifth area - covers ideas related to due care about humanity.

Another distinction is differing between the inner dimension, directed towards the inside of the company, and the outer dimension, directed towards the outside of the organization (Rybak 2004, p. 44). The most recent attempt to systematize ideas concerning areas of interests and characterising the companies' responsibility range is the norm ISO 26000 which was introduced in Poland

at the end of the year 2012. The following areas of the companies' responsibility were therein described (Ratajczak, Wołoszyn, Stawicka 2012, pp. 21-24):

1. **Corporate (organisational) order**, that is the process of making decisions in accordance with legal and ethical norms.
2. **Human rights** – all unalienable rights to which humans are entitled by the fact of being persons with dignity.
3. **Relations with employees**, that is relations with all persons working for the given organisation, both within its internal structure and outside.
4. **Environment** – the organisation's influence upon the natural environment.
5. **Honest market practices** – the company's ethical conduct towards all other subjects.
6. **Relations with consumers**, that is an ethical conduct towards clients, offering them high-quality products and services, characterised by a positive impact on the society and the environment.
7. **Social engagement and development** – relations of the organisation with other organisations (especially non-profit), both in its nearest and more distinct environment.

It must also be said that social responsibility should be taken into consideration in case of activities taking place both inside and outside of the company, as a business foundation and not as additional activities and ethical procedures undertaken in specified areas and fields of the company's activity (Sethi 1979, pp. 57-63). Complex actions of companies in regard to their employees, the natural environment society with its coherent system of values on which all the company's actions are based, are followed by the possibility of its stable and correct functioning. Surely it will allow to avoid many dangers being a result of unethical behaviours and wrong decisions, in particular in an economy branch as important as agribusiness (Waddock 2008, pp. 87-107).

To summarize the above definitions and approaches to corporate social responsibility seems to me that the key to being implemented within the framework of CSR should be a correct understanding of its essence, and then only concrete practical measures taken by the SME sector of agribusiness industry.

Corporate Social Responsibility is in Poland an initiative relatively poorly known and is not yet deeply rooted in Polish entrepreneurs' consciousness, especially in the SME agribusiness sector. That is why it does seem proper to conduct research concerning the knowledge of the Corporate Social Responsibility concept in small and medium-sized economy subjects. Therefore, the aim of this paper is to present the scope of knowledge of CSR in the surveyed

enterprises agribusiness. Among other things, statistic dependencies between the knowledge of the above-mentioned concept and the education level of the owners, the activity sector, the company's size or the year in which the economy subject was created, have been presented in this paper.

2. Characterization of the given population

The research concerning the entrepreneurs' opinion on their knowledge of the CSR concept, its range and applying social responsibility rules was conducted at the turn of 2014 and 2015, and covered 182 micro (0-9 persons), small (10-49 employees) and medium-sized (50-249 employees) agribusiness companies, running their business in rural areas of Malopolska. Surveys were sent to all entities that meet the criteria specified by the author - finally qualified for the analysis forms fully and properly filled (182 surveys).

The research was conducted via a diagnostic survey method and its basic tool was a survey questionnaire addressed to the analysed subjects. The data so acquired were subject to a mathematical and statistical analysis. The means used were: the arithmetic mean, the impartiality test χ^2 , the T Czuprow's T Coefficient of Convergence and the Pearson's Contingency Coefficient.

Small companies were dominant in the analysed population - they constituted 65,9%, micro-enterprises respectively 23,6% and middle-sized subjects 10,4%. Men were owners of 51,7% of the analysed companies and women of 48,3% of subjects within the agribusiness sector.

There were strong age differences between the owners within the analysed population. Almost 54% of respondents were 46 or more (respectively, the range 46-55 constituted 30,5% and more than 56 was roughly 23,4% of the owners). Every third entrepreneur in the analysed population was in the 30-45 age range, whereas there were roughly 11,5% of managers who were less than 30.

The educational structure of the analysed companies' owners seemed favourable. Over half the analysed companies were managed by people with higher education - which is certainly a positive phenomenon considering the tendency of educated people to migrate from rural areas to major urban agglomerations. There were slightly more men aged 30-55 with higher education (over 61%). More than 41% of respondents held a secondary education degree - the age range was dominated by managers aged 46-55 (almost 45%). The remaining respondents held a vocational education degree and constituted roughly 9% of the analysed population (significant domination of males older than 56 - almost 90% within the employment structure).

The following figure illustrates the structure of respondents from rural areas, according to the economy sector of their business activity.

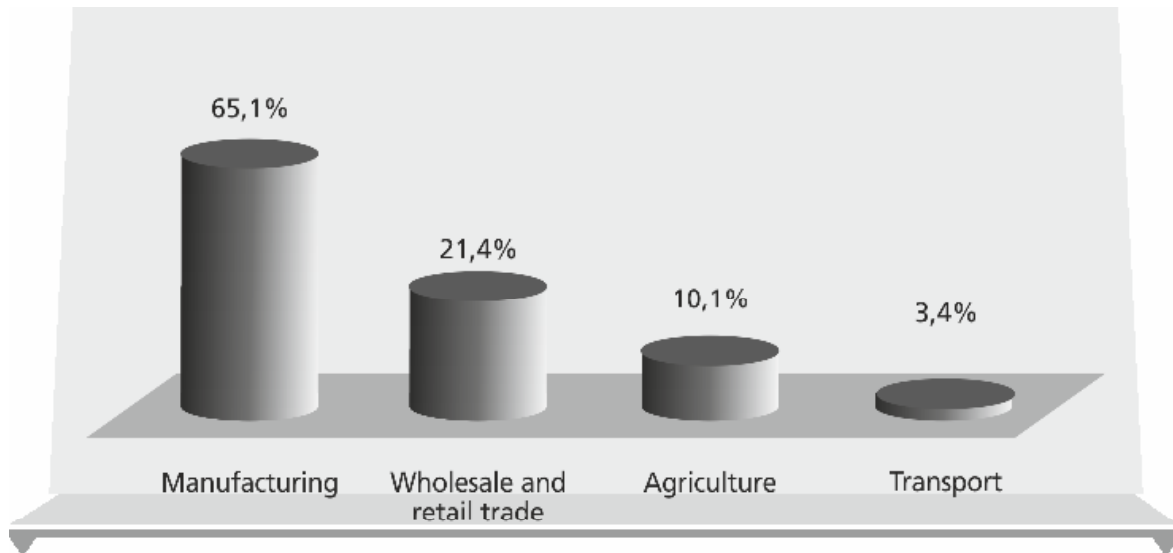


Figure 1. Structure of surveyed enterprises by sections of the economy (%)

Source: own study

Over 65% of respondents lead an activity related to processing industry, which is typical of small and medium-sized agribusiness enterprises on the national scale, especially in rural areas. Every fifth respondent dealt with wholesale and retail trade, which was a consequence of the fact that the subjects were often located in rural areas situated close to large urban agglomerations (distribution and sales of the offered commodities), especially close to Cracow, Nowy Sącz and Nowy Targ. The remaining two sections, agriculture and transport, constituted about 13,5% of the analysed entrepreneurs' structure.

Another subject of the research were legal forms of the analysed economic subjects from rural areas. The majority of the analysed companies (almost 69%) were natural persons conducting business activity – this form is also the most common in rural areas on the national scale. In the remaining cases the subjects were registered as limited liability companies, partnerships (every tenth subject) and general partnerships (roughly 8% of the analysed population).

The last subject included in research was the analysed small and middle-sized enterprises' business activity character. Over 43% of the analysed companies acted as manufacturing and trading companies, which is typical of companies

situated in rural areas, located near large urban areas and their markets. About 33% of the respondents indicated a production and service business activity. These were usually companies manufacturing products or services offered on the local markets. The smallest amount of the analysed subjects dealt exclusively with trade activities, mostly because of the low profitability of specialising only in one business activity sector (only 3% of respondents so declared).

3. Knowledge of the CSR concept in light of own research

Taking into account research results it must be concluded that CSR concept is not universally known among small and medium-sized agribusiness enterprises that operate in rural areas. Only every fourth person concluded that his or her knowledge of the CSR rules was full (figure 2). Whereas 29% of respondents admitted that their knowledge of the responsible business was significant, however not all aspects were fully known. Unfortunately, more than 43% percent of researched enterprises knew nothing or close to nothing about CSR rules.

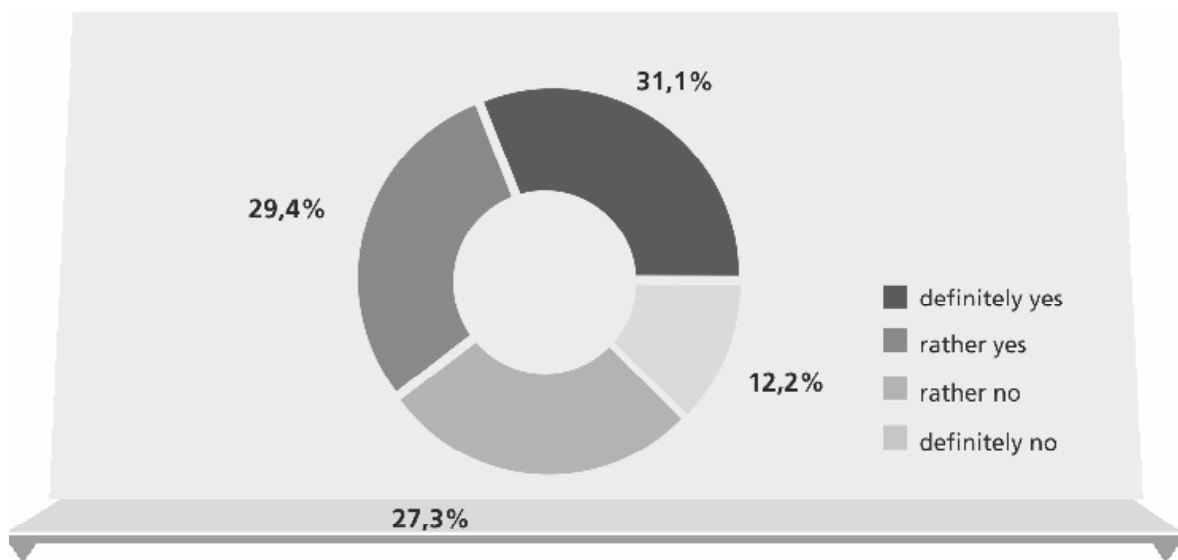


Figure 2. Knowledge of CSR among the surveyed agribusiness enterprises (%)

Source: own study

The impartiality test χ^2 , conducted in order to determine statistical impartialities between education of enterprises' owners and their knowledge of the responsible business concept, has shown that researched variables were

not mutually impartial (table 1). Knowledge of the CSR concept foundations was known to the greatest extent possible by small and medium-sized entrepreneurs with higher education. Grasp of the amount of knowledge on that particular topics was very small among business' owners with secondary and vocational education. Calculated coefficients have shown that the strength of the relation between researched features is moderate. The Pearson's Contingency Coefficients showed all relations above.

Table 1. Determination of statistical independence between the education of surveyed enterprises' owners and knowledge of the social responsibility concept (CSR)

χ^2 TEST OF INDEPENDENCE	
Hypothesis:	
H ₀ : [tested variables are independent]	
H ₁ : [tested variables are not independent]	
$\chi^2 = 22,29 > \chi^2_{\alpha} = 12,16$ the null hypothesis H ₀ is rejected in favor of alternative hypothesis H ₁ at $\alpha = 0,05$	
T Czaprow's convergence coefficient	Txy = 0,59
C Pearson contingency coefficient - simple	Cxy = 0,71
C Pearson contingency coefficient - corrected	corCxy = 0,81
Variable X: Enterprises' owners education	
Variable Y: The knowledge of the corporate responsibility concept	

Source: own study

Statistical impartiality between business running section and knowledge of the CSR concept was also specified. Conducted impartiality test χ^2 has shown that researched variables were mutually impartial (table 2). Familiarity of the responsible business concept was highest in small to medium-size businesses operating in the manufacturing sector, as well as the wholesale and retail trade. Whereas minimal knowledge in this field was present in business entities engaged in agriculture and transport. The presented coefficients show that the strength of the relationship between the variables analysed is relatively high, in particular the adjusted value of the Pearson C Contingency.

Table 2. Determination of statistical independence between the section of activity (NACE) and the knowledge of the concept of corporate responsibility (CSR)

χ^2 TEST OF INDEPENDENCE	
Hypothesis:	
H ₀ : [tested variables are independent]	
H ₁ : [tested variables are not independent]	
$\chi^2 = 27,34 > \chi^2_{\alpha} = 14,89$ the null hypothesis H ₀ is rejected in favor of alternative hypothesis H ₁ at $\alpha = 0,05$	
T Czuprow's convergence coefficient	T _{xy} = 0,62
C Pearson contingency coefficient - simple	C _{xy} = 0,73
C Pearson contingency coefficient - corrected	corC _{xy} = 0,84
Variable X: Section of activity (NACE)	
Variable Y: The knowledge of the corporate responsibility concept	

Source: own study

Confirmation of the data presented in the above table is a summary presented on the figure 3, which is concerned with the familiarity of the corporate social responsibility divided by the sectors of the economy.

Data presented confirmed that the fullest extent of familiarity with the nature of CSR have entrepreneurs from the manufacturing sector (over 90%) and retail sector (roughly 73%). Whereas familiarity with the theme of corporate social responsibility was not visible in case of the entrepreneurs engaged in agricultural business (almost 76%) and transport (nearly 87% of responses).

A statement showing familiarity with the CSR concept by size of enterprise does look very interesting (figure 4). Familiarity with the CSR theme among the micro-entrepreneurs is very small – only every fourth respondent said that he is familiar with this concept. Knowledge of the analysed concept is greater in small companies – familiarity with the CSR was indicated by more than 72% of surveyed respondents. Medium-size-company entrepreneurs showed the largest range of information regarding the CSR (more than 77% of replies) – they correctly identified actions in that direction and were trying, as far as possible, to implement them in their business market.

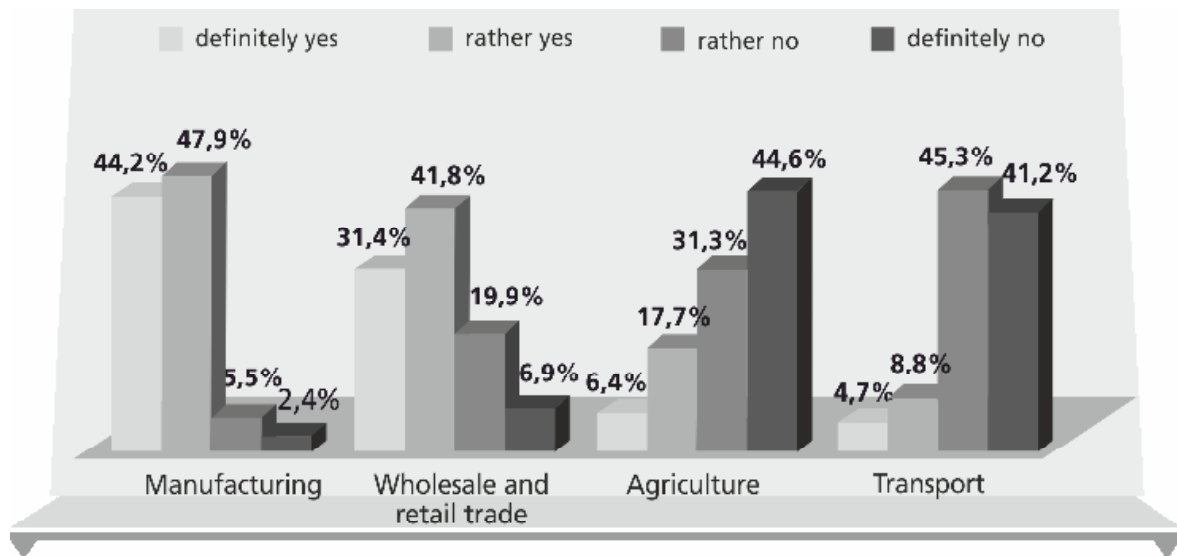


Figure 3. Knowledge of CSR by sections of the economy (%)

Source: own study

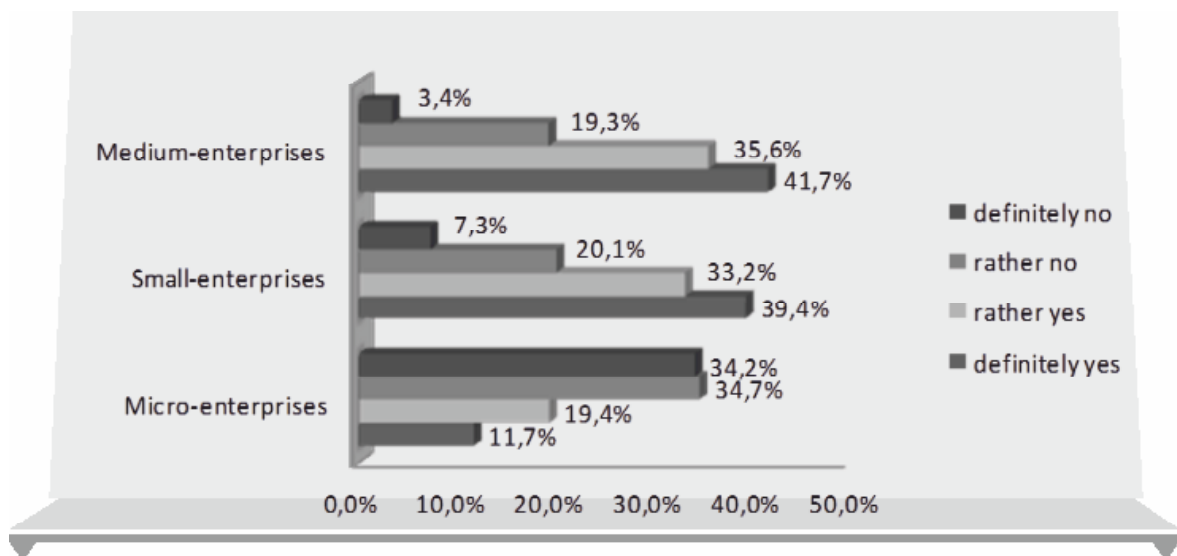


Figure 4. Knowledge of CSR by size of enterprises (%)

Source: own study

A statistical relationship between the year of establishment of the company and familiarity with the concept of responsible business was also identified.

The conducted impartiality test confirmed that researched variables were not independent from each other (table 3). Greatest familiarity on the above concepts characterised the entrepreneurs whose companies were established in the years 1990-1999 or earlier, before 1989 (they tried to identify these activities with CSR). Whereas smallest familiarity in that field was possessed by the owners of companies established after 2004, which may be surprising in nature because of the intense development of this concept in Poland after the year 2005. The calculated coefficients demonstrate a significant correlation between the researched traits.

Table 3. Determination of statistical independence between the company foundation year and the knowledge of the corporate responsibility concept (CSR)

χ^2 TEST OF INDEPENDENCE	
Hypothesis:	
H ₀ : [tested variables are independent]	
H ₁ : [tested variables are not independent]	
$\chi^2 = 21,78 > \chi^2_{\alpha} = 9,21$ the null hypothesis H ₀ is rejected in favor of alternative hypothesis H ₁ at $\alpha = 0,05$	
T Czaprow's convergence coefficient	T _{xy} = 0,58
C Pearson contingency coefficient - simple	C _{xy} = 0,69
C Pearson contingency coefficient - corrected	corC _{xy} = 0,83
Variable X: Year of company's foundation	
Variable Y: The knowledge of the corporate responsibility concept	

Source: own study

The finally analysed aspect was the understanding of the CSR concept by researched small and medium-sized enterprises of the agribusiness from the rural areas of Malopolska (figure 5 - respondents could choose up to three answers). The largest ratio of respondents understands CSR as conducting business in accordance with principles of sustainable development (over 62% of responses). Such a choice can be fully accepted, providing that this development will apply to all activity areas within the enterprise – that was pointed out in particular by owners of the medium-sized enterprises from the manufacturing sector.

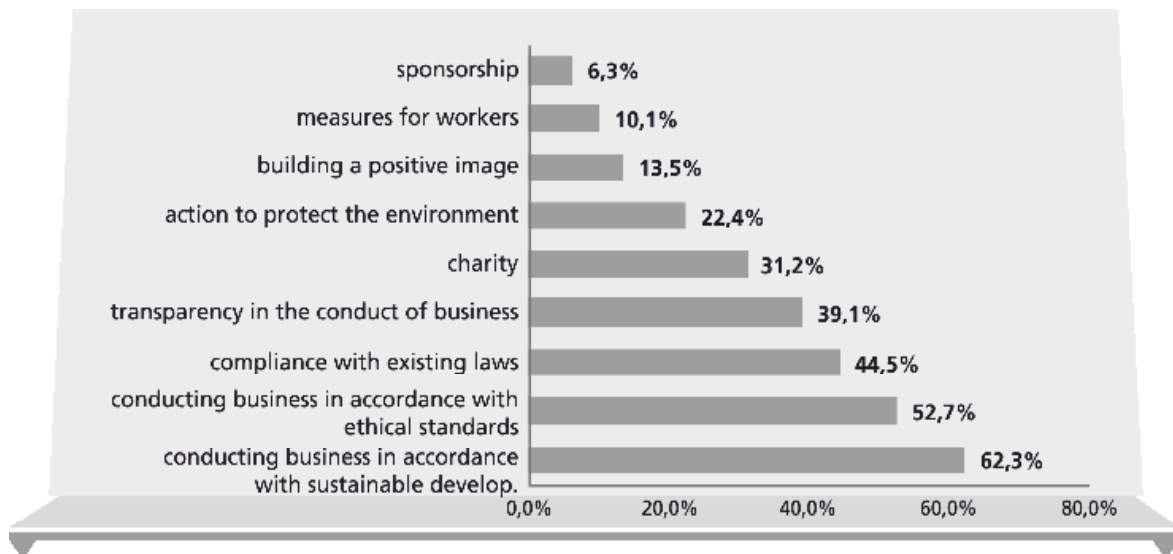


Figure 5. CSR understanding by surveyed companies agribusiness companies (%)

Source: own study

Substantial percentage of respondents (almost 53%) understood social responsibility as conducting business in accordance with moral norms (ethics) and legal norms. Clear and transparent ethical principles implemented within the framework of the CSR concept are crucial, especially, in relations with employees and stakeholders outside of the company, that is suppliers, contractors or customers. It must be emphasised that CSR concept understood as measures taken to protect the environment and employees is relatively low (approx. 32%). Unfortunately, confirmation of the lack of familiarisation with and full comprehension of the principles of the CSR rules is fact that every fifth respondent identifies CSR only with PR or sponsorship. Action of shaping a positive image and sponsorship are rather commercial activities and exist as a mean of communicating company with the market, however, their important role in shaping social policies shall be highlighted. CSR may be a useful element in this regard, but one cannot immediately unify those concepts as part of business. It should also be emphasized that the improper understanding and interpretation of the concept of CSR by the surveyed entrepreneurs shows, inter alia, the multiplicity of definitions of social responsibility and the absence of one size fits all approach in this respect.

4. Conclusions

Taking into account the above-mentioned considerations, one should certainly pay attention to the differences in defining and understanding the theme of social responsibility. It turned out that more than 43% of questioned entrepreneurs did not know at all the rules of CSR. Greatest amount of information about the social responsibility in business was held by entrepreneurs with higher education – they were also the ones who had CSR rules entangled in mission of their companies. Given the nature of the business, the comprehension of the CSR concept prevailed in a group of entrepreneurs from the manufacturing and retail sector. Surveyed entrepreneurs pointed out importance of the CSR concept coming out of the need to run the company according to the sustainable development rules, retaining legal or moral norms, which in the context of the current market situation for sure is an element of key importance.

Entrepreneurs lacking the CSR-range knowledge definitely needs to be complemented by provision of knowledge and information, in particular on good practice examples in the field of agribusiness (in terms of research conducted on the university level as well as promotion of knowledge in this area by showing the essence of the CSR concept). Without doubt there is a large need of making small and medium-sized entrepreneurs from the agribusiness sector aware that consumers are increasingly paying attention to the aspect of retaining responsible practices, let alone observing their foundations. For the sake of global social good, entrepreneurs should start to realise that, CSR concept has its advantages and can bring certain economic and social benefits, that is, if properly implemented.

It seems vital to involve the non-governmental organisations, and above all public administration, in the promotion of projects or initiatives aimed at providing information on CSR. In further research, the role of consumer must be taken into account – precisely this group of stakeholders is largely responsible for evaluation of company's socially responsible activities. If we were to accept this point of view and take into consideration all of the above mentioned elements, then certainly CSR activities undertaken by the MSP sector of the agribusiness may influence their increase of competitive advantage on both domestic and global markets.

Summary

Knowledge of the concept of corporate social responsibility in agribusiness enterprises (based on the example of the SME sector in Malopolska)

Corporate Social Responsibility (CSR) initiative in Poland is relatively little known and has not been yet deeply rooted in the consciousness of Polish entrepreneurs especially in the field of SMEs and local communities. CSR is a concept whereby companies at the stage of strategy building voluntarily take into account the social interests and environmental protection, as well as relationships with their stakeholders. Therefore, the aim of this paper is to present issues related to the knowledge of the CSR concept in the surveyed agribusiness enterprises. The article presents among other things, statistical relations between knowledge of the above concept and education of owners of the business, company size or business entity year of uprising. The research on opinions of entrepreneurs on the above concepts was carried out at the turn of 2014 and 2015 included 182 micro (0-9 persons), small (10-49 employees) and medium (50-249 employees) agribusiness companies engaged in business activities in rural areas of Małopolska. The results showed that there is a need for awareness of small and medium enterprises with agribusiness that consumers increasingly pay attention to the aspect of the behavior of responsible practices, let alone to observe their assumptions. Given the nature of the business, the knowledge of the CSR concept prevailed in a group of entrepreneurs from the manufacturing sector.

Key words: concept of corporate social responsibility, agribusiness, SME sector, knowledge about CSR.

Streszczenie

Znajomość koncepcji społecznej odpowiedzialności w przedsiębiorstwach agrobiznesu (na przykładzie sektora MSP z Małopolski)

Corporate Social Responsibility (CSR) to inicjatywa w Polsce stosunkowo mało znana i nie jest jeszcze głęboko zakorzeniona w świadomości polskich przedsiębiorców, zwłaszcza w zakresie

małych i średnich przedsiębiorstw i społeczności lokalnych. CSR to koncepcja, zgodnie z którą przedsiębiorstwa na etapie budowania strategii dobrowolnie uwzględniają interesy społeczne i ochronę środowiska, a także relacje z interesariuszami. W związku z tym, celem niniejszego opracowania jest przedstawienie wybranych zagadnień związanych ze znajomością koncepcji CSR w badanych przedsiębiorstwach agrobiznesu. W artykule przedstawiono między innymi zależności statystyczne pomiędzy znajomością powyższej koncepcji a wykształceniem właścicieli, sekcją prowadzonej działalności, wielkością firmy czy też rokiem powstania podmiotu gospodarczego. Badania opinii przedsiębiorców na temat powyższych pojęć zostały przeprowadzone na przełomie 2014 oraz 2015 roku i obejmowały 182 mikro (0-9 osób), małe (10-49 pracowników) i średnie (50-249 pracowników) przedsiębiorstwa agrobiznesu prowadzące działalność na obszarach wiejskich Małopolski. Biorąc pod uwagę powyższe rozważania na pewno należy zwrócić uwagę na różnice w definiowaniu i rozumieniu zagadnienia społecznej odpowiedzialności. Z kolei uwzględniając rodzaj prowadzonej działalności gospodarczej, to znajomość koncepcji CSR dominowała w grupie przedsiębiorców z branży przetwórstwa przemysłowego, a także handlowego.

Słowa

kluczowe: koncepcja społecznej odpowiedzialności, agrobiznes, sektor MSP, znajomość CSR.

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