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## **Corporate social responsibility level – theoretical approach<sup>1</sup>**

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### **1. Introduction**

The purpose of the article is to present a theoretical method for assessing the level of corporate social responsibility (CSR) using original concept of CSR continuum model (CSR CM). According to the research methodology, works which are designed to enrich existing theoretical achievements of science, are classified as a basic type of scientific research. Therefore, the author of this paper has attempted to take steps in accordance with the typical scheme for this type of research. In the first stage, the research problem was formulated, which was then subjected to theoretical description. Further efforts should focus on logical and empirical explanation of the research problem, and at the final stage it should be possible to formulate new generalizations and assertions, enriching the existing theoretical achievements.

The corporate social responsibility issues no longer raises an astonishment in the eyes of managers in the second decade of the twenty-first century. It is a recognized concept and

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1 The project was founded by The National Science Centre in Poland allocated on the basis of a decision 4146/B/H03/2011/40.

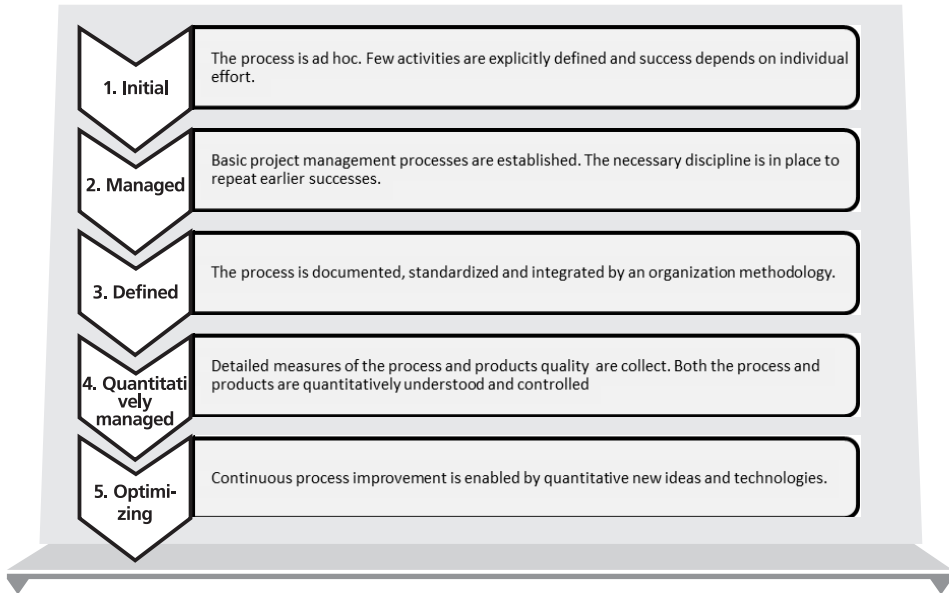
increasingly used in the business practice. More and more time and effort in the theoretical considerations is devoted to this issue, so that more and more interesting publications emerge. Social responsibility reports, and analysis of the stakeholders' attitudes are created, as well as the ways to implement social responsibility concept are described, often presented as business models, and many more. Despite increasing scientific achievements in the field of CSR, there remains a certain deficiency in the research of stage advancement of this concept in business practice. Therefore, the research problem being an inspiration to the continuum model elaboration is the desire to answer the question about the progress of the CSR concept implementation in enterprises in Poland. The answer to this question is not simple and requires a multi-step testing, preceded by a theoretical grounding the mentioned CSR issues. Thus, the starting point in the adopted scheme of conduct, aimed to answer the research problem is to develop a model that will allow for a description and clarifying the existing reality. Due to the volume framework of the article, in this study will be presented only the theoretical part of the explanation of the research problem posed.

## 2. The CSR continuum model – the theoretical background

The main point of reference for this CSR continuum model is the CMM concept. Originally, the Capability Maturity Model was developed for software organisations to provide them with guidance on how to gain control over their processes for development and arriving at excellent achievements. The CMM was designed to guide software organizations in selecting process improvement strategies by determining existing process maturity and identifying the few issues, most critical to software quality and process improvement. By focusing on a limited set of activities and working aggressively to achieve them, an organization can steadily improve its organization-wide software development process to enable continuous and lasting benefits in software process capability (Paulk, Curtis, Chrissis, Weber 1996, p. 5).

Within the scope of the model, there have been five main process maturity levels identified – Initial, Managed, Defined, Quantitatively Managed and Optimizing (figure 1).

At the lowest level - *Initial* - the processes and their key elements are described in a chaotic manner and are devoid of any formal procedures. During the processes are implemented due to the lack of previous guidelines, tasks may change causing uncertainty in their final accomplishment. Schedules, budgets or product quality are in most of the cases unpredictable. The success



**Figure 1. Five Levels of CMM**

Source: own study based on: Chrissis et al. 2003, p. 2

in the project realisation is dependent on individual efforts undertaken by project managers and project team members. When these capable and potent managers leave the project, their stabilizing influence vanishes with them. It is at this stage, therefore, when the success is fully dependent on the capabilities of individuals, their skills, knowledge and level of motivation. At the maturity level 2 – *Managed* – selected processes in an organization are institutionalized and managed – that allows an organization to become more effective. The strategy and work plans have been defined and the work is monitored and controlled to ensure the service (or the product) is delivered as planned. The process discipline that is reflected in the *managed* maturity level helps to ensure that existing practices are retained during the times of stress. At maturity level 3 – *Defined* –the processes for managing work are defined. Processes are well characterized, understood and described in standards, procedures, tools, and methods. An important distinction between maturity levels 2 and 3 is the scope of standards, process descriptions, and procedures. Another critical distinction between the levels is a more rigorous description of the processes at the *Defined*

level in comparison to the *Managed* level. A defined process should include the purpose, inputs, entry criteria, activities, roles, measures, verification steps, outputs, and exit criteria. At maturity *Quantitatively Managed* level, quantitative objectives for quality and process performance are established and are used as crucial criteria in process managing. At the last level - *Optimizing* - an organization should continue improving on their achievements in realising the tasks and processes. The afore established quantitative criteria and their constant confrontation with the existing market requirements should be the motor for future changes and the trigger for setting new goals (CMMI 2010, pp. 27-29; Kumta, Shah 2002, p. 3; Crawford 2007, p. 3 and next).

The CMM maturity model concept, constitutes the basis for identifying the stages of responsibility in the CSR continuum model. Despite introducing original changes in the interpretation of specific CSR-CM stages, the core idea and the hierarchical idea presented in the aforementioned concepts have been retained.

### 3. Description of CSR continuum model

Referring the CMM model to the concept of corporate social responsibility, should be pointed a CSR definition, which will be adopted as the basis for future discussion of CSR in this paper. It is worth to recall renewed in 2011 a definition of the European Commission, which in its Communication social responsibility in recent years. We can see the transition from an approach based on **greed**, where entrepreneurs did not show a responsible attitude, and often cover-up their mistakes and avoid taking responsibility, through **philanthropic** activities - often involving a single offering funds or property to other institutions. Then talk about **marketing** approach (in which welfare activities sought to further use for promotional purposes of the entity), the **management** of corporate social responsibility (which leads the systemic approach to problems in management practice of CSR), and finally talk about the **innovative** approach to CSR - when tried to see the long-term benefits of implementing the concept of CSR and began to build business models based on the idea of social responsibility.

Therefore, based on the existing achievements of the literature to define the concept of corporate social responsibility, the author of this article proposes to adopt its own definition of social responsibility, recognizing it as a *conscious consequence of actions taken within the organization, resulting from the social dialogue and aimed at fulfilling the expectations of the stakeholders in order to create socially*

*preferred values*. In adopting this definition, the author wishes to emphasize the need for conscious action and counting with the effects of decisions taken on a wide range of stakeholders. The second emphasis has been on the issue of dialogue and flow of information, which not only regards the skilful communication their expectations and to inform the action taken, but also (if not more) to listen to the other side, and then, competent response to reported suggestions and expectations.

The answer to understanding the corporate social responsibility in such a way is the original concept of CSR continuum model. The corporate social responsibility continuum model is a multilevel hierarchy of criteria, that allows to place the declared business actions on the “ladder” of social responsibility, that consist of three main levels (figure 2).

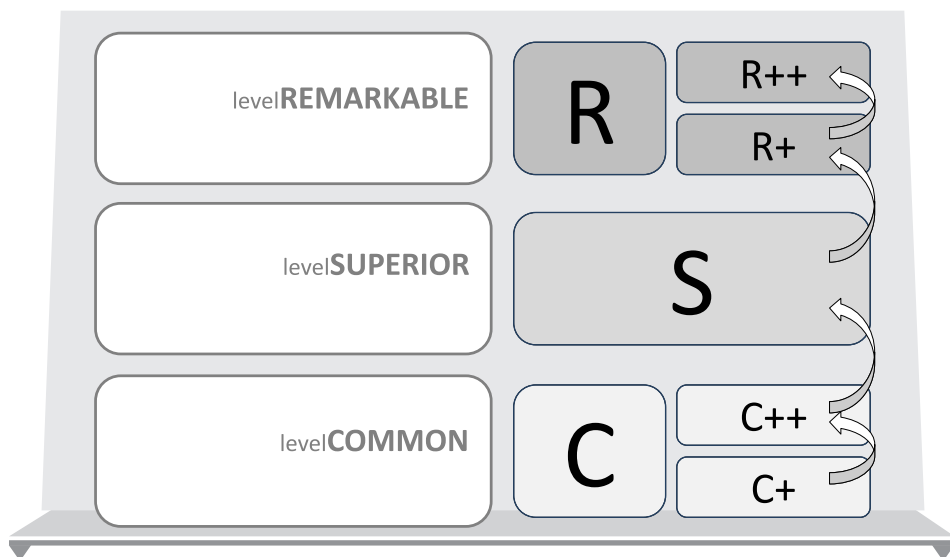


Figure 2. Levels of Corporate Social Responsibility Model

Source: own study

The first stage - **C (Common)** - was divided into two sub-stages (C+ and C++). This allows for a more precise determination of the entity's involvement degree in

achieving the objectives of CSR. At this stage, the main determinant is the lack of formalization and spontaneous action. The C+ sub-stage includes those entities that integrating the concept of CSR do not benefit from the experience, their actions are directed by the temporary inspiration. The C++ sub-stage, however, includes those entities which, despite the absence of formal memorandum or documents, use the gained experience, so that it can be observed a faster task implementation, greater efficiency and effectiveness. We can therefore make an attempt to establish that there was a transition from chaotic action (C+ sub-stage) to more deliberate and planned behaviour (C++ sub-stage), so that, the activities performed may show the repeatability features, and the managers can make decisions based on previous experience.

The second stage – **S (Superior)** is the level where the actions identified at the previous stages are not only repeatable but, more importantly, formalised and described in appropriate documents and procedures. These documents (given that they are not just another type of read-only reports), indicate a thorough consideration of the described processes and choosing the solutions, which, having considered the existing conditions, constitute the best and the most optimal solutions. One of the most interesting aspects of running a business entity is the ever-changing character of the factors influencing the company, which leaves little space for routine actions. However, the same factors which speak on the behalf of a given phenomenon, can, under different conditions, speak against it. This is exactly the case with the turbulences of business environment. Given this reality, the documents created at the Superior stage should be verified and updated systematically. In the scope of these assumptions, the last stage – **R (Remarkable)** has been developed. In order to allow for the changes taking place in the enterprise, the model view of the organisation which can be qualified as being at the highest stage assumes two sub-stages, R+ and R++. Entity that is at the R+ sub-level may be characterized by the tasks repetition that are included in the relevant documents, ordering and improving daily functioning. Additionally (at R++ sub-level), the continuous observation and analysis of the activities carried out are made in order to modify, improve and upgrade existing solutions adequately to changes in the market place and stakeholders expectations (table 1).

**Table 1. Description of Corporate Social Responsibility Continuum Model Levels**

			CSR Areas				
			Employees	Customers	Suppliers	Natural environment	Local community
CSR Institutional Levels	Remarkable	R++	Responsibilities toward different stakeholders groups are implemented in a <b>repeatable manner</b> , are described in <b>formal documents</b> and there are <b>improvements</b> implemented aiming at the betterment of the existing situation.				
		R+	Responsibilities toward different stakeholders groups are implemented in a <b>repeatable manner</b> and are described in <b>formal documents</b> and undergo <b>assessment</b> (for their effectiveness).				
	Superior	S	Responsibilities toward different stakeholders groups are implemented in a <b>repeatable manner</b> and are described in <b>formal documents</b> and procedures.				
	Common	C++	Responsibilities toward different stakeholders groups are implemented in a <b>repeatable manner</b> but are <b>not formally described</b> in documents, the company bases its conduct on previously gathered <b>experience</b> .				
		C+	Responsibilities toward different stakeholders groups are implemented in an <b>unsystematic and chaotic manner</b> and do not result from established plans and procedures.				

Source: own study

The fundamental elements constituting the social responsibility continuum model are the following parameters: the CSR **institutional level** and the CSR **area**. The multitude of aspects connected with the CSR subject calls for an introduction of order and systematisation of the problem which may occur. That is why five general areas have been identified: **employees, customers, suppliers, natural environment and local community**. Each area has been characterised by a set of crucial aspects, which have been incorporated into questions and put into the questionnaire to constitute the basis for a verification of the progress of an assessed company. (Due to the special limitations of this paper, a more detailed description of the questionnaire has not been presented in this article).

The second parameter, which makes it possible to more accurately establish the end stage of social responsibility development in a given company, is the level of the institutional development of the given CSR area. In reference to the CMM type models, the particular institutional levels characterise the inspected areas of a company in terms of the level of orderliness of the undertaken

actions, the repeatability of these actions and the ability to verify and improve the implemented changes and solutions. The identified institutional levels also point to the stages of transition between the consecutive levels of entrepreneurs' awareness connected with corporate social responsibility.

#### 4. Summary

The described continuum model of CSR is the platform for further deliberations aimed ultimately to determine the level of social responsibility in companies. The extracted and described levels of social responsibility are to provide (referring to the name "continuum"), a special kind of "continuous" way on which the organizations can move during implementation the principles of CSR concept. The guidelines describing each step can be a special kind of signs suggesting the desired direction of setting goals and ways to achieve them. Due to the volume limitation of the article and in order to clarify the research problem and the implement the purpose of the paper - only the theoretical part was discussed there.

In order to logically and empirically verify the CSR continuum model, a research tool has been developed, which, thanks to the employment of the diagnostic poll method, enables to collect the data, which will, in turn, make it possible to assess the level of social responsibility in the surveyed companies.

The next step is to put the arrived at CSR continuum model into economical practice and to share it as a tool enabling the entrepreneurs to perform a self-assessment of their social responsibility. The possibility to perform the assessment and the information about the CSR CM are available at a website ([www.h2o-csr.com](http://www.h2o-csr.com)). There is a general description of the model there, as well as more insight into the project. This website is also intended to be both, a tool and a platform of exchange the information concerning the existing social responsibility level.

#### Summary

##### **Corporate social responsibility level - theoretical approach**

The paper presents a theoretical method for assessing the level of corporate social responsibility (CSR) using original concept of CSR continuum model (CSR CM). The CSR CM constitutes from two main parameters: the institutional level of CSR and the CSR area. Theoretical background for the institutional levels is the CMM concept. The identified areas of the CSR CM consist of such as: employees, customers, suppliers, local community and natural environment.



**Key words:** *Corporate Social Responsibility (CSR), Capability Maturity Model (CMM), level, continuum model.*

## Streszczenie

### **Poziom Społecznej odpowiedzialności przedsiębiorstw – ujęcie teoretyczne**

W artykule zaprezentowano teoretyczne ujęcie sposobu oceny poziomu społecznej odpowiedzialności przedsiębiorstw za pomocą autorskiego modelu kontinuum SOP (MK SOP). Konstrukcja modelu opiera się o dwa zasadnicze parametry: instytucjonalny poziom SOP oraz obszary społecznej odpowiedzialności. Teoretycznym tłem dla poziomów instytucjonalnych jest koncepcja Modelu Dojrzałości Procesowej CMM. W ramach obszarów społecznej odpowiedzialności przedsiębiorstw wyodrębniono takie obszary jak: pracownicy, dostawcy, klienci, społeczność lokalna i środowisko przyrodnicze.

## Słowa

**kluczowe:** *społeczna odpowiedzialność przedsiębiorstw (SOP), Model Dojrzałości Procesowej CMM, poziom, model kontinuum.*

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