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**The implementation  
of selected elements  
of the CSR concept on  
the example  
of agribusiness enterprises  
from Warmia  
and Mazury**

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**1. Introduction**

In business practice it is usually believed that companies exist only in order to obtain a profit for the owners. Only few entrepreneurs and managers see the need to link their business activities with ethics and above all with the duties to the public or the environment. Similar statements can also be found in the publications of the authors of the neo-liberal views. The most frequent are cited views of Milton Friedman, Nobel prize in economics laureate, who's opinion is that in a market economy companies should use their resources primarily to multiply profits, on the basis on certain standards, without fobs and fraud (Friedman 1987, p. 47).

That opinion on the role of businesses in the socio-economic reality derived from classical economics, as time started, is becoming less fitted to the current situation in the economy of most countries (Bromley 1991). Hence, for some time it can be seen growing interest in the concept of business management, involving the deliberate action oriented not only to financial gain and other economic aspects, but also to widely understood and analyzed social

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and environmental interests (Rybak 2004, p. 65). According to the assumptions of this concept, corporate social responsibility is more than just fulfilling legal and formal requirements, which Friedman relied on. Corporate social responsibility should be manifested in the business strategy focused on permanent and long-term activities for the proximal and distal environment, such as actions related to the environment protection, improvement of local infrastructure or investing in the development of employees (Ratajczak, Wołoszyn, Stawicka 2012, pp. 5-6).

This concept of social responsibility, functioning under the name of CSR (Corporate Social Responsibility), which is the responsibility in business, is becoming more and more popular not only in academic, 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 - and it's not only about the economic aspect, but also to ensure a good position to start in the future (Velford, Gouldson 1994). In addition, they begin to realize that when operating in a particular social space and in the particular natural environment, they are supposed to comply 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 the economic development (Ratajczak 2013a, p. 198).

In the literature it can be found several definitions of the CSR concept, because many international institutions such as the European Commission and the ISO Committee, social organizations and business theorists and practitioners have taken try to explain its essence, applying different arguments. Concepts underwent some modifications depending on the trend, from which they were originate. Those that currently are the most frequently invoked contain all of these types of responsibilities, referring to the need for compliance with ethical, moral and legal standards in business, but go beyond the traditionally understood ethics and law (Syska-Romańczuk, Roszkowska, Niedźwiecka 2012). For sure the most important initiative in promoting CSR was the publication by the European Commission Green Paper on corporate social responsibility. This document systematizes the concept of CSR at European level. Announcement of the Green Paper launched a wide debate on how the EU can actively promote CSR at European and global level (Commision of the European Communities 2001, p. 4).

The principles of corporate social responsibility, in terms of various business activities of enterprises, are contained in documents such as: Manifesto of Davos, the Caux Round Table, Global rules of Sullivan, Initiative of the General

Secretary of the UN from 1999 and the OECD Guidelines for Multinational Enterprises.

In the first of these documents, which is a professional code sent to the company management, is determined the relations of managers to employees, to customers and to society. They also included the basic principles of CSR, such as the humanization of work, activities related to sustainable development and appropriate actions in relation to stakeholders of the company (Carroll, after: Paliwoda-Matiolańska 2009, p. 67).

Another document, which includes, inter alia, the principles of conducting business in respect its social responsibility, adopted at a meeting of business circles of the European countries, and also USA and Japan in 1994 in Caux. The meeting was called Round Table -there were established rules of acting to individual stakeholder groups. According to the decisions, companies are required to provide to workers fair payment and working conditions, safety, assistance in conflict situations and professional development (Żemigala 2007, p. 107).

The third document is a set of rules written by L. Sullivan, an American pastor, member of the board of General Motors. These principles, supplemented several times, in its current form refers to the need to respect the human rights, freedom of association, to ensure the safety of life and health and promote equal opportunities to employees regardless of their gender, skin color or religious beliefs, and to respect the rights in the business enterprises, to promote the sustainable development and environment protection (Nakonieczna 2008, p. 30). UN Secretary-General Kofi Annan at the World Economic Forum in Davos in 1999 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 are committed to comply them. These rules relate to the four areas of business: respect for human rights, working conditions, environmental protection and the fight against corruption (The Ten Principles 2013).

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, p. 20). 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, p. 161).

It should be also mentioned that next to these international documents containing codes of ethics, in May 2010 at the plenary session of ISO in

Copenhagen it was adopted the first international social responsibility standard - ISO 26000, which in Poland was officially translated and presented in the second half of 2012. In the content, besides the corporate social responsibility, it was also presented a description of the seven basic areas of CSR relating to organizational governance (selected elements of the CSR), human rights, relations with employee, natural environment, market practices, consumer issues and the involvement and social development (Hąbek, Szewczyk 2010, p. 36).

The purpose of this paper is to present the issues related to the implementation of selected elements of the concept of CSR (codes of ethics, norms and standards for quality management and dialogue with stakeholders) in the surveyed enterprises agribusiness.

## 2. Characteristics of the studied population

Research on the entrepreneurs opinion on their knowledge of the CSR concept of, its scope and application of the principles of corporate social responsibility has been 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 survey was sent to all rural businesses in the SME sector agribusiness in Warmia and Mazury (almost 550 companies) - after checking the received questionnaires for analysis ultimately enrolled 174 correctly and fully completed.

Analyzed population was dominated by small businesses - accounted for 62,5%, micro-enterprises respectively 29,5%, and 8% of medium-sized entities. Men were owners of 54,9% of the analyzed companies and women were operators of 45,1% of companies from the agribusiness sector.

In the studied population a clear differentiation in respect to the owner age has been occurred. Over 60% of respondents was 46 years 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 years old, while managers under the age of 30 were about 7,4% of the population.

Quite interesting was represented the structure of surveyed companies owners according to their education (table 1). 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 in age 30-55 with higher education was slightly more (over 59%) than women at the same age and education. Almost 37% of respondents had secondary education - the age range was dominated by the management at the age of 46-55 years. The

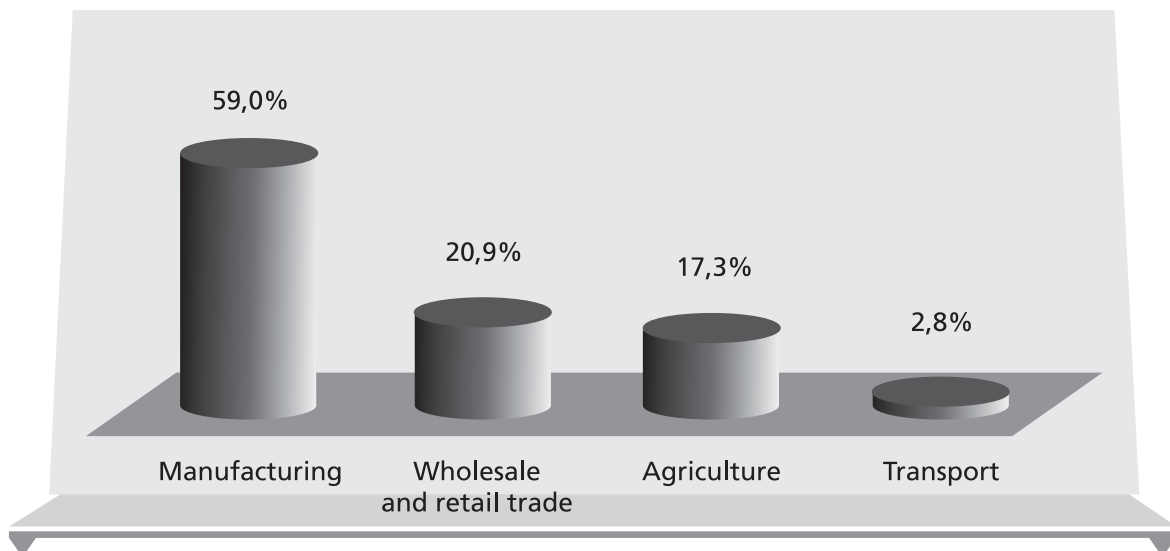
remaining respondents were characterized by basic vocational education and constituted about 17% of the study population (clear domination by men over 56 years).

**Table 1. Education of business owners depending on gender and age (in %)**

Education	Total	Gender		Age (years)			
		Woman	Man	Up to 30	30-45	46-55	over 56
Higher	45,9	44,8	55,2	15,4	33,3	25,9	25,4
Secondary	36,8	42,9	57,1	6,1	36,8	41,9	15,2
Vocational	17,3	13,0	87,0	2,1	31,2	17,0	49,7

Source: own study

The following diagram shows the structure of surveyed rural entrepreneurs by section of conducting business (according to the Polish Classification of Activities and the existing division into sections of the economy to agribusiness includes the following sections).

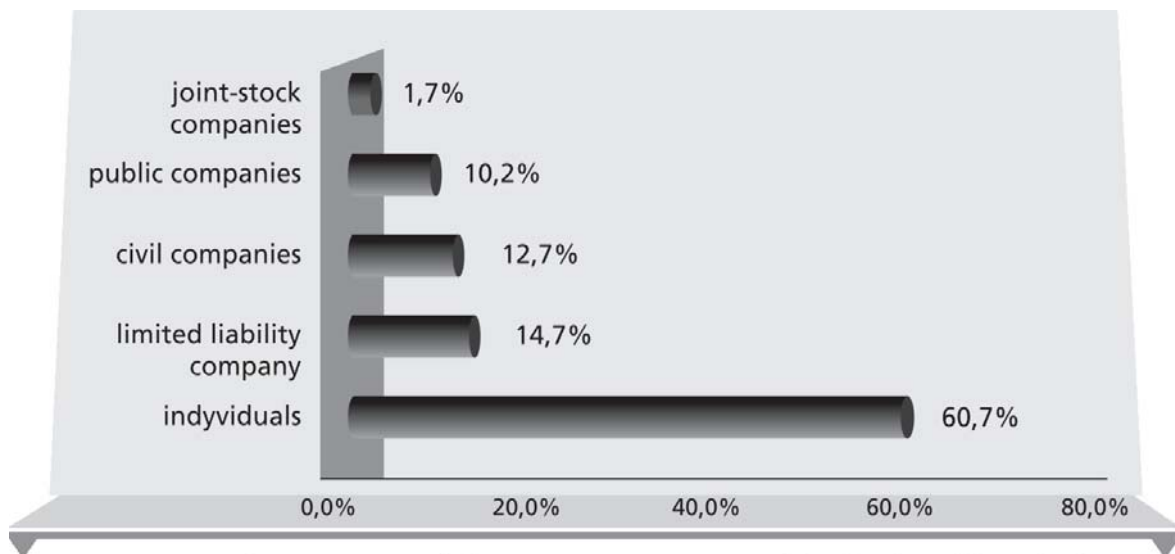


**Figure 1. The structure of the surveyed enterprises by sectors of the economy (%)**

Source: own research

Almost 59% of respondents operated in the industrial processing, which is typical for small and medium-sized agribusiness companies in the country scale, especially in rural areas. Every fifth respondent dealt with wholesale and retail trade, which resulted from frequent entities localization in rural areas near large urban agglomerations. Other sectors, 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 (figure 2).



**Figure 2. The structure of the companies surveyed by the legal form (%)**

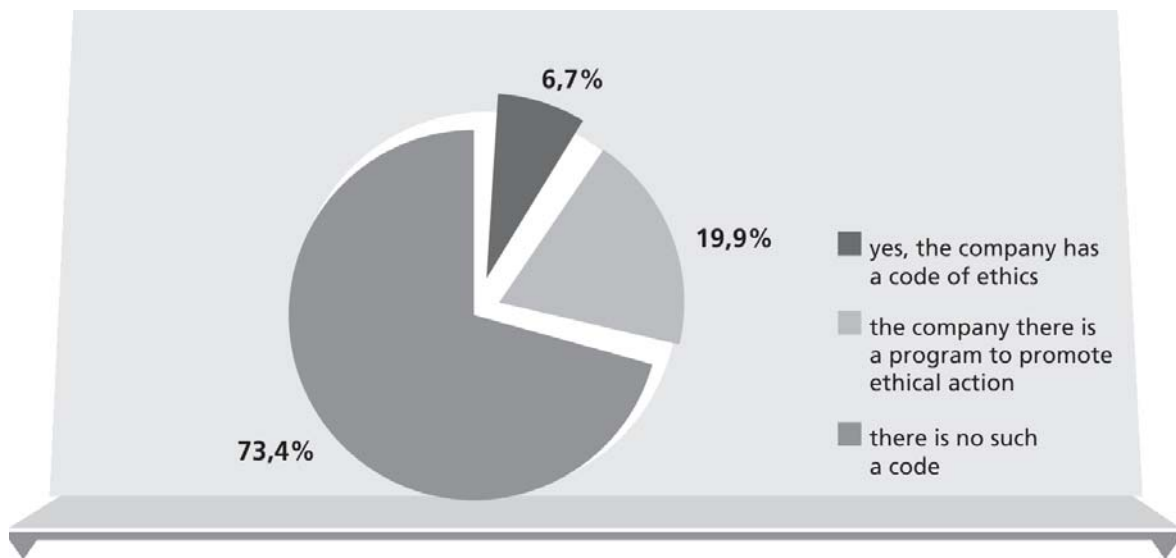
Source: own research

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).

### **3. Implementation of selected elements of CSR concept in the light of their own**

It is very often emphasized that the presence of the written rules, rights or obligations in company facilitates decision-making. An important tool that helps to implement the principles of CSR in the context of various areas of the company

is code of ethics. This document is a confirmation of the implemented best practices and ethical behavior with respect to the actions and solutions on the market. Studies have shown that the code is a document very rarely developed and implemented in practice by agribusiness companies. Such document had less than 7% of the surveyed companies. On this basis it can be concluded that the codes of ethics in small and medium-sized business entities of agribusiness are virtually absent (figure 3).



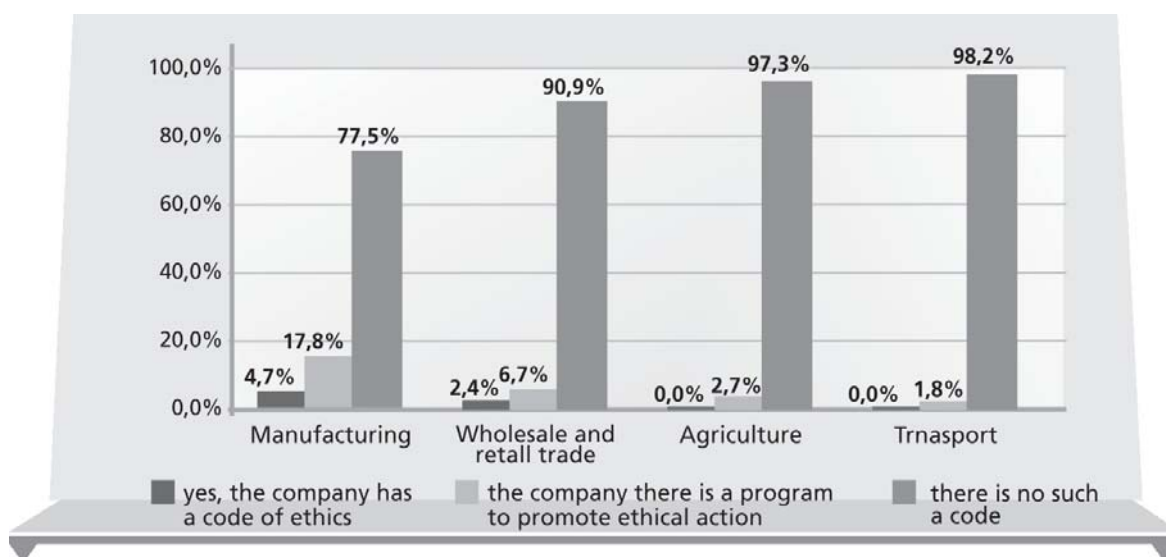
**Figure 3. The presence of codes of ethics in agribusiness enterprises (%)**

Source: own research

Businesses managers (every fifth) declared, however, that socially responsible actions are taken rather occasionally in the various programs promoting ethical action. It should also be noted that over 73% of companies in general did not have a code, nor did they lead work on its implementation.

From the figure shown below it can be concluded that codes of ethics occurred only in enterprises of the manufacturing sector (almost 5%) and wholesale and retail trade (about 2,5%). The program of supporting ethical action in the largest range was performed in manufacturing companies. Certainly very worrying is fact, that the codes almost did not exist in enterprises of agricultural and transport section (almost 98% of responses).

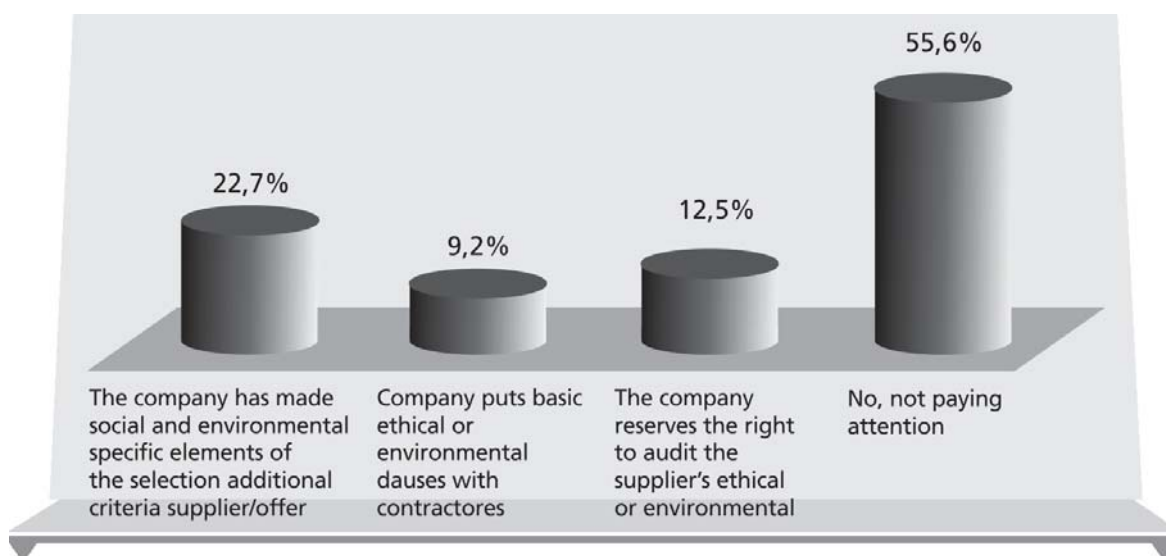
An important element of CSR and ethical solutions are practical solutions for businesses in relation to responsible behavior on the market. Unfortunately,



**Figure 4. The presence of codes of ethics by sections of the economy (%)**

Source: own research

the majority of respondents (almost 56%) said they did not pay attention to the behavior of suppliers or contractors and their compliance with CSR standards (figure 5). Every fifth respondent confirmed that the company has made social



**Figure 5. Compliance of Corporate Social Responsibility in the surveyed companies (%)**

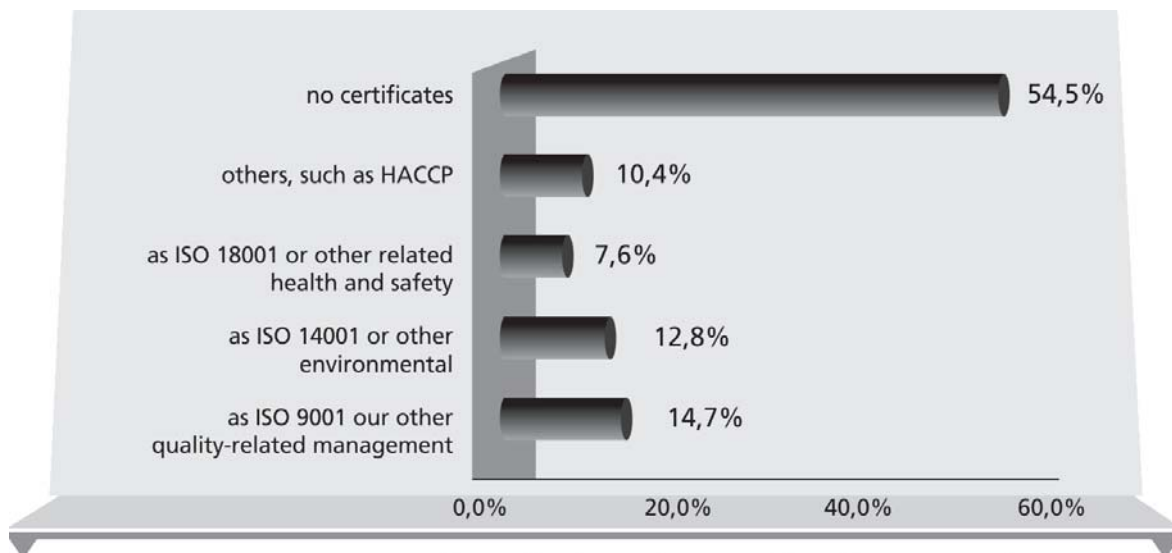
Source: own research



and environmental specific elements as one of the additional criteria for supplier selection, which is certainly a positive phenomenon.

Some of the respondents (over 12%) reserves a right to audit the supplier or contractor by ethical aspect and approximately 9% confirmed putting basic ethical or environmental clauses in contracts with cooperating entities.

Always the most important confirmation of actions towards CSR in companies operating are standards and certifications (figure 6). Unfortunately, more than half of surveyed companies surveyed indicated that they do not have standards of good practice or certificates (almost 55% of responses). Almost 15% of respondents had accepted and worldwide recognized ISO 9001 - This standard applies a quality management system in the company.



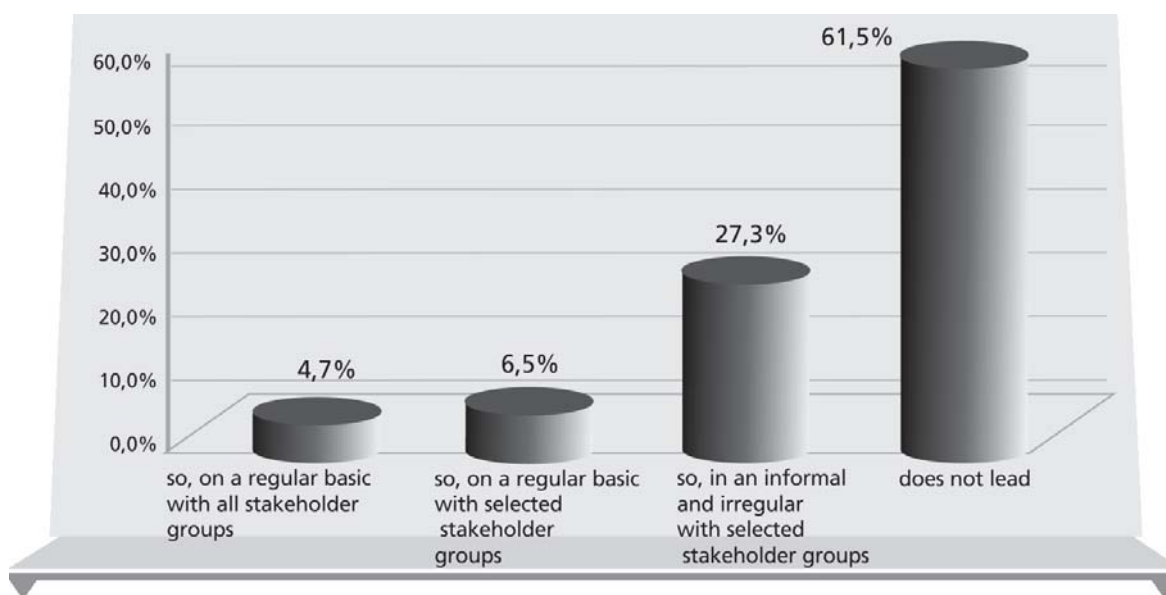
**Figure 6. Norms and standards implemented by the surveyed agribusiness companies (%)**

Source: own research

Almost 13% of respondents confirmed that they are friendly to man and to the environment - in these entities was implemented ISO 14001 standard, which is a system of environmental management. In addition, 7,6% of the analyzed companies stated operating in the company ISO 180001 standard which is safety system and occupational health management. Every tenth respondent also pointed out that it has implemented the HACCP system - which helps the

organizations focus on issues related to food safety and applies to entities in the food industry and to food processors and food suppliers.

The research results also show that in agribusiness enterprises it is not commonly used dialogues and consultations with stakeholders – what confirmed almost 62% of respondents (figure 7). Less than 5% of the respondents admitted that they maintain a regular dialogue with all stakeholders of the company and 6,5% said that the dialogue is only with selected groups of company stakeholders.



**Figure 7. The dialogue/consultation with stakeholders in the surveyed enterprises (%)**

Source: own research

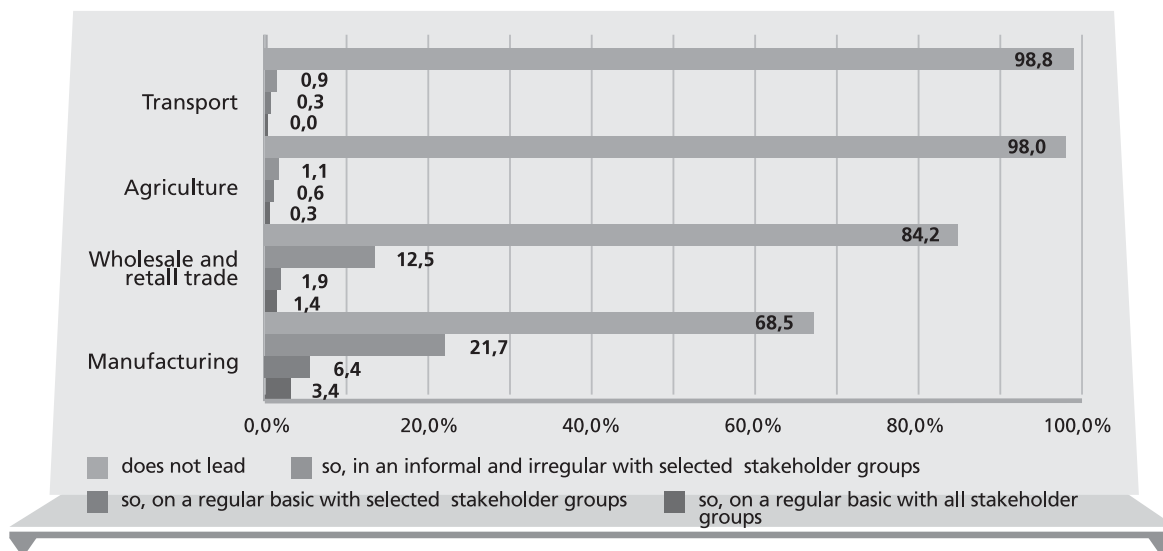
Every fourth respondent admitted that the dialogue with stakeholders is informal and usually take place at a time (irregularly), and relate to current problems not the actions of a strategic or innovative character.

In order to determine the statistical independence between the activity section and conducting documented dialogue with stakeholders independence test  $\chi^2$  was applied, which showed that the tested variables are mutually dependent (table 2). Regular dialogue with stakeholders conducted almost exclusively small and medium entrepreneurs of the manufacturing sector.

**Table 2. Determination of statistical independence between the section of activity (NACE) and conducting a documented dialogue/consultation with stakeholders**

$\chi^2$ TEST OF INDEPENDENCE	
Hypothesis: H <sub>0</sub> : [tested variables are independent] H <sub>1</sub> : [tested variables are not independent]	
$\chi^2 = 17,97 > \chi^2_{\alpha} = 7,81$ the null hypothesis H <sub>0</sub> is rejected in favor of alternative hypothesis H <sub>1</sub> at $\alpha = 0,05$	
T Czuprow's convergence coefficient	Txy = 0,55
C Pearson contingency coefficient - simple	Cxy = 0,62
C Pearson contingency coefficient - corrected	corCxy = 0,78
Variable X: Activity section (NACE) Variable Y: Conduct of documented dialogue/consultations with stakeholders	

Source: own preparation



**Figure 8. Dialogue/consultation with stakeholders by sections of the economy (%)**

Source: own research

However, an informal and irregular dialogue with selected stakeholders was conducted by the entities operating in the sections of trade and manufacturing. Such dialogue was not present almost at all in the surveyed companies from the transport section and agriculture section- what is important calculated ratios showed that the strength of the relationship between these characteristics is moderately strong.

The following figure confirms the data presented in the previous table - about 10% of the enterprises of the manufacturing sector led dialogue with stakeholders on a regular way. But informally and irregularly such dialogue led entrepreneurs from the trade section (almost 13%) and manufacturing section (every fifth response).

In contrast, over 98% of entrepreneurs in the agricultural industry and transport said that they did not lead dialogue with stakeholders in any form at all, which do not certainly help to build relationships between the company and the environment.

#### **4. Summary and conclusions**

Summarizing the above considerations it is clear that it is necessary for entrepreneurs from agri-business sector to implement to the company the corporate social responsibility policy instruments, especially the quality and safety standards and certificates, codes of ethics in relation to stakeholders. In practice, all written, recorded and fulfilled statements certainly give a better guarantee of quality and inspire confidence among all stakeholders.

Entrepreneurs should also pay much more attention to formal dialogue with stakeholders, allowing to select those with whom it is worth to carry out advanced dialogue. It is necessary because the limited time and financial resources do not allow for cooperation with all stakeholders.

In the food industry ecology should be a priority in the context of corporate social responsibility - the implementation of standards is nowadays the must. It is also necessary for entrepreneurs to think in terms of CSR and strategic approach to community engagement in the area where the company knows best. It is important to create among companies own solutions understood as a business strategy, not just some actions occasionally taken.

With the implementation of the concept of social responsibility of small and medium entrepreneurs have the opportunity to gain economic benefits and social. The first group you can definitely include creating a competitive advantage, the impact on the financial result and higher quality goods. To social

benefits, in turn, are sure to please respect and trust of stakeholders or the receipt of awards and honors for her work in the direction of responsible business.

## Summary

### **The implementation of selected elements of the CSR concept on the example of agribusiness enterprises from Warmia and Mazury**

The concept of corporate social responsibility, functioning under the name of CSR (Corporate Social Responsibility), which is the responsibility of the business, is becoming more popular not only in academia, but also business. The purpose of this paper is to present the issues related to the implementation of selected elements of the concept of CSR (codes of ethics, norms and standards for quality management and dialogue with stakeholders) in the surveyed enterprises agribusiness. Research on business opinion on the concept of CSR has been carried out in the second half of 2013 and included 174 micro-enterprises (0-9 persons), small (10-49 employees) and medium (50-249 employees) businesses agribusiness established in rural areas of Warmia and Mazury. The results showed that it is necessary first of all to think of entrepreneurs in terms of CSR and strategic approach to community engagement in the area where the company knows best. It is important to create their own solutions among companies understood as a business strategy, not just the actions taken occasionally.

*Key words:* CSR, agribusiness, codes of ethics, stakeholders, enterprises.

## Streszczenie

### **Implementacja wybranych elementów koncepcji CSR na przykładzie przedsiębiorstw agrobiznesu z Warmii i Mazur**

Koncepcja społecznej odpowiedzialności biznesu, funkcjonująca pod nazwą CSR (Corporate Social Responsibility), czyli odpowiedzialność w biznesie, zdobywa coraz większą popularność nie tylko w środowiskach akademickich, ale także biznesowych. Celem niniejszego opracowania jest przedstawienie zagadnień związanych z implementacją wybranych elementów koncepcji CSR (kodeksy etyczne, normy i standardy zarządzania jakością

oraz dialog z interesariuszami) w badanych przedsiębiorstwach agrobiznesu. Badania dotyczące opinii przedsiębiorców na temat koncepcji CSR zostały przeprowadzone w drugiej połowie 2013 roku i obejmowały 174 mikro (0-9osób), małe (10-49 zatrudnionych) i średnie (50-249 pracowników) przedsiębiorstwa agrobiznesu prowadzące działalność gospodarczą na obszarach wiejskich województwa warmińsko-mazurskiego. Wyniki badań pokazały, że konieczne jest przede wszystkim myślenie przedsiębiorców w kategoriach CSR oraz strategiczne podejście do zaangażowania społecznego w obszarze, na którym firma zna się najlepiej. Bardzo ważne jest stworzenie wśród firm własnych rozwiązań rozumianych jako strategia biznesowa, a nie tylko działania podejmowane okazjonalnie.

#### Słowa

kluczowe: koncepcja CSR, agrobiznes, kodeksy etyczne, interesariusze, przedsiębiorstwa.

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