

Piasecki, Ryszard; Gudowski, Janusz

Article

Corporate social responsibility: The challenges and constraints

Comparative Economic Research. Central and Eastern Europe

Provided in Cooperation with:

Institute of Economics, University of Łódź

Suggested Citation: Piasecki, Ryszard; Gudowski, Janusz (2017) : Corporate social responsibility: The challenges and constraints, Comparative Economic Research. Central and Eastern Europe, ISSN 2082-6737, De Gruyter, Warsaw, Vol. 20, Iss. 4, pp. 143-157, <https://doi.org/10.1515/cer-2017-0032>

This Version is available at:

<https://hdl.handle.net/10419/184453>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by-nc-nd/4.0>

RYSZARD PIASECKI*, JANUSZ GUDOWSKI**

Corporate Social Responsibility: the Challenges and Constraints

Abstract

This article discusses the chances and vulnerabilities of corporate social responsibility (CSR) on two main levels: the small and medium sector at a local level; and big corporations at the macro and international levels. The modern understanding of the definition of CSR is also analyzed. This concept in the management sciences is often misunderstood because it is usually seen as one means in the struggle to achieve a better competitive position. On the other hand, for the development sciences CSR is an effective instrument of income redistribution and as an addition to state support for the underprivileged social groups.

Keywords: *CSR, notion and understanding, local and international scale of acting, small sector, corporation*

JEL: *D21, L21, M14*

* Ph.D., Full Professor at the University of Lodz, Faculty of Economics and Sociology, Department of Development Economics, e-mail: ryszard_p@poczta.onet.pl

** Ph.D., Full Professor at the University of Economics and Innovations in Lublin, e-mail: jgudikr@poczta.onet.pl

1. Introduction

For many decades enterprises have mainly had one aim: the maximization of profits, regardless of the social and environmental impacts linked to the activities of an enterprise. The aim began to change in the late 19th century. Andrew Carnegie popularized the principles of charity and stewardship in 1899 when he published *The Gospel of Wealth*. At the time, Carnegie's ideas were the exception rather than the rule.

The idea that an enterprise is not only responsible for its finances evolved, and eventually was labelled "Corporate Social Responsibility", which means that a business organization takes responsibility for the impact of its activities on its employees, customers, the community, and the natural environment.

2. CSR in Management Sciences

Corporate Social Responsibility has become one of the most significant and important concepts of modern management. The literature on this topic provides a variety of definitions, but it has generally been considered as a broad construct that comprises actions aimed at stakeholders and social issues.¹ This means that company's managers and owners are not only responsible for the financial management and legal aspects of their activity, but in some aspects they are also responsible for the society as a whole (McGuire 1963, p. 144).

Corporate Social Responsibility (CSR) is often defined as a concept in which companies integrate social and environmental elements with business operations, management, and relations with stakeholders. This kind of understanding of CSR has been recognized by the EU. The European Commission defines Corporate Social Responsibility as "the responsibility of enterprises for their impacts on society". To fully meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders" (European Commission 2011).

¹ See M.B.E. Clarkson, *A stakeholder framework for analyzing and evaluating corporate social performance*, *The Academy of Management Review*, 20(1) 1995, pp. 92–117; A.J. Hillman & G.D. Keim, *Shareholder value, stakeholder management, and social issues: what's the bottom line?* 'Strategic Management Journal', 22(2) 2001, pp. 125–139; D.L. Swanson, *Addressing a theoretical problem by reorienting the corporate social performance model*, 'The Academy of Management Review', 20(1) 1995, pp. 43–64; D.J. Wood, *Corporate social performance revisited*, 'Academy of Management Review', 16(4) 1991, pp. 691–718.

The World Business Council for Sustainable Development stressed that although the main aim of business is economic development and profitability, it must not neglect its impact on society. It defines Corporate Social Responsibility as the “continuous commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (Kotler, Lee 2005, p. 3).

Philip Kotler, one of the most important modern management lecturers, stressed the discretionary character of CSR activities. According to him, “corporate social responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources” (Holme, Watts 2000, p. 6).

There are two main and substantially different approaches to this concept. These are the ‘self-regulation approach’ and the ‘legal regulation approach’.²

Of course, between those two extremes one can find many alternative approaches of co-regulation. All these dimensions are defined and characterized as follows:

1. The *self-regulation approach*, in which companies decide for themselves how far they engage in CSR and which CSR activities they wish to implement. The role of the state is limited.
2. *Legal regulation*, in which the government plays the most important role. This is reflected in multinational initiatives which are based on binding legal commitments.
3. *Co-regulation approaches*, in which stakeholders are involved in a company’s CSR policy-making process. In this “third way” NGOs, business associations, governmental organizations and multilateral institutions work together in a constructive manner to achieve complementary goals in the CSR process.

Its increasing complexity makes it impossible to extract a single coherent model of CSR. In research on Corporate Social Responsibility, there are two main models: the *After Profit Obligation* model, referring to Maslow’s pyramid of needs, and described by the American economist A.B. Carroll. This model divides company responsibility into four levels (responsibilities): economic; legal; ethical; and philanthropic. The economic level is elementary and the most important for a company, and philanthropic activities appeal to a responsibility of a higher order (Carroll 1993, p. 28).

The primary and overarching objective of the company is to achieve a profit, which makes it possible to implement other targets. In the case of incurring losses,

² See T. Chahoud, *Internationale Instrumente zur Förderung von Corporate Social Responsibility (CSR)*, Analysen und Stellungnahmen No. 2/2005, Deutsches Institut für Entwicklungspolitik, Bonn 2005, p. 2. P. Utting, *Rethinking Business Regulation: From Self-Regulation to Social Control*, Technology, Business and Society Programme, Paper 15/2005, United Nations Research Institute for Social Development, Geneva 2005.

or no profits, society obviously cannot require that the company incur responsibility in other areas. CSR is related to additional areas of responsibility which can be implemented only when an organization reaches a satisfactory level of profitability.

The *after profit obligation* model assumes that in the area of economic responsibility there is a choice between profit and risk. Proponents of this approach recognize that difficult market conditions force entrepreneurs to care firstly about their own interests, which also maximize the social wealth. Milton Friedman believed that the contribution of a certain company to the general welfare lies in the efficient and effective production of goods and services, conducted so long as the society finds it useful, leaving issues of social responsibility to the state (Grzegorzewska-Ramocka 2009, p. 63).

The second model, popularized primarily in the work of Y.Ch. Kang and D. J. Wood, is called 'Before Profit Obligation'. This model is, in some aspects, a reversed hierarchy. It is considered that the highest and most important values are moral values and that all other values are subordinate values. So, the base of the pyramid is the moral responsibility, which must be taken regardless of the conditions in which the organization operates.³

According to this model, the moral attitude of owners, managers and ordinary employees create value-added, which affects the formation and depths of relationships with stakeholders and gives the company a competitive advantage. This is based on the assumption that the company is a part of more differentiated whole, consisting of functionally interdependent and liquid structures. The primary purpose of an enterprise belonging to this structure is therefore, in compliance with the applicable rules, support for the socio-economic order, recognition of certain values for a common framework, and the implementation of the basic objective of economic development. The idea of mutual solidarity means that a company, while looking for profits, should not harm the society.

3. CSR in Development Studies

Corporate Social Responsibility can be thought of as an element of a wider area of economic sciences, called social economics and, in some cases, social enterprise.

There is a close relationship between CSR and social economics, since the former is aimed at supporting selected target groups (the jobless, poor, handicapped, and socially excluded), while the latter one contains identical political objectives.

³ See: *World's 10 Biggest Refined-Copper Producers in 2013*: <http://www.bloomberg.com/news/2014-02-17/world-s-10-biggest-refined-copper-producers-in-2013-table-.html>; KGHM International, Corporate Social Responsibility 2013, pp. 7–10.

There is also the concept of a social market economy, widely used in European Union and introduced into Polish Constitution in Article 20, which states: "A social market economy, based on the freedom of economic activity, private ownership, and solidarity, dialogue and cooperation between social partners, shall be the basis of the economic system of the Republic of Poland".⁴ The very concept is a heritage of the Freiburg school, defined by advocates of the liberal approach as a liberal one (no state intervention means "social") or on the contrary recognized as having the features of an active welfare active state. G.W. Kołodko, in characterizing the principles of a social market economy, writes about the need to reconcile efficiency with justice (Kołodko 2000). Regardless of the differences between the supporters of the welfare state and the liberal approach, the common element is the issue of sensitivity to the problems plaguing contemporary societies: unemployment, poverty, exclusion. This is why the above-mentioned Article 20 refers to "solidarity dialogue and the cooperation of the social partners". CSR and social economics fit into the wider philosophy of a social market economy, which should be treated as a superior value.

Social economics can also be treated as a response to the irregularities in the functioning of the national economy and the failure of neoliberal model.

There are various interpretations of CSR, related to the difficulty in clear identification of its standards. This relativism is apparent in the determination of the scope of CSR activities, which depend on social norms, cultural factors, and the level of economic advancement. However, it should be pointed out that a particularly important determinant of CSR is an attempt to move away from exclusively prioritizing the maximization of profits.

The popularity of CSR is increasing, especially in advanced economies, partly because it is treated as an extra way to broaden the company's market or to gain positive publicity, i.e. in the long run CSR activities contribute to gaining a competitive advantage anyway.

The relationship between CSR and the idea of sustainable development should also be emphasized. Although the concept of sustainable development was developed later, CSR also deals with the philosophy of sustainable development, especially insofar as the third pillar, i.e. social justice, is concerned. A company that wants to implement the principles of sustainable development must respect the CSR values and expectations. This is popularized by the World Bank, which treats CSR as a commitment of business to contribute to sustainable development in collaboration with employees, their families, and the local communities, in order to improve the quality of life for both business and social development (Zapała, Kazimierczak 2011, p. 165).

⁴ <http://www.sejm.gov.pl/prawo/konst/angielski/konse.htm> [date of access: 28.04.2017].

4. Negative Aspects of CSR

Explanations and critiques of Corporate Social Responsibility appear regularly in the media and academic literature. Many of these discussions are repetitious, but one that was especially important for the analysis of the concept was a special section in *The Economist*, “The good company: A survey of corporate responsibility.”⁵

The thesis of the section was that the corporate social responsibility movement dominates most management thinking, and that this is unfortunate because it is not necessary if the functioning of capitalism is understood. Furthermore, CSR is practiced in many different ways, creating confusion regarding what it really means.

The article argues that there is no need to impose CSR on corporations, as they are acting in a responsible manner already. The point is made that capitalism has been the driving force behind the unparalleled economic and social progress, but unfortunately it is still suspected, feared, and deplored. Two reasons are given for this fear of capitalism: the idea that profit is inconsistent with the public or social good; and the belief that in their pursuit of private gain corporations are placing crippling burdens on society and the environment. *The Economist's* article does not consider either of these reasons to be appropriate.⁶

The article states that enlightened self-interest and ethical conduct work well together. But two values must be understood taking into account the proper functioning of a corporation, and without these two values business is not possible. The first value is ordinary decency – that is, being just, honest, and fair. The second value involves distributive justice, where the benefits within the corporation are aligned to the contributions made in adhering to the aims of the corporation – for example, pay is linked to performance and promotion to merit. With regard to stakeholders, corporations should take them into account but without being accountable to them.⁷

This critique generated a substantial response, including several letters to the editor, in subsequent issues – the majority of which disagreed with the thesis of the survey. An invited contributor to *The Economist* responded with a countering view. Ian Davis, worldwide managing director of *McKinsey & Company*, stated that business leaders should not fear greater advocacy of the contract between business and society and that the role of business is changing (Davis 2005, p. 69–71).

⁵ *The Good Company: A Survey of Corporate Responsibility*, ‘The Economist’, 24-page special section, and editorial, January 22, 2005: Special Section and 11.

⁶ *The World According to CSR: Good Corporate Citizens Believe That Capitalism Is Wicked But Redeemable, The Good Company: A Survey Of Corporate Social Responsibility*, ‘The Economist’ (January 22, 2005), pp. 10–14.

⁷ *The Ethics of Business: Good Corporate Citizens, and Wise Governments, Should Be Wary of CSR, The Good Company: A Survey of Corporate Social Responsibility*, ‘The Economist’ (January 22, 2005), pp. 20–22.

The Economist included a follow-up report in January 2008, “Just good business: A special report on corporate social responsibility.”⁸ An accompanying editorial was entitled “Ethical capitalism: How good should your business be?”⁹ The tone of the second report was somewhat different from the first one. The first report questioned the legitimacy of CSR, while the second report focused on how CSR was being accomplished. The second report included observations that CSR has gained considerable momentum and, rather than being a sideshow, is now seen as mainstream. Few corporations are doing it well, and it has some limitations. The report concluded that CSR is just good business.

Today, there a new very serious dilemma has arisen in the form of the question: What are the expected limits of CSR, and how far can it go in meeting the demands of local communities? There are many well known cases when local authorities go too far in their expectations (the typical example given is that of the Sierra Gorda community, which threatens to block the production of copper companies if their demands are not met).

Although there are several arguments for social involvement by business corporations, there also are many arguments against business social involvement – including the following (Sexty 2011, pp. 143–144):

- Profit maximization is the primary purpose of business, and to have any other purpose is not socially responsible (as argued in Responsibility for Ethics 7.2). To have anything other than a profit-maximizing goal is to sabotage the market mechanism and distort the allocation of resources. Generally, then, it is contrary to the basic function of business to become involved in social matters. It should not be forgotten that business is an economic institution, not a social one, and its only responsibility is to manage efficiently within the law. A corporation would be irresponsible if it did not pursue profits and operate in an efficient market.
- Business corporations are responsible to their shareholders and, in effect, have no authority to operate in the social area. When a corporation becomes involved in social matters, there is a question of its legitimacy to undertake activities in this area. Even if corporations are sufficiently competent and powerful to bring about social changes in matters considered beyond the range of their immediate involvement, there is a real question as to whether such endeavours are appropriate. Managers should let shareholders decide whether or not they wish to become involved in social issues.
- Social policy is the jurisdiction of governments, not business.
- Business lacks training in social issues, and lacks the social skills necessary to carry out social programs. In other words, business is not competent to undertake social responsibility tasks.

⁸ *Just good business: A special report on corporate social responsibility*, ‘The Economist’, January 19, 2008.

⁹ *Ibidem*, pp. 12–13.

- Social responsibility is viewed by some as another excuse to let big business increase its power. The result of letting business become involved in social as well as economic matters is an increase in its power. Imposing business values on social issues may lead to inappropriate domination: business already has sufficient power, and it would be inappropriate to extend that power to other matters.
- Business involvement in social matters increases costs – not only costs to the organization, but also possibly even social costs – instead of decreasing them. This in turn may lead to business failures.
- There is no acknowledged source of reliable guidance or policy for business with respect to questions of social responsibility, and it is not easy to make the choice between responsible and selfish actions in social issues. Social responsibility is an elusive concept, for which few standards are available to evaluate and control the actions of corporations.
- As institutions in society, business corporations cannot be held accountable for their actions in a way sufficient to satisfy the demands for their social involvement. Institutions involved in social matters should be accountable to society for that involvement. At the present time, there are few mechanisms available to ensure that business corporations are accountable for their social actions.

5. CSR at the Company Level: Some Empirical Evidence

The remarks below on the practice of CSR are based on two studies elaborated at the company level. The first deals with small and medium scale companies acting in a local community in Eastern Poland, while the second shows CSR being implemented on an extensive scale in an export-oriented company which is one of the driving forces of the Polish economy.

5.1. CSR and Small and Medium Scale Companies in a Local Community¹⁰

The pilot studies were implemented in 2012 in selected settlements around the town of Radzyń Podlaski in Eastern Poland, and were later updated in 2015. The main purpose of the project was to demonstrate CSR activities, as well as to examine whether the practice of CSR improves the competitiveness of the companies. The sample was limited to ten companies and the research was done by means of a questionnaire. The selected companies were engaged in food processing, en-

¹⁰ For more details see: A. Chruślińska, J. Gudowski, *Spoleczna odpowiedzialność biznesu w lokalnej działalności gospodarczej*, „Zeszyty Naukowe” 1(39), Uczelnia Warszawska im. Marii Skłodowskiej-Curie, 2013.

ergy supply (bio-gas), construction, trade, transport, and accommodation services. The respondents (a total of 60) were represented mostly by women (65%) between the age of 36–45 (55%) and older (20%), educated (lycee or technicians – 65%) and university level (28%). The results of the research may be summarized as follows:

- **Awareness of the objectives of CSR** at the company level is generally low. Only 23% of respondents declared they had learned about CSR targets. However, most of them understood the notion of CSR as offering relief to persons in need, which – according to their opinion – should be done by the government and NGOs. For some respondents, the notion of CSR was associated with the involvement of the staff in solving the problems of the local community, as well as solving the company's problems in terms of employees' rights. During the talks with respondents the issue of sustainable development also appeared (recycling, saving energy).
- **The implementation of CSR in the enterprise.** Despite the low awareness of CSR targets, nearly half of the respondents claimed that their companies implemented CSR activities. They supported local cultural actions (picnics, exhibitions, meetings), participated in charity drives, rewarded competitions, offered assistance in programs for disabled persons, protected the environment, and introduced ethical standards of business. The most common reasons for implementing the rules of CSR were said to be ethical principles, as well as a willingness to be better seen in the market.
- **CSR and corporate image.** There is no doubt that the Polish consumer is becoming more sensitive to whether a company operates in an ethical and socially responsible way. For this reason, CSR actions taken in order to engage in social affairs of local society are important from the point of view of small and medium size companies, since their main target group is the local community. Nearly 40 % of the respondents confirmed that actions related to CSR improve their image. This proves that responsible business is, however, still treated as a tool of public relations.

5.2. CSR in KGHM International¹¹

Multinational companies can have an outstanding impact on economic development and environmental protection. Their institutional structure is quite complex because they have affiliates and subsidiaries in different countries, with different institutional features and cultural backgrounds. This complexity is transferred into their management practices, either by choosing to transfer them into standardized forms, or by modifying them according to the peculiarities of each place they are located (like mining enterprises).

¹¹ Based on internal material from KGHM.

As these companies invest in different countries, it becomes necessary to clearly define the CSR concept and its implications. For the United Nations, Corporate Social Responsibility is the initiative of the business to spend some profits in order to improve the well-being of the society on the local or national level, with the main purpose of creating a positive public image and building up a base for educated consumers. It is a commitment to contribute to sustainable economic development, and to work with the employees and their families, local communities and society as a whole in order to improve the quality of life and to preserve the natural environment.

There is a largely accepted opinion that the top executives and directory boards of multinational companies commit themselves to CSR in with the aim of improving their profitability, as well as to improve the image of the firm. Also, in many cases they are convinced that the company that follows the frameworks of business ethics should improve its competitive advantage. Beyond the social and environmental responsibility, compromises and good practices in relation to its workers and the community generate strategic benefits from the commercial, legal, labour, social and financial points of view. In this context, the managers perceive social responsibility as an element for improving the company's public image and reputation, which facilitates the access to the markets and increases the volume of sales by making the image and brand of the company visible, which maintains clients' fidelity to their products.

However, not all multinational enterprises (MEs) proceed in this way in dealing with their business challenges. This often generates distrust, because MEs often use their considerable power to ask for tax exceptions, lower wages, or weaker environmental regulations. This especially happens in developing countries, where the debate concerning the role of the multinationals is stronger and more politically distorted, and in these countries the performance of the MEs generates much more discussion. In many cases, these countries have natural resources and cheap manpower, which the multinationals obviously try to take advantage of. This leads to conflicts over how to negotiate and to distribute benefits. In many cases the MEs are accused of imposing some conditions that negatively impact the national sovereignty of developing countries.

KGHM Polska Miedź (*Kombinat Górniczo-Hutniczy Miedzi Polska Miedź*) is one of the largest producers of copper and silver in the world, and it owns shares in 33 entities operating in various production and service-related areas worldwide.

The main component of Corporate Social Responsibility in KGHM International is called *Zero Harm*. This policy means that the company will not operate or take any steps that might harm employees, communities and the environment. This *Zero Harm* policy deals first of all with every-day safety and environmental issues. A *Zero Harm Day* means that a day in which no employee, contractor, vendor, delivery person or visitor had to receive medical attention from a doc-

tor, nurse, paramedic, emergency medical technician, first-aid attendant, first responder, or mine rescue personnel due to an occupational (work-related) illness or injury.

With respect to the environment, a *Zero Harm Day* it means that a day resulted in no release of materials that pose a threat to the environment or public health and safety, and there was no legitimate external complaint nor were any reportable limits exceeded. It must be noted that particular actions depend on local needs and situations. A specific example is given below.

Robinson Nevada Mine puts its core values up front every day for the benefit of its employees and contractors, nearby communities, and the environment. The company's high standards for community involvement and safe and environmentally sound work practices add up to the policy of *Zero Harm*. For example, Robinson donated four water wells and 2,800 feet of water line to the City of Ely to improve the efficiency, reliability and capacity of the municipal water system. This cooperative effort aided Robinson in obtaining water rights, since mine dewatering would potentially impact the spring that supplied drinking water to the community. Two of the wells were newly constructed and two were rehabilitated by professionals, who performed a camera survey, water treatment analysis and pumping tests, as well as physically cleaned the wells. Crews installed new pumps, motors, down piping, electrical soft start panels, chlorine injection pump systems and electrical supply upgrades.

Robinson hires a local company each summer to spray for noxious weeds, which are plant species designated by the government as harmful to agriculture, including livestock, horticultural crops, natural habitats, ecosystems and/or humans. Most of these plants were introduced into the ecosystem from outside and are not native. Robinson has been successful in keeping several of these species from spreading. In performing reclamation, Robinson is careful to select a seed type that will thrive in the area and return the site to the vegetative state that existed prior to the mining in a given area.

Sierra Gorda SCM strives for *Zero Harm* for its employees, its communities and the environment. Everyone involved in the project, employees and contractors alike, support this core value. In 2012, the Sierra Gorda Operations moved more than 35 million tons without a single Lost Time Incident (LTI). At the end of 2012, the Sierra Gorda Project had logged 2,227,884 man-hours with no accidents, in accordance with the standard of the International Council on Mining and Metals (ICMM). The total accumulated Accident Frequency Index and Severity Index during 2012 were lower than the ICMM standards and Chilean laws. To achieve *Zero Harm*, Sierra Gorda SCM carries out a series of activities that include training, reinforcing safe conduct, and following up on key performance standards. From the start, the Sierra Gorda Project has been carried out with *Zero Harm* as the touchstone.

Along with other mining companies operating in the area, Sierra Gorda SCM participates in meetings and activities of the Good Neighbor Council. Neighbours can offer the company good feedback through suggestion boxes, a free telephone line, and by email. In addition, Sierra Gorda SCM holds bi-monthly information meetings to report to the community on progress at the site. During one of these meetings with the community Sierra Gorda SCM learned that local residents wanted several work opportunities to be created. To respond to this need, Sierra Gorda SCM implemented a Local Manpower Hiring Plan. This plan has led so far to the hiring of over 100 residents from the Sierra Gorda, Mejillones, Maria Elena and Baquedano communities as employees of Sierra Gorda SCM and contractor companies. In the city of Antofagasta, Sierra Gorda SCM participates in the “Run for Life” hosted by the Foundation Against Breast Cancer.

SCM Franke is committed to safety. The philosophy of *Zero Harm* is the foundation on which the company has built its management and its operating systems. During 2012, SCM Franke maintained an average workforce of 630 that accumulated more than 1.2 million man-hours. The recorded injury rate was 0.17, and no permanent injuries occurred.

To achieve these outstanding results, it has been essential to focus on the following key aspects of the operation:

- Integrated Occupational Health, Safety and Environment Management;
- Management, Staff and Supervisory Leadership: Provides resources, visible leadership, correction of sub-standard actions and field conditions for safe operation and to bring about any needed improvements. SCM Franke is committed to complying with and enforcing standards. Meetings are held regularly to address safety and environmental issues. Management’s encouragement of active participation and new ideas has led to the implementation of safety programs such as “Safety with No Limits”, initiated by the Processes Department.
- Hazard Identification, Assessing Risk and Planning Work: A procedure for obtaining good results with no surprises, the 5x5 program seeks to make each worker competent in recognizing risks and making needed corrections prior to beginning work. Under 5x5, workers carry out each task with a commitment to taking responsibility for safety in their own lives.

Employees working directly and indirectly in mining operations have been educated in occupational health concepts and have the ability to assess their own work area. The risk of illnesses due to exposure to silica dust, noise and vibrations has been measured and a quantitative assessment of each area has been made. Steps are constantly being undertaken to meet the requirements and to improve the work conditions.

6. Summary

Corporate Social Responsibility has gained a lot of interest and has become one of the most popular issues in management sciences. Enterprises have become integral actors in social development, in which consumers are seen not only as a market but also as a community, in which enterprises should follow the rules that help maintain the socioeconomic order, follow shared values, and make no harm to society while pursuing a profit.

In case of small and medium sectors acting in the local environment, CSR activities have special meaning since the local community represents the main target group of customers. The opinion of the respondents surveyed – that CSR is important for improvement of the image of their companies – shows that social responsibility is regarded as one of the effective tools in public relations policy.

In case of KGHM International, as in nearly every big and multinational company it also contributes to the social and economic growth of local communities, respecting local traditions and environment.

Most of KGHM's initiatives are linked to the safety of the workers and protection of the local environment. An important part of its actions is cooperation with the local community in resolving local problems, especially with water supply. It must be noted that usually the actions are not significantly different than actions taken by other companies, although their contribution is significant and important.

References

- Carroll A.B. (1993), *Business and Society: Ethics and Stakeholder Management*, College Division South Western Publishing Co, Ohio.
- Chahoud T. (2005), *Internationale Instrumente zur Förderung von Corporate Social Responsibility (CSR)*, Analysen und Stellungnahmen No. 2/2005, Deutsches Institut für Entwicklungspolitik, Bonn.
- Chruślińska A., Gudowski J. (2013), *Spoleczna odpowiedzialność biznesu w lokalnej działalności gospodarczej*, 'Zeszyty Naukowe' 1(39), Uczelnia Warszawska im. Marii Skłodowskiej-Curie, Warszawa.
- Clarkson M.B.E. (1995), *A stakeholder framework for analyzing and evaluating corporate social performance*, *The Academy of Management Review*, 20(1).
- Davis I., (2005), *The Biggest Contract: By Building Social Issues into Strategy, Big Business Can Recast the Debate about Its Role*, 'The Economist', May 28.
- European Commission (2011), *A renewed EU strategy 2011–14 for Corporate Social Responsibility*, Brussels.

- Glinkowska B. (2012), *Analiza wybranych modeli społecznej odpowiedzialności organizacji*, 'Acta Universitatis Lodzianensis. Folia Oeconomica', Łódź, No. 265.
- Grzegorzewska-Ramocka E. (2009), *Cele ekonomiczne i społeczne przedsiębiorstwa*, 'Gospodarka Narodowa', No. 7–8.
- Hillman A.J., Keim G.D. (2001), *Shareholder value, stakeholder management, and social issues: what's the bottom line?*, 'Strategic Management Journal', No. 22(2).
- Holme R., Watts P. (2000), *Corporate Social Responsibility: Making good business sense*, World Business Council for Sustainable Development, January 2000.
- Just good business: A special report on corporate social responsibility*, 'The Economist', January 19, 2008.
- Kołodko G.W. (2000), *Kapitalizm zbudowany w zasadzie*, Warszawa.
- Kotler Ph., Lee N. (2005), *Corporate Social Responsibility, Doing the most Good for Your Company and Your Cause*, Wiley.
- McGuire J. (1963), *Business and Society*, McGraw-Hill Book Company, New York.
- Sexty R. W. (2011), *Canadian Business and Society: Ethics & Responsibilities*, 2/e, McGraw-Hill.
- Swanson D.L. (1995), *Addressing a theoretical problem by reorienting the corporate social performance model*, The Academy of Management Review, No. 20(1).
- The Ethics of Business: Good Corporate Citizens, and Wise Governments, Should Be Wary of CSR*, 'The Economist', January 22, 2005.
- The World According to CSR: Good Corporate Citizens Believe That Capitalism Is Wicked But Redeemable*, 'The Economist', January 22, 2005.
- Utting P. (2005), *Rethinking Business Regulation: From Self-Regulation to Social Control*, Technology, Business and Society Programme, Paper 15/2005, United Nations Research Institute for Social Development, Geneva.
- Wood D.J. (1991), *Corporate social performance revisited*, Academy of Management Review, No. 16(4).
- World's 10 Biggest Refined-Copper Producers in 2013*: <http://www.bloomberg.com/news/2014-02-17/world-s-10-biggest-refined-copper-producers-in-2013-table.html>; KGHM International, *Corporate Social Responsibility 2013*.
- Zapała S., Kazimierczak M. (2011), *Ryzyko, ciągłość biznesu, odpowiedzialność społeczna*, Wolters-Kluwer, Warszawa.

Streszczenie

SPÓŁECZNA ODPOWIEDZIALNOŚĆ BIZNESU: WYZWANIA I OGRANICZENIA

W artykule przeanalizowano podstawowe definicje społecznej odpowiedzialności biznesu (CSR) oraz kontrowersje dotyczące tego pojęcia. Przedstawiono wyniki badań dotyczących zastosowania zasady społecznej odpowiedzialności biznesu w skali lokalnej (małe i średnie firmy) oraz w skali międzynarodowej (wielkie korporacje). Społeczna odpowiedzialność biznesu jest uważana za taką działalność, która ułatwia osiągnięcie lepszej pozycji konkurencyjnej, a to zaś stoi w sprzeczności z istotą CSR. Nauki o rozwoju, w tym zwłaszcza ekonomia rozwoju, traktują społeczną odpowiedzialność biznesu jako działanie o charakterze redystrybucyjnym, uzupełniającym działalność państwa w tym zakresie. Ma to na celu lepsze zaspokojenie potrzeb słabszych grup społecznych.

Słowa kluczowe: Społeczna odpowiedzialność biznesu, pojęcie, zastosowanie w skali lokalnej i międzynarodowej, sektor małych i średnich przedsiębiorstw, korporacja.