

Marcin Ratajczak

CSR ACTIVITIES IN THE AREA OF NATURAL ENVIRONMENT TAKEN BY AGRIBUSINESS ENTERPRISES IN RURAL AREAS OF WARMIA AND MASURIA

DZIAŁANIA CSR W OBSZARZE ŚRODOWISKA NATURALNEGO PODEJMOWANE PRZEZ PRZEDSIĘBIORSTWA AGROBIZNESU Z OBSZARÓW WIEJSKICH WARMII I MAZUR

Faculty of Economic Sciences, Warsaw University of Life Sciences
ul. Nowoursynowska 166, 02-787 Warszawa, e-mail: marcin_ratajczak@sggw.pl

Streszczenie. 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 działań CSR w obszarze środowiska naturalnego podejmowanych przez badane przedsiębiorstwa agrobiznesu z obszarów wiejskich. Badania dotyczące opinii przedsiębiorców na temat koncepcji CSR zostały przeprowadzone w drugiej połowie 2013 roku i obejmowały 174 mikro (0–9 osób), małe (10–49 zatrudnionych) i średnie (50–249 pracowników) przedsiębiorstwa agrobiznesu prowadzące działalność gospodarczą na obszarach wiejskich województwa warmińsko-mazurskiego. Wyniki badań pokazały, że przedsiębiorcy raczej nie kierują się ekofilozofią oraz w niewielkim stopniu wdrażają dokumentowane rozwiązania w kierunku ochrony środowiska, dobrych praktyk oraz rozwiązań ekologicznych.

Key words: agribusiness, corporate social responsibility, natural environment.

Słowa kluczowe: agrobiznes, społeczna odpowiedzialność przedsiębiorstw, środowisko naturalne.

INTRODUCTION

In business practice it is usually believed that companies exist only to bring profit to the owners. Very few entrepreneurs and managers see the need to align their business activities with ethics and above all, with responsibility to the public or the environment. Similar statements can also be found in the publications of authors holding neo-liberal views, among which the views of Milton Friedman, Nobel Prize in Economics laureate, are the most quoted. In Friedman's opinion, in a market economy companies should use their resources primarily to multiply profits, following certain standards, without resorting to deception or fraud (Friedman 1987).

That opinion on the role of businesses in the socio-economic reality derived from classical economics is becoming less fitted to the current economic situation in most countries (Bromley 1991). Hence, for some time a growing interest in the concept of business management can be observed, involving deliberate action oriented not only towards financial gain, but also towards widely understood social and environmental issues (Rybak 2004). According to common definitions, corporate social responsibility is more than just fulfilling legal and formal requirements which Friedman relied on. Corporate social responsibility should be manifested in business

strategy that focuses on, long-term activities beneficial for the proximal and distal environment, including environment protection, improvement of local infrastructure or enhancement of employee qualifications (Ratajczak et al. 2012).

This concept of social responsibility known in short as CSR (Corporate Social Responsibility), which stands for social responsibility in business, is becoming more and more popular not only in academic, but also in business circles. This is due to the fact that entrepreneurs and managers are beginning to see the benefits of implementing CSR in their businesses – some may be purely economic, and some semi-economic, such as building a good business position for the future (Velford and Gouldson 1994). In addition, they begin to realize that when operating in a particular social space and particular natural environment, they are supposed to comply with certain moral, ethical and environmental standards. That is why the concept of CSR is focused on building a new balance between the economic, environmental and social dimensions of the operating enterprise and the economic development (Ratajczak 2013 a).

In subject literature several definitions of the CSR concept can be found as many international institutions such as the European Commission and the ISO Committee, social organizations, business theorists and practitioners have tried to explain its essence from different angles. These concepts evolved in time, depending on the trend from which they originated. The most invoked definitions today embrace all types of responsibilities, referring to the need for compliance with ethical, moral and legal standards in business, at the same time going beyond the traditionally understood ethics and law (Syska-Romańczuk et al. 2012).

For sure the most important initiative in promoting CSR was the publication of the Green Paper on corporate social responsibility by the European Commission. This document systematically outlines the concept of CSR at European level. The announcement of the Green Paper launched a wide debate on how the EU can actively promote CSR at European and global level (Green Paper 2001).

UN Secretary-General Kofi Annan at the World Economic Forum in Davos in 1999 announced an initiative called "Global Compact". In its current form, this initiative is a set of 10 principles accepted by more than 4300 companies from all around the world which are committed to comply with them. The rules relate to four areas of business: respect for human rights, working conditions, environmental protection and the fight against corruption (The Ten Principles).

Another important initiative is the OECD Guidelines for Multinational Enterprises which form a set of standards and principles regarding responsible business conduct. They were developed in 1976 and last amended in 2000 (Bojar 2007). 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 2013 b).

It should be also mentioned that next to these international documents laying down the code of ethics, at the plenary session of ISO in Copenhagen in May 2010, the first international social responsibility standard – ISO 26000 was adopted. It was officially translated and presented in Poland in the second half of 2012. Besides providing guidance on corporate social responsibility, it also describes seven basic areas of CSR relating to organizational governance, human rights,

relations with employee, natural environment, market practices, consumer issues and the involvement and social development (Hąbek and Szewczyk 2010).

As mentioned above, there is a variety of definitions of CSR. W. Gasparski in defining corporate social responsibility strategy, competitive advantage, based on delivering sustainable value for both shareholders and other stakeholders—partners (Gasparski et al. 2004). In contrast, J. Korpus concludes that social responsibility is a new global direction of change in sustainable development with respect for the principles of economics, ecology and ethics (Korpus 2006).

A similar definition is used by M. Żemigąła noting that the concept of corporate social responsibility in agribusiness assumes the presence of a specific sensitivity to external environment, be it social or environmental sensitivity, and the ability to maintain a balance between the interests of customers, employees and shareholders, as well as the provision of certain services for the local community (Żemigąła 2007).

The purpose of this paper is to present CSR activities in the area of environment taken by the surveyed agribusiness companies in rural areas of Warmia and Masuria.

CHARACTERISTICS OF THE STUDIED POPULATION

Survey of the entrepreneurs' knowledge of and opinion the CSR concept, as well as the scope and application of CSR principles, was carried out in the second half of 2013 and embraced 174 micro (0–9 employees), small (10–49 employees) and medium-sized (50–249 employees) agribusiness companies operating in rural areas of the Warmia and Masuria Province. The survey was conducted as part of an internal grant for young scientists, which was awarded to the author in 2013 by the Faculty of Economic Sciences in Warsaw University of Life Sciences.

The research was in form of a diagnostic survey, with a questionnaire was as a basic research tool. The findings obtained in this way were analyzed by mathematical statistics including arithmetic mean, X^2 test of independence, the rate of convergence of T Czuprow's and C. Pearson's contingency coefficient (corrected and simple).

The analyzed group was dominated by small businesses, which accounted for 62.5%, micro-enterprises accounted for 29.5% and medium-sized enterprises for 8% of the sample

Men were owners of 54.9% of the companies and women were operators of 45.1% of companies from the agribusiness sector.

The studied population showed a clear differentiation with respect to the owner age. Over 60% of respondents were 46 years and older (46–55 years old accounted for 36.7%, and over 56 years old – about 25% of the respondents). Every third entrepreneur was in the 30–45 age group, while managers under the age of 30 accounted for 7.4% of the population.

The structure of surveyed companies' owners according to their education appeared to be quite interesting. 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 cities. There were slightly more men aged 30–55 with higher education (over 59%) than women in this age and education group. Almost 37% of respondents had secondary education – and this group was dominated by managers aged 46–55 years. The remaining respondents had basic vocational training and constituted about 17% of the study population (clear domination by men over 56 years of age).

The following diagram shows the structure of surveyed rural entrepreneurs by type of business (Fig. 1).

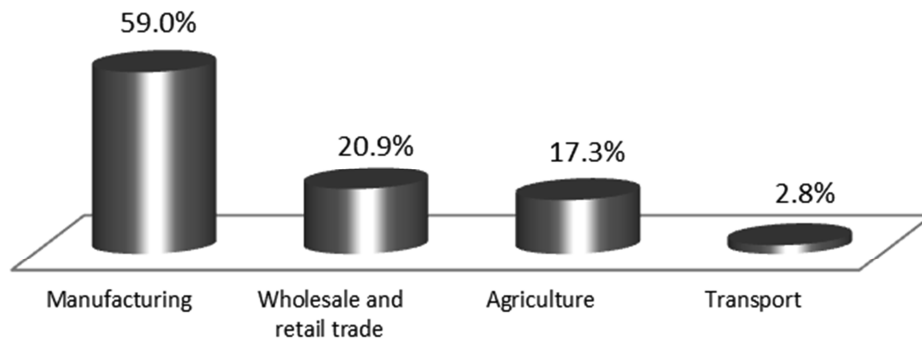


Fig. 1. The structure of surveyed enterprises by sectors of economy (%)
Source: own research.

Almost 59% of respondents operated in the industrial processing sector, which is typical for small and medium-sized agribusinesses in Poland especially the ones operating in rural areas. Every fifth respondent dealt with wholesale and retail trade, which resulted from the companies' proximity to large urban agglomerations. Other sectors, that is agriculture and transport, accounted for about 20% of the surveyed enterprises.

Another subject of analysis were the forms of business ownership in rural areas (Fig. 2).

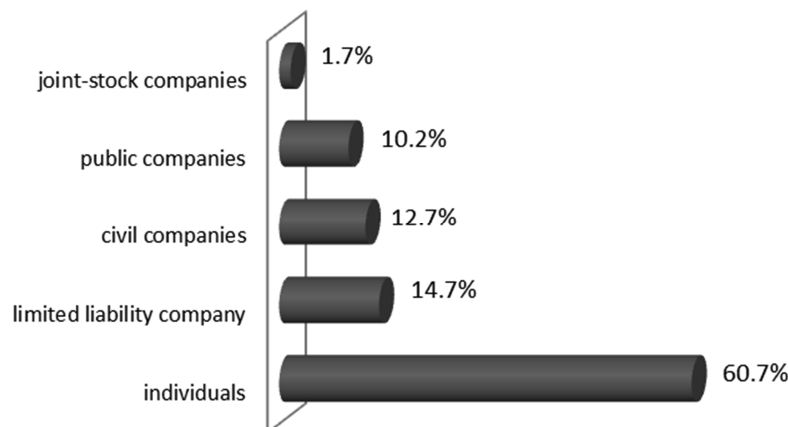


Fig. 2. The structure of surveyed companies by legal form (%)
Source: own research.

Most of the surveyed companies (almost 61%) functioned as a self-employed person, which is also the most popular form of business ownership in the whole country. In other cases, enterprises were registered as a limited liability company, civil and public (every eleventh surveyed company).

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The results of the survey conducted among small and medium-sized businesses operating in rural areas showed relatively little interest in the activities in the field of environmental policy

(Fig. 3). Almost 47% of respondents had not taken any steps to implement environmental solutions and did not create environmental solutions. Every fourth respondent pointed out that the company implemented specific environmental solutions accompanied by documented, realistic and measurable goals. In contrast, in over 28% of cases, these principles are reflected only in form of a certain pro-environmental sensitivity and applied to promote the knowledge and to sensitize stakeholders on environment protection issues, although it must be admitted that this is currently rather in a declaration stage than implementation stage.

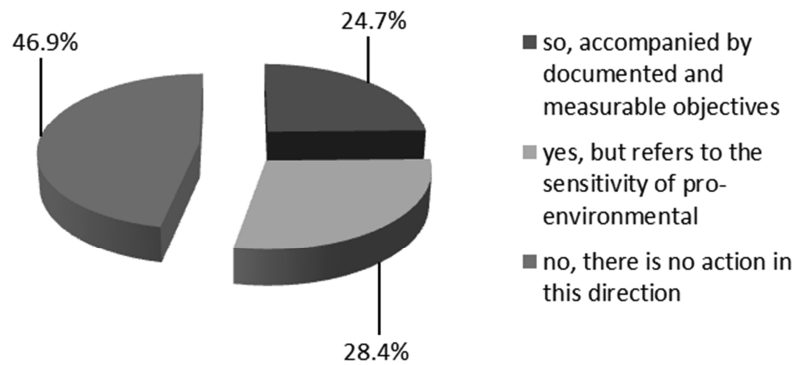


Fig. 3. Implementation of environmental policy in surveyed agribusiness enterprises (%)
Source: own research.

In order to verify the statistical independence between education of business owners and the implementation of their environmental policy, X^2 test of independence was performed which showed that the analyzed variables are mutually dependent (Table 1). Documented and measurable objectives for environmental policy were implemented by the owners with higher education, whereas pro-environmental sensitivity was mainly promoted by people with vocational education. The apparent lack of any action in this direction occurred in businesses whose owners had secondary education. The calculated coefficients showed that the strength of the relationship between these characteristics is moderate.

Table 1. Determination of statistical independence between the education of surveyed enterprise owners and the development and application of environmental policy

X ² TEST OF INDEPENDENCE	
Hypothesis: H ₀ : [tested variables are independent] H ₁ : [tested variables are not independent]	
X ² = 18.08 > X ² _α = 11.07 the null hypothesis H ₀ is rejected in favor of alternative hypothesis H ₁ at α = 0.05	
T Czuprow's convergence coefficient	T _{xy} = 0.49
C Pearson contingency coefficient – simple	C _{xy} = 0.61
C Pearson contingency coefficient – corrected	corC _{xy} = 0.75
Variable X: Enterprises owners education Variable Y: Development and application of environmental policy	

Source: own calculations.

It was also attempted to determine the statistical independence between the business section and the development and application of environmental policy – X^2 test of independence showed that the tested variables are not independent (Table 2). Documented and measurable

objectives for environmental policy were implemented mainly by companies in the manufacturing and trading. Sensitization of stakeholders on environmental protection took place primarily in economic entities in the agricultural section. It should also be noted that the calculated ratios showed a strong correlation between these characteristics, confirmed by the high value of the C. Pearson corrected coefficient of contingency.

Table 2. Determination of statistical independence between the corporate section of activity (NACE) and the development and application of environmental policy

X ² TEST OF INDEPENDENCE	
Hypothesis: H ₀ : [tested variables are independent] H ₁ : [tested variables are not independent]	
X ² = 20.11 > X _α ² = 7.81 the null hypothesis H ₀ is rejected in favor of alternative hypothesis H ₁ at α = 0.05	
T Czuprow's convergence coefficient	T _{xy} = 0.56
C Pearson contingency coefficient – simple	C _{xy} = 0.61
C Pearson contingency coefficient – corrected	corC _{xy} = 0.78
Variable X: Activity section (NACE) Variable Y: Development and application of environmental policy	

Source: own calculations.

The validity of the above-conducted independence test is confirmed by data on the implementation of environmental policy by sectors of economy provided in the Figure below (Fig. 4). The results showed that documented and measurable objectives occurred primarily in manufacturing companies (almost 67% of responses) and commercial enterprises (almost half of the responses). The highest degree of pro-environmental sensitivity and awareness of other related aspects occurred in entities from the agricultural sector (almost 40%). It is also worth noting that the smallest activity in that field was shown by companies operating in transport – more than 64% of responses attest to the lack of any action in the area of environmental sustainability.

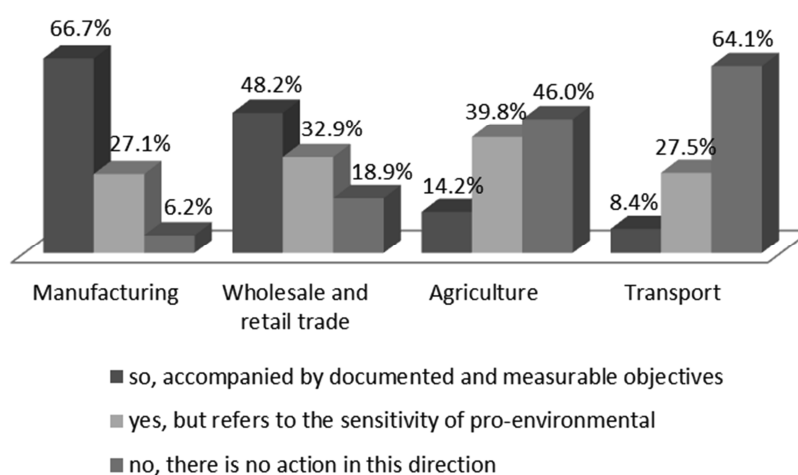


Fig. 4. Implementation of environmental policy by sections of the economy (%)

Source: own research.

Almost 48% of respondents admitted that they did not implement any actions towards the protection of the environment nor did they wonder how their business affected the natural

environment (Fig. 5). About 28% of respondents said, in turn, that they kept in mind the environmental issues and tried to implement pro-environmental solutions. However, they took into account only aspects closely related to the nature of their business activity. Only every fourth owner declared an ongoing concern for the environment, considered certain measures of environmental protection and took concrete actions in that regard.

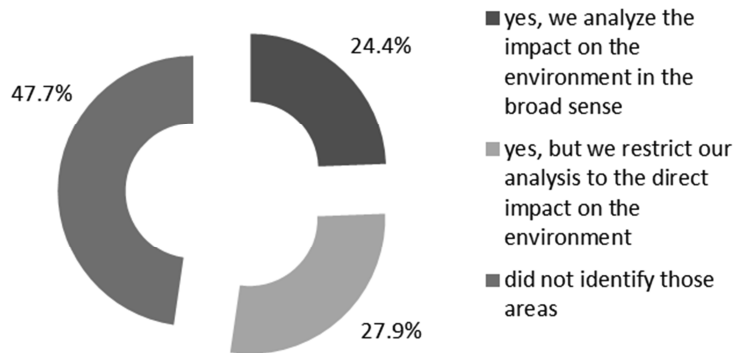


Fig. 5. Identification of environmental areas in surveyed agribusiness enterprises (%)
Source: own research.

Business owners were also asked about the issue of reducing the consumption of materials and resources in their activities (Fig. 6). Every fourth respondent admitted that they did not take any action to reduce consumption and only about 26% said that they had systematically tried to monitor and document the consumption of materials and resources in the company.

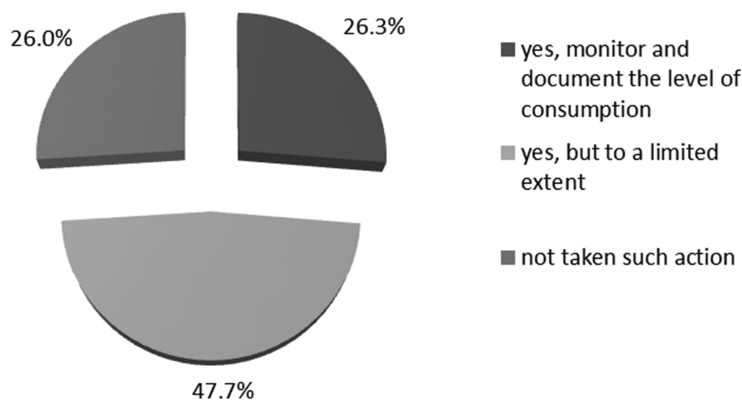


Fig. 6. Reduction of materials and resources' consumption in surveyed agribusiness enterprises (%)
Source: own research.

Entrepreneurs were also asked about their policies and actions in the field of fuel and energy consumption (Fig. 7). Every third respondent said that energy and fuel consumption were monitored in the companies as part of their cost-saving policies. On the other hand, almost 24% of owners did not take any steps to control or supervise the use of fuels and energy.

In the case of the surveyed companies, only 27% said that they try to monitor, document and limit water consumption (Fig. 8). It is certainly a cause for concern that almost every third respondent admitted not to take any steps towards the reduction of consumption and economy of water. They also did not take into account the aspects arising from the need to heat the water or wastewater discharge.

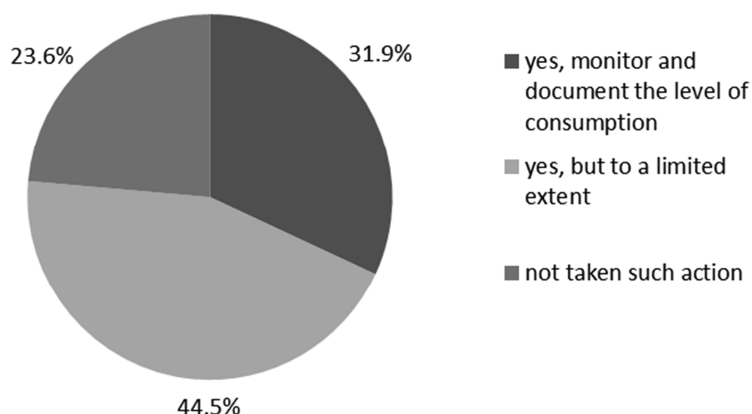


Fig. 7. Reduction of fuel and energy consumption in surveyed agribusiness enterprises (%)
Source: own research.

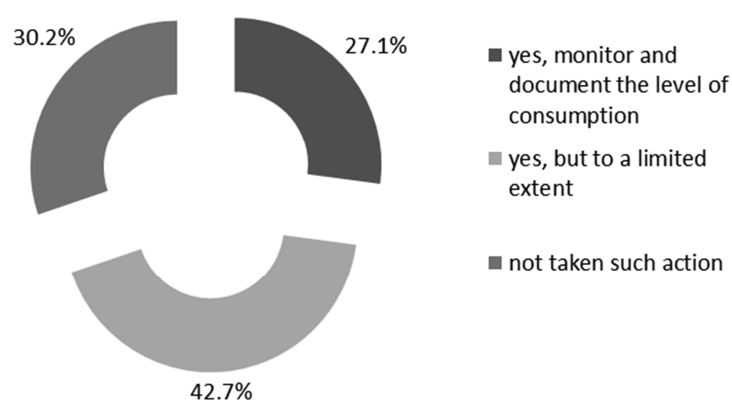


Fig. 8. Reduction of water consumption in surveyed agribusiness enterprises (%)
Source: own research.

CONCLUSIONS

Summing up the above considerations it should be stated that relatively little interest in pro-environmental behaviour is shown by the surveyed small and medium enterprises in rural areas. In general, businesses are not inspired by eco-philosophy and implement the documented solutions towards environmental protection, good practices and ecological solutions only in a very limited scope. Documented and measurable objectives for environmental policy were mainly developed by the owners with higher education running manufacturing businesses.

The results obtained, at least to some extent, confirmed the opinion of other authors stating that among Polish entrepreneurs there is a lack of pro-environmental attitudes, which manifests, inter alia, in the companies being extravagant with basic resources, in their having no 'no waste' policies in place and lack of effective implementation of selected environmental solutions, which therefore remain in the abstract.

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