

**CSR and Competitiveness
European SMEs' Good Practice**

National Report Poland

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1 Introduction

About the project

Corporate Social Responsibility (CSR), generally understood as voluntary initiatives going beyond legislative requirements and contractual obligations ("responsible entrepreneurship"), is continuously gaining importance with regard to both, public and private discussion as well as its practical application in European enterprises. However, comparatively little is known about the engagement of Small and Medium-Sized Enterprises (SMEs)¹ in CSR activities as well as on the relationship between respective initiatives and the SMEs' competitiveness.

Against this background, the European Commission launched a call on *Mainstreaming Corporate Social Responsibility*² in 2005 to support the take-up of CSR among SMEs as a means to enhance their competitiveness. One of the projects funded by this programme (also see http://ec.europa.eu/enterprise/csr/ms_sme_projects.htm) refers to the study "CSR and competitiveness – European SMEs good practice". This research is conducted by an international research team³ under the lead of the Austrian Institute for SME Research (KMU FORSCHUNG AUSTRIA) and focuses on analysing the essential linkage between the competitiveness of small and medium-sized enterprises (SMEs) and their CSR activities in seven European countries (Austria, Finland, Germany, Norway, Poland, Romania and Spain).

The document on hand constitutes the national report for Poland, providing an overview on the most important national, regional or local (semi-)public actors as well as their strategies dealing with CSR and the deployment of CSR in Polish SMEs. With regard to the latter, five illustrative case studies of CSR activities at individual company level have been elaborated, pinpointing the possibilities of small and medium-sized enterprises to become involved in CSR as well as the potential effects of such initiatives. Next to being presented in this national report, the respective findings have also been included in a consolidated European report compiling the information gathered at national levels by the local experts into a cross-country analysis.

New challenges regarding competitiveness of Polish business sector, posed by the process of accession to the European Union structures, had a significant influence on the quality and culture of doing business in Poland. Following European business trends, Polish companies increasingly realise the growing necessity of improving business image, by commitment to social issues or introduction of business ethics rules. Consequently, the concept of Corporate Social Responsibility has recently become an everyday practice of best companies operating in the Polish market.

The idea of the Corporate Social Responsibility, including its various practical aspects, is a relatively new concept in Poland, which was introduced in 2000 by the *Forum Odpowiedzialnego Biznesu (The Responsible Business Forum)*. There were, however, earlier initiatives realised by e.g. by the *Research Group of Business Ethics at the Institute of Philosophy and Sociology of the Polish Academy of Science*, but they were rather related to business ethics than CSR as such [B.Rok, 2004, 29].

¹ According to the European Commission, Small and Medium-Sized Enterprises (SMEs) are independent business entities with less than 250 employees, an annual turnover of up to € 50 million and/or a balance sheet total of up to € 43 million (see Commission Recommendation 2003/361/EC of 6th May 2003 concerning the definition of micro, small and medium-sized enterprises).

² Specific Call for Proposals. Mainstreaming Corporate Social Responsibility (CSR) Among SMEs, Grant Programme 2005.

³ Next to the Austrian Institute for SME Research the following institutes are involved in the project: Small Business Institute, Turku School of Economics and Business Administration (Finland), Institut für Mittelstandsforschung Bonn (IfM Bonn, Germany), Instituto Vasco de Estudios e Investigación (IKEI, Spain), Agderforskning / Agder Research (ARF, Norway), Academy of Management "Społeczna Wyższa Szkoła Przedsiębiorczości i Zarządzania w Łodzi" (Poland), Chamber of Commerce and Industry of Romania (CCIR, Romania)



Although the term Corporate Social Responsibility is systematically becoming more and more popular, especially among large companies, or in case of some business societies even trendy, its common understanding still does not reflect all aspects of its definition. According to report *Odpowiedzialny Biznes w Polsce 2004r* [Forum Odpowiedzialnego Biznesu, 2005, 10] the majority of the Polish society recognises responsible business as business-related ethical activities, meaning honest behaviour towards employees, contractors and clients. At the same time the minority of respondents indicates achievement of main business objectives or social involvement of business as CSR aspects. Similarly, as stated in report *Odpowiedzialny Biznes w Polsce 2005* [Forum Odpowiedzialnego Biznesu, 2006, 12], Polish managers usually define CSR as ethical conduct rather than responding to the needs of different stakeholders. In general, the common understanding of CSR in Poland identifies observance of law and ethical conduct as its priority areas. Moreover, the majority of SME uses a term *responsible business*, which is still seldom associated with social involvement.

Based on results of different researches conducted in the field of CSR, it can be noticed that awareness on importance of business social responsibility is relatively high in Poland - companies identify the necessity of social involvement. About 60 % of large companies, over half of medium-sized enterprises and about 40 % of small companies declare that running a business should comply with the needs of local societies and environmental issues.⁴ Although there are significant discrepancies between declarations concerning CSR and practical actions, there are numbers of entrepreneurs who consistently develop and implement CSR strategies in their companies, are aware of benefits gained through it, as well as highly rate its contribution towards the company's success. Moreover, an increasing awareness of consumers who more and more often appreciate CSR practices and give a special credit to companies realising the concept is an important incentive for further development of responsible business in Poland. Reports [Maison Research Consulting, 2005, 10] show that managers and consumers now better understand business responsibility rules and, what is even more, they become aware of the necessity of improving management systems towards the development of better relations with all stakeholders.

CSR is systematically enhancing its role as an important aspect of business activities. This tendency is reflected among other issues by an increasing number of CSR related publications or articles e.g. annual reports on CSR in Poland, prepared by the *Forum Odpowiedzialnego Biznesu* or articles in newspapers and magazines like "*Puls Biznesu*", "*Gazeta Finansowa*", "*Gazeta Wyborcza*" etc. This wider availability of information is also a result of higher interest in the subject among business, non-governmental organisations, academic society, media or even students. One should also notice that there is an increasing demand for professional PR services regarding the realisation of CSR programmes. As a result, many PR agencies broadened their offer with the product. However, this new market of services concerns almost exclusively large companies, usually international corporations, with huge budgets for PR - Polish SMEs still very rarely use services of PR agencies.

Another aspect of CSR activities which proves its increasing popularisation is the development of educational initiatives in this field. These are not only conferences or seminars promoting the idea but also some larger projects e.g. postgraduate studies on managing social projects within companies.

Although hitherto initiatives in the field of CSR give an optimistic view on the future development of the measure in Poland, in comparison to some other EU countries the level of awareness of the issue in Poland might be recognised as relatively low, however. According to the President of the *Polska Konfederacja Pracodawców Prywatnych Lewiatan* (*Polish Confederation of Private Employers Lewiatan*), "...Polish companies are still significantly lagging behind ethical standards of foreign companies – in the majority of cases there are no elements of ethical

⁴ Source: Press note from the conference "Koncepcja CSR w Polsce – stan obecny i perspektywy rozwoju (Concept of the CSR in Poland – state of the art and perspectives of its development)"; the conference was organised by Urząd Ochrony Konkurencji i Konsumentów, Fundacja im. Friedricha Eberta – Przedstawicielstwo w Polsce and CentrumCSR.PL in Warsaw on June 6, 2006.



infrastructure and their CSR activities are a matter of chance rather than companies' conscious policies..." [Forum Odpowiedzialnego Biznesu, 2006,10].



2 Overview on the Most Important (Semi-)Public Actors and their Strategies with Regard to CSR in Poland

The development of conditions for increasing the competitiveness of the Polish economy is among the responsibilities of public authorities. In accordance to the rule, **the Ministry of Labour and Social Policy**⁵ (MoLSP) facilitates the process of adoption of CSR into the Polish business sector, by promotion of the concept (seminars, conferences etc.), initiating discussion about CSR among various groups of stakeholders, or introducing CSR rules into national strategies or other relevant governmental programmes etc. As an example, in May 2006 the Ministry hosted a conference “*Odpowiedzialny biznes. Tak, ale jak? (Responsible business. Yes, but how?)*” organised by the UNDP and the *French Chamber of Industry and Commerce*. During the conference there were presented new programmes of co-operation between UNDP and business (projects: “*Gender Index*”, “*Rodzic pracownik*” and “*ELASTAN*”), functioning of *Global Compact* network in Poland, as well as there was held a discussion on CSR in Poland. According to the *Minister of Labour and Social Policy*, CSR has a positive and long term influence stimulating the development of the economy and improving the quality of life of the society. Within the Ministry there is a *Department of Social Dialogue and Partnership* which among its main tasks specifies the coordination of activities related to realisation of the Corporate Social Responsibility concept, in the framework of Polish membership in the EU.

Since 1996, **the Ministry of Environment** has been realising a project “*Leader of Polish Ecology*”. The project is a competition awarding initiative which contributes to the realisation of sustainable development rules. Prizes are awarded in three categories: enterprise, product and community. Over the years, the title of the “*Leader of Polish Ecology*” has become widely known in Poland and currently the initiative can be recognised as an effective measure of popularisation of business responsibility.

Probably the most active Polish promoter of the concept of CSR, dealing with the issue in a comprehensive way, is the **Forum Odpowiedzialnego Biznesu (FOB)** which is a non-governmental organisation (with a status of Public Benefit Organisation). Its mission is popularisation of the CSR in order to increase competitiveness of enterprises, improve social satisfaction and environmental conditions. This is realised by promotion of the responsible business concept, supporting companies in implementation of the CSR rules into their everyday business practices, cooperation with companies in realisation of socially oriented activities, analysing and development of responsible business practices. Since 2002, the Responsible Business Forum is a national partner in *CSR Europe* which gives a more international character to the activities run by the Forum and provides wider access to information about European news in field of CSR. The *FOB* participates in the realisation and popularisation of the majority of most significant events promoting CSR in Poland (conferences, seminars, educational programmes etc.). Moreover, it actively disseminates information on CSR with regard to the national as well as international context – publication of annual reports on CSR (since 2002). The organisation closely co-operates with numerous stakeholders in realisation of various projects. The *FOB* realises, for example, a *Partnership Programme* which is a comprehensive measure of cooperation with companies that contribute to popularisation of responsible business in Poland. The initiative has an open character and is based upon three levels of cooperation – depending on enterprises’ experience and involvement in issues regarding CSR. Currently *FOB* cooperates with 17 strategic partners who committed themselves to provide a long term support to development of the idea in Poland – all are large and widely recognised companies. Enterprises participating in the programme gain a possibility to e.g. promote their CSR practices, develop contacts’ network, be promoted as socially responsible, obtain support in implementation of responsible business rules, be covered with PR activities etc. Another example of initiatives realised by the *FOB* is a project “*Nowe przewagi konkurencyjne - odpowiedzialne przedsiębiorstwo na rynku europejskim (New competitive advantages – responsible enterprise*

⁵ The Ministry was established in October 2005. Previously its tasks were performed by: the Ministry of Economy and Labour and the Ministry of Social Policy.



in the European market)" financed within the European Social Fund. It is realised in co-operation with the *Polska Konfederacja Pracodawców Prywatnych Lewiatan* and *Akademia Rozwoju Filantropii*, and envisages a series of trainings and events, organised in 5 country regions, aimed at presenting to SMEs how responsible management can improve the image and competitiveness of companies. Similarly, the *FOB* co-operates with companies within a project "*Liga Odpowiedzialnego Biznesu (Responsible Business League)*". The *LOB* is constituted by a network of student's organisations and a group of leaders – students, promoting CSR among local societies. It is an educational programme aimed at the promotion of the concept, the development of new management cadres, the dissemination of Good Practices in the field, and the development of favourable social conditions for CSR. Currently, the League cooperates with over 20 organisations. In 2006, the Forum completed the realisation of „*Rozmowy o dobrym biznesie (Talks about good business)*” which were a series of meetings focused at enterprises which both achieved a success in their industry as well as can reconcile good business results with ethical attitude and social activities. The above described projects are just examples of activities of the Forum.

The National Chamber of Commerce (KIG) is the biggest institution of economic self-government in Poland which gathers over 130 economic organisations representing ca. 300,000 national enterprises. The Chamber has a significant role in the promotion and development of CSR in Poland. It commissioned the development of the *Code of Ethics in Business* based on materials of the *Business Ethics Institute of London* and further encourages entrepreneurs to comply with the rules. Currently, the National Chamber of Commerce participates in the realisation of the project "*Podnoszenie świadomości dotyczącej tzw. społecznej odpowiedzialności biznesu, szczególnie wśród firm z sektora MSP (Raising Awareness of Corporate Social Responsibility (CSR) particularly amongst Small and Medium-sized Enterprises)*" which is a joint initiative of the Chamber, *EUROCHAMBRES* and *UEAPME*. The project intends to identify methods which are used by successful enterprises to positively influence the external environment and reduce to minimum the threats caused by their business towards the natural environment. SMEs which on a voluntary basis include in their strategies social interest, environment protection and relations with different groups of stakeholders have a chance to present their achievements at the national and international level. Another interesting programme supported by the KIG is "*Zatrudnienie Fair Play. Promocja kultury przedsiębiorczości i etyki rynku pracy (Employment Fair Play. Promotion of Business Culture and Labour Market Ethics)*" which is aimed at the enhancement of entrepreneurship culture in the field of employer-employee relations, as well as increasing companies' interest in employment culture and Corporate Social Responsibility on the labour market. The project includes actions like e.g. research, analysis, development of "fair play" employment standards, training. The project is coordinated by the **Institute for Private Enterprise and Democracy (IPED)** which was founded by the National Chamber of Commerce.

IPED activities include the promotion of Business Ethics and Corporate Governance. Since 1998, there has been the "*Business Fair Play*" Certification Programme, organised in co-operation with the *Polish Chamber of Commerce*. The main purpose of this programme is to promote ethics in business activities (understood as a set of standards of behaviour in mutual relations between entrepreneurs and their business partners, customers, employees, shareholders as well as local communities, local government and state authorities). It also supports the development of companies by promoting reliable and fair business that remains consistent with legal and ethical principles. The "*Business Fair Play*" Certification Programme awards over 500 companies every year."⁶ Moreover, IPED coordinates a "*Community Fair Play*" development programme which awards communities that provide exceptional investor services and promote ethical standards for public officers.

Another important CSR actor is ***Akademia Rozwoju Filantropii (the Academy for Philanthropy Development)*** which was established in 1998 with a view to recreate the hundreds of years of the Polish philanthropic tradition with modern approach toward charity. Its understanding of modern philanthropy is based upon the relation of mutual dialogue between

⁶ Source: http://www.iped.pl/about_us.php



the donor and beneficiary where both sides exchange values, give each other advantages, ideas and help, doing it all for the improvement of lives in local communities and societies. One of its major projects is "*Dobroczyńca Roku (Donor of the Year)*" aimed at awarding enterprises which are active in the field of philanthropy, and popularisation of effective forms of cooperation between social organisations and enterprises. The Academy also coordinates a programme "*Vademecum Dobroczyńcy (Vademecum of the Donor)*" which through an internet service provides enterprises with information about: theoretical concept of CSR, practical aspects of social involvement (e.g. advices how to find a social partner, information about available training and courses etc.), lists and descriptions of Good Practices, publications, useful links etc. This facilitates companies in their initial steps towards social involvement. Moreover, the Academy for Philanthropy Development provides various trainings, seminars and consultations to enterprises interested in social involvement. Since the beginning of programme's realisation, in cooperation with NGOs, media and local self-government, there have been organised 31 seminars in which there participated over 1,400 entrepreneurs. In 2005, the Academy commissioned a study and prepared a report on cooperation between SMEs and social organisations.

Recently, there might have been observed a significant involvement of **the Office of Competition and Consumer Protection (UOKiK)** in issues regarding CSR. UOKiK commissioned comprehensive analyses of the level of understanding of CSR concept among Polish entrepreneurs as well as companies' readiness to accept and realise the idea in practice. Another example of UOKiK's initiatives in the field of responsible business is a conference "*Concept of the CSR in Poland - state of the art and perspectives of its development*" which was organised in June 2006 and gathered different actors dealing with CSR in Poland. In 2004, there was established a *Council for Business Good Practices* which is an advisory body to the President of UOKiK. The Council was constituted in order to increase awareness and protect economic and health interests of weaker parties of the Polish market and to initiate dialogue between entrepreneurs and consumers. One of its main objectives is supporting self-regulations, especially those in the form of *Codes of Good Practices* which are implemented on a voluntary basis by entrepreneurs and whole industries. Meetings of the council are a good ground for discussions between different groups of stakeholders.

The Polish Confederation of Private Employers Lewiatan (PKPP Lewiatan) was established in 1999 as a nation-wide representation of employers to the state and trade unions. Today, it is an organisation of 55 sector and regional associations of private employers and 13 individual members. PKPP Lewiatan participates and supports various measures aimed at increasing competitiveness of enterprises and promotion of responsible business. One of its main fields of activities is improving conditions for development of entrepreneurship and popularisation of Corporate Social Responsibility. Each year, PKPP Lewiatan awards with Andrzej Wierzbicki Prize entrepreneurs who achieved business success and at the same time supported good social and economic initiatives, compliant with the idea of social responsibility of enterprises. Lewiatan is also one of the institutions participating in the realisation of the project "*New competitive advantages – responsible enterprise in the European market*". Moreover, the Confederation developed and approved an *Ethical Code of Entrepreneurs for members of PKPP Lewiatan*. In September 2006, the PKPP Lewiatan organised a conference "*Odpowiedzialne przedsiębiorstwo na rynku europejskim – Nowe przewagi konkurencyjne (Responsible enterprise on the European market - New competitive advantages)*", aimed at presenting benefits that can be gained by companies through their good relations with their environment, development of mutual trust or CSR activities related to business objectives.

Since 1998, there has been operating **Fundacja Komunikacji Społecznej (the Foundation of Social Communication)** which specialises in advertisement and marketing of social benefit. The Foundation co-operates with many institutions including social organisations and is also active in realisation of campaigns in the field of CSR. *The Foundation* provides useful initiatives of public benefit with the necessary marketing communication tools in order to increase their social effectiveness. In 2004, *the Foundation of Social Communication* and *the National Foundation of Environment Protection* started a co-operation in the realisation of the "*Green Labels*" campaign which was aimed to explain and promote ecological signs that are present on products labels. The Foundation also realises a project "*Communication towards CSR*" which



focuses at involving business and media into increasing awareness of CSR among enterprises, the development of relevant standards in this field and raising funds for realisation of CSR campaigns. Moreover, in 2003 the Foundation conducted a study on "*Attitude towards Corporate Social Responsibility in Poland*" – this was the first comprehensive study of this kind in Poland.

Centrum Etyki Biznesu – CEBI (Business Ethics Centre) is a joint initiative of two institutions actively involved in issues regarding business responsibility – *Instytut Filozofii i Socjologii Polskiej Akademii Nauk w Warszawie (the Institute of Philosophy and Sociology of the Polish Academy of Sciences)* and *Wyższa Szkoła Przedsiębiorczości i Zarządzania im. Leona Koźmińskiego w Warszawie (the Leon Kozminski Academy of Entrepreneurship and Management in Warsaw)*. The centre was established in 1999 with the intention to make it the major centre of research and studies in the field of business ethics in Poland, and a ground for meetings of business and academic leaders who recognise promotion of business ethics as a condition for running a socially responsible business. *The Business Ethics Centre at the Leon Kozminski Academy of Entrepreneurship and Management* participates in the "**RESPONSE**" project which currently is the biggest research initiative concerning the social responsibility of enterprises. The main objective of the project is analysing how entrepreneurs understand their responsibilities towards the society, how does it differ from real expectations of social actors, how do enterprises cope with the growing expectations of social actors and the increasing gap between the expectations and actions that the enterprises are prepared for. *The Leon Kozminski Academy of Entrepreneurship and Management in Warsaw* is also a partner in a project "*European Platform for Excellence in CSR Research*" which envisages the integration of scattered European research on CSR. Moreover, the centre provides entrepreneurs with a package of useful tools for implementation of ethical standards in SMEs. In addition, the centre organises a number of events (conferences, seminars etc.) aimed at direct popularisation of responsible business. It should also be stressed that the centre introduced into its training programmes issues regarding business ethics, standards of ethics or Corporate Social Responsibility.

Recently, issues regarding CSR have also become a subject of postgraduate studies. **The Tischner European University** introduced new postgraduate studies titled "*Managing social projects in a company – social PR*". This initiative is realised in close cooperation with the *Responsible Business Forum, the Academy for Philanthropy Development and the Foundation of Social Communication*. Studies are addressed to managers responsible for external relations and realisation of social programmes in companies, as well as for people specialising in corporate affairs, human resources management, marketing or public relations. The project is realised under the patronage of *the PKPP Lewiatan*.

One should also mention **the Polish Forum of Corporate Governance** which is focused at the popularisation of high standards of corporate supervision and ethical and moral standards among entrepreneurs, managers, shareholders and members of advisory councils. The Forum supports the popularisation of CSR in Poland by dissemination activities concerning available information on CSR or major events in this field.

An interesting CSR initiative, grouping representatives of companies, government, foundations and associations is a non-profit **Partnership for Road Safety**. The co-operating parties intend to reduce the number of road accidents and their victims in Poland through implementation of projects oriented towards increasing awareness of safety on the roads. The Partnership operates under the *Patronage of Global Road Safety Partnership*.

There should also be mentioned two competitions which correspond with the idea of popularisation of social responsibility of enterprises. The projects are realised by **Fundacja Partnerstwo dla Środowiska (the Partnership for Environment Foundation)** which awards the prize of "*Clean Business*" and "*Business for Environment*". The "*Clean Business*" competition aims to promote SMEs which improved their competitiveness at national or international level by realisation of pro-ecologic actions. The title of "*Business for Environment*" is addressed only to those companies which were awarded with "*Leader of Polish Ecology*" or "*Clean Business*" title. The competition is a national edition of European "*Business for Environment*" Prizes.



There can be observed an increasing involvement of students' societies in active promotion of the concept among different groups of stakeholders. In this regard, **AIESEC** in Poland can be presented as a student's organisation which has a significant contribution to the popularisation of the idea. AIESEC is, for example, a coordinator of the project "*Odpowiedzialny Kraków (Responsible Cracow)*", realised in cooperation with *Liga Odpowiedzialnego Biznesu (FOB's program)*, *PricewaterhouseCoopers*, *Danone*, *Telekomunikacja Polska* and *Kronenberg Foundation*. The project aims to promote responsible business among students and companies operating in Cracow. Lately, within the initiative there has been organised e.g. a conference "*Czy mały może więcej? – dobre praktyki małej i średniej przedsiębiorczości (Can small enterprise do more? – Good Practices of small and medium entrepreneurship)*" addressed to SMEs from the region of Małopolska.

During the last few years a great role in mainstreaming the rules of responsible business should be assigned to the availability of the EU financial support. Government's operational programmes for distribution of Structural Funds in Poland favour those initiatives which have a positive effect on issues related to gender equality, environment protection, improving quality of products and services, and increasing companies' competitiveness. This approach is extremely important not only in the context of projects that obtained the financial support but also as a measure of changing entrepreneurs' mentality in this field, by indicating simple rules that have to be followed in order to succeed.

Although ideally the CSR should be a bottom up and voluntary initiative, in Poland we still lack some coherent, coordinated approach or government's official policy in this area. On the one hand, the situation might be improved in the nearest future as in February 2005 there were initiated works on development of *the National Strategy for Corporate Social Responsibility*. On the other hand, however, many new governmental strategic documents like e.g. "*Strategia Rozwoju Kraju 2007-2013 (National Development Strategy 2007-2013)*" and related operational programmes defining priorities for distribution of Structural Funds in Poland in the new programming period do not respond the issue of Corporate Social Responsibility in a comprehensive way but rather address its particular aspects.

Summing up, it can be easily noticed that the majority of key institutions and organisations dealing with entrepreneurial culture are open for cooperation on realisation of various CSR oriented projects and - what is also of great importance – we have a number of examples proving that this kind of cooperation is successful and effective.

The dynamic development and popularisation of CSR practices in Poland, carried out by a relatively narrow group of units, result in a fact that Polish experts in the field of CSR are mainly representatives of those institution which were lately initiating or coordinating particular CSR actions in Poland. In 2002, *the Ministry of Economy* appointed the representative of *the FOB* for the position of National Expert in a *Working Group for Responsible Entrepreneurship among SMEs*, established within the European Commission.



3 CSR in Polish SMEs

3.1 Deployment of CSR Activities in SMEs

Although the majority of Polish SMEs do not use any definition of Corporate Social Responsibility, they declare to be familiar with the term of responsible business [Maison Research Consulting, 2005, 10]. According to the latest research commissioned by the UOKiK, and carried out by The Public Opinion Research Center (CBOS) among the group of 103 small and 300 medium-sized enterprises, about 40 % of small companies and about 56 % of medium-sized enterprises state that apart from their basic economic activity companies should also respect the needs of local societies and environment protection. However, Polish SMEs find it much more important to involve in social actions of local character rather than programmes of national scope. Almost 39 % of small enterprises and over 50 % of medium-sized ones indicate that social involvement of companies in local actions is (very) important while in case of national actions this rate decreases to about 19 % of respondents.⁷

With reference to the report *Responsible Business in Poland in 2005* it may be observed that a great majority of CSR campaigns in Poland is dominated by large companies, often widely recognised, and with foreign origins. On the other hand, however, many Polish SMEs are also active and successful in the practical implementation of the concept. Probably the main difference is that large corporations realise it on a bigger scale and are much more effective in communicating this information outside the company. Big enterprises often use the fact of realising CSR activities in their PR campaigns, using all available measures to communicate this message to the society - it is, however, still not popular among SMEs. This is also one of the reasons why most of the reports presenting CSR good examples in Poland are focused mainly at activities of large companies. Many interesting CSR practices of SMEs are simply not that visible and therefore much more difficult to identify. In many cases, SMEs are even not aware of the fact that their business performance might be classified as Corporate Social Responsibility.

This situation causes many difficulties with the identification and analysis of CSR practices on the level of SMEs. Moreover, the available studies on CSR in Polish SMEs refer rather to their opinions or attitudes to the concept of CSR than to practical actions implemented by them. One of the major questions is though the relation between SMEs' opinions on particular aspects of CSR and actions that they take in practice.

Despite a very limited availability of data on the practical implementation of CSR rules by SMEs, some general statements on the situation can be made e.g. basing on the latest report "*Readiness to involve in pro-consumer and pro-social actions among Polish entrepreneurs*" of the UOKiK. The report presents among the others SMEs' opinion on particular areas of CSR and measures companies' willingness/readiness to implement this form of actions. Based on its result it can be noticed that over 60 % of small and almost 50 % of medium-sized enterprises do not know the concept of Codes of business Good Practices. Moreover, providing that complying with the Code would result in limiting company's competitiveness in a short time perspective, only 34 % of small and about 43 % of medium-sized enterprises would be willing to introduce the Code into their business. In addition, over half of the respondents of the research state that companies which implement Codes of business Good Practices decrease their competitiveness towards other companies on the market. The situation looks better in the context of pro-consumer actions e.g. in the form of readiness to submit to arbitration of consumer courts of conciliation. Almost 70 % of SMEs are familiar with the system and almost the same percentage of enterprises is willing to use this solution. However, about half of respondents declare that voluntary submission to the arbitration of consumer courts of conciliation does not increase

⁷ Source: Presentation of results of the study "Skłonność do angażowania się w działania pro-konsumenckie i pro-społeczne wśród polskich przedsiębiorców (Readiness to involve in pro-consumer and pro-social actions among Polish entrepreneurs)", Office of Competition and Consumer Protection (UOKiK), Warsaw, June 6th, 2006,



companies' competitiveness. Moreover, SMEs are aware of the role of submitting products to quality tests conducted by independent institutions. About 90 % of the respondents agree that this kind of tests provide consumers with information that the company is reliable.

Polish representatives of SMEs tend to express high willingness to social involvement. About 80 % of companies which were addressed by social organisations started cooperation with them in this field. Although social organisations more often address medium-sized enterprises than small ones, expecting that the first group will be more open for cooperation, the reality shows that small companies are almost equally interested in social involvement. Among the group of SMEs which did not cooperate with social organisations before, about 36 % of small and about 37 % of medium-sized enterprises express their willingness to start the "social cooperation". SMEs support social organisations mainly due to the fact that they simply want to help people in need. The most popular form of cooperation is financial and material support (ca. 34 % of indications). Financial assistance is provided mainly by small enterprises (almost 40 %) [M.Baranowska, 2006]. "Smaller companies are becoming more and more open towards the needs of their societies, as they realise that they are a part of it. The companies organise picnics for orphanages, providing their products and time of their employees, participate in ecologic actions, support development of local sport infrastructure, invest in education and computers or organise cultural events..." [FOB, 2005: 7].

Although SMEs in Poland are more and more open for social involvement, especially with their local societies, it is common that they still do not build some long-term strategies which would allow them for more effective implementation of CSR. In practice their social involvement is often a result of some impulse and should be classified as ad hoc activities rather than following the guidelines of their CSR strategy. However, it should be stressed that many SMEs declare that this issues should be a part of the company's strategy because it is a part of a long-term policy of their market presence. In addition, CSR activities are often related to expenditures which should be planned in advance and introduced into their budgets for the forthcoming periods.

According to the report on "Perception of responsible business and social involvement among Polish entrepreneurs" the majority of CSR actions in general are motivated by emotional aspects or personal features (morality, ethics) of companies' management. Another motivation refers to using responsible business as a marketing tool which can improve company's image, its market position and as result bring in more profit. Moreover, recently there can be observed an increasing awareness of consumers in the field of responsible business - consumers start to prefer products of the companies which are active in CSR. The research conducted by the UOKiK shows that this is an important motive to involve in CSR for 33 % of small and 27 % of medium-sized companies.

There is also an increasing number of SMEs which decide to apply the rules of CSR as result of market requirements. This refers mainly to activities addressed to customers or employees. More and more entrepreneurs realise that the only possible way to maintain or enhance the competitive position is improving the quality of products or services, not to fall behind other companies operating on the market. Additionally, in some market segments, obtaining certain certifications proving quality of products becomes a common standard. High quality is also more often perceived as a way to "distinguish from a crowd of competitors" as well as to enter new, more demanding, markets. It can be expected that social responsibility towards employees is also increasingly important for SMEs. Lately, the companies are increasingly suffering from emigration of their employees to the Western European countries and have to offer them more attractive working conditions to keep them within the enterprises.

Among the main barrier for realisation of CSR activities by Polish SMEs is lack of financial capital, insignificant knowledge of importance of the issues and very limited future planning. Small and medium-sized companies which often strive for survival on the market (mainly due to their low competitiveness) are usually not interested in investments which do not bring immediate effects. Although responsible business should lead to improving companies' competitiveness, the benefits usually appear after some time – often some years. Unfortunately, it is still a common opinion that CSR is a privilege that can be afforded only by companies with a good financial standing. One of the reasons for such an attitude is still insignificant knowledge of



the idea of CSR which, for example, is often associated only with charity, sponsoring, and in general expenditures outside the company, rather than investment into it.

The majority of CSR practices among SMEs are related to activities addressed to consumers, business partners, employees or the society while for example environmental aspects are concerned mainly by companies whose basic activity refers to the field [Maison Research Consulting, 2005]. The main CSR practices addressed to consumers are good quality of products or services provided, technical assistance, guarantee services etc. Business partners may expect meeting company's obligations, honest informing about company's problems, good quality of products or services provided. Employees are, for example, offered trainings, co-financing of sport and cultural activities, incentive/motivation programmes, timely payment of salaries, or permanent employment. CSR in the field of environmental issues is mainly limited to observance to the binding law, introducing environmental management systems or obtaining environmental certificates required by customers.

3.2 Fostering and Hindering Factors for SMEs to Engage in CSR activities

The results of the UOKiK's study on readiness of SMEs to involve in CSR present companies' opinion on the role of particular factors in fostering the process. About 70 % of SMEs recognise government's policy as one of the factors which can stimulate SMEs involvement in CSR. Similarly, the policy of local self-governments may have a significant role in this area. At the same time only about 30 % of SMEs find the pressure made by consumers as important factor in the decision making process. It can also be noticed that although the role of non profit/non governmental organisations and local societies in fostering SMEs' engagement in CSR is relatively low, medium-sized enterprises are, in comparison to small companies, more responsive to influence of that factor. [UOKiK, 2005]

A very important facilitator of the process of popularisation of responsible business in Poland is the availability of support services in the field of CSR which create a sound basis for engagement of SMEs into the activities. Companies are offered not only consulting services but also an easy access to information on responsible business in the form of reports, success stories, examples of Good Practices etc. Moreover, companies can obtain support in the promotion and communicating of their CSR practices, e.g. by presenting it in relevant publications prepared by CSR organisations or participation in the fairs of CSR Good Practices. However, in practice, this possibilities and chances are unfortunately still very rarely used by SMEs. The reason for this is that the enterprises usually simply do not look for this kind of information and are even not aware of the fact that the support is easily available to them. Moreover, small companies often try to limit their responsible performance to the absolute minimum - required by the market conditions - which is necessary to succeed in business.

One of the major hindrances for development of CSR practices among Polish SMEs is their difficult economic situation. According to the latest reports, competitiveness of Polish SMEs is decreasing. They are more and more competing with price while competition with quality and innovativeness of products and services and the quality of consumer services is becoming less important. The price strategy requires reduction of costs and as a result leads to the decrease of profits [PKPP Lewiatan, 2006]. In Poland, CSR is still recognised by SMEs as activities which can be afforded by large companies, only. They are often not aware of the fact that CSR does not have to mean high expenditures on e.g. philanthropic activities. As a result SMEs often believe that their difficult economic situation does not let them afford the implementation of responsible business rules. Moreover, despite the fact that Polish SMEs seem to understand the idea of Corporate Social Responsibility, some of them are still afraid that the majority of companies in Poland behave irresponsibly. Although CSR leads to the strengthening of the competitive position, this effects are often not immediate which causes a threat that the company loses competitive advantage in the short time perspective and would not be able to survive on the market until first benefits occur. However, there are more and more companies which are aware of the fact that irresponsible business is doomed to failure in a long run.

Another problem with successful realisation of CSR by SMEs is their style of running a business which is very often limited to "from day to day" planning. As a consequence, there is no



company strategy that could include some coherent plan of CSR activities. Moreover, in many cases SMEs still do not see the value added of CSR and do not treat it as a form of investment that can bring some return in the future.

Apart from the above given hindering factors, it is also the case that Polish legal regulations often create unfavourable conditions for development of CSR activities. One of the problems which impede introducing responsible business practices into employer-employee relations is insufficient flexibility of employment regulations. In 2005, about 71 % of the SMEs indicated inflexibility of employment regulations as one of the most important factors hindering their development. The most important change that should be made in this field is the admission of more flexible forms of employment.

The Polish tax system does not encourage entrepreneurs to involve in charity activities. The majority of donations for charity purposes is charged with VAT. Until May 2004, VAT regulations envisaged that in case of making a donation in the form of free transfer of goods, the market value of goods should be used as a basis of taxation. However, the new Act of 11 March 2004 on Tax on Goods and Services (Journal of Laws of 2004, No 54, item 535, as amended) is less favourable. According to its provisions the basis of taxation of donated goods should be their *cost of purchase* or *cost of production*. A very strict execution of the rule by tax offices leads to absurd situations when entrepreneurs prefer to destroy or throw away the goods instead of donating them for charity purposes. Another impeding factor is the low limit for donations which can be deducted by taxpayers from their income. In case of Corporate Income Tax donations for charity purposes can be deducted from the income jointly to the limit of 10 % of the income while for Personal Income Tax the limit is 6 % of the income. If the donation exceeds the limits, then the entrepreneur can not deduct it from the income.

3.3 Impact of SMEs' CSR activities

It is unfortunately still a commonplace that Polish SMEs are not aware of economic benefits of involvement in CSR. Only 15 % of small and 11 % of medium-sized enterprises state that, in a short-time perspective, companies engaged in CSR activities generate higher profits than those which do not perform responsible business. Nevertheless, the majority of companies believe that the role of CSR activities for the competitiveness of enterprises will be increasing in the future [UOKiK, 2005].

The benefit of CSR practices which is most often mentioned by SMEs is improvement of company's image. According to small and medium-sized entrepreneurs activities realised in the field of CSR may create a competitive advantage due to strong relations between company's image and its competitiveness. The role of marketing based exclusively on price competition should be decreasing.

As a consequence, a socially responsible approach to running a business allows to gain new customers and business partners, enhance their loyalty and expand on the market. Moreover, an improvement of the quality of products and services is often realised by the implementation of integrated quality management systems according ISO 9001 norms – it gives an added value in the form of enhanced organisational order within the company. Activities addressed to employees may be an effective form of eliminating the problem of employees' migration which after Polish accession to the EU became a serious threat to many economic sectors. In addition, socially responsible performance of an increasing number of Polish SME's gains recognition and is awarded with many prestigious and honorary prizes and titles – which is a great support in building a positive image of reliable, and trustworthy company.

One should also mention that the positive image of companies which respect interests of their business partners, local societies, employees, or natural environment make access to external sources of capital much easier. Banks are more willing to offer loans to companies that have a reputation of reliable partner, timely realise all obligations towards the treasury, and have an increasing competitive position. Similarly, the socially responsible approach to managing enterprises may help in successful applying for the EU financial support.



It is characteristic that those SMEs which developed most dynamically over years and succeeded in doing business usually perceive social responsibility as one of the most important determinants of companies' competitiveness. In some cases their representatives even state that it is a necessity to act in a socially responsible way, and without such an approach to the issue it is not possible to survive on the market in a long run. Unfortunately, there is still a significant group of SMEs which underestimate the importance of issues like credibility towards consumers/business partners, quality of products and services etc.

The target groups that benefit most from CSR practices realised by SMEs in Poland are probably consumers, business partners, and employees. The consumers gain e.g. higher quality of products/services and reliable information about it, more customer friendly service, including technical assistance and guarantee service. The business partners usually benefit from better fulfilment of mutual agreements and their timely realisation, a possibility to cooperate with more trustworthy partners. CSR activities addressed to employees offer them a higher observance to the labour code, the possibility to obtain new qualifications, or various financial incentives. It is important that these groups can see the benefits in a short time perspective. Also the widely understood society is covered with various CSR initiatives which in practice are most often financial or material donations for e.g. schools, sending children from poor families for holidays, sports infrastructure, orphanages, hospices etc. Polish reality shows that depending on the size of companies there might appear significant differences in the character of CSR projects that are targeted at the society. In case of SMEs this actions usually have a form of financial or material support while large companies more and more often focus the CSR actions at increasing social awareness about particular issues e.g. health, environment, tolerance, safety etc.

In the context of reporting and monitoring of CSR within SMEs, Poland is significantly lagging behind other EU countries. In practice, almost no Polish SMEs prepare social reports. However, this situation will probably have to change as social reporting is becoming more popular in the world and in order to maintain competitiveness Polish companies will have to follow the global trend.

3.4 Good Practice Company Case Studies

3.4.1 Case Study 1

General information on the company

Przedsiębiorstwo Robót Inżynieryjno - Melioracyjnych "MELBUD" Sp. z o.o. (Engineering - Drainage Works Enterprise "MELBUD" Ltd.) specialises in the realisation of buildings in the field hydraulic engineering, environment protection, engineering works, digging and drainage works and accident-free techniques. The company was set up in 1991 in Grudziądz, in the kujawsko-pomorskie voivodship. It develops dynamically and systematically strengthens its competitive position on the market. The enterprise employs about 180-190 people (yearly average). The level of employment is considered to be optimal for the development of the company and has been maintained for about the last eight years. This approach is related inter alia with an intention to have a status of a SME which enables easier access to public funds. Due to the profile of the company, many employees are seasonal workers – the permanent staff numbers about 150 people.

MELBUD is managed by a President of the Board, a Main Accountant (member of the board) and two directors. The remaining employees have little influence on key decisions within the company, commensurable to position occupied by them. Every year the enterprise carries out an assessment of employees - realised in the form of conversation and evaluation questionnaire - which is a basis for re-grouping them within the company. During the assessment the employees have also an opportunity to express their opinion about various aspects of activities realised by MELBUD.

The company has a firm and stable market position and owing to systematic modernisation of its potential it has a possibility to develop within an assumed scope. As a result of continuous



investments, MELBUD possesses more and more specialised equipment and can systematically increase effectiveness of activities realised. MELBUD is a company recognisable on the national scale, while in the kujawsko-pomorskie voivodship it has a position of vice-leader in its market segment.

Motivations to carry out CSR and origin of the specific activity

From its very beginning, the company gave much attention to human resources policy, believing that people are its great asset and determine the success of the business. It was decided that the company offers its staff something more than just an employment. People are recruited with an intention of developing long-term co-operation and, therefore, there is realised a number of actions aimed at convincing them that the board does care of personnel, development of sense of belonging and identification with the company, and as result in keeping these people within the enterprise.

Incentives offered to the employees have different forms and evolve over years. However, the company has always cared for additional social security of its staff and this aspect of human resources policy is specially stressed. It should be noticed that the activities are rather expression of company's sense of responsibility for its staff rather than preventive measures.

Characteristics of the CSR practice in the company

The concept of Corporate Social Responsibility is an important part of MELBUD's strategy, whose motto is: "solidity, safety, care for natural environment". The idea of running a company in a socially responsible way is reflected by almost all aspects of its activities, especially: human resources policy, quality policy and natural environment protection. The enterprise within its organisational structure does not have a person devoted solely to CSR. Depending on the character of this actions they are coordinated either by President of the Board or other employees - according to their competencies. In realisation of the tasks the firm did not use any support of organisations dealing with CSR or business ethics.

With the beginning of company's activities there was developed a social fund. The fund was supported each year, and enabled, for example, financing some allowances for the employees. Out-standing members of the staff could also expect to get loans that did not have to be fully repaid. The money from the fund are also used for co-financing cultural, educational or sport activities for employees or sponsoring Christmas vouchers. Beginning with 1997, the company started to consider a possibility to offer its personnel an additional pension scheme. As result, the idea was realised in 1999 when the company started financing voluntary contributions to the pension scheme within the III pillar. The offer was addressed to employees working in MELBUD for at least 24 months. In 2006, the company extended the idea and launched (also within the III pillar) an Employees' Pension Programme to which it transferred financial means raised so far. The EEP is aimed at raising funds at accounts of the company's employees to be paid after their retirement. The programme has a kind of group life insurance with an insurance capital fund. The employer pays to the individual accounts of the employees monthly contributions (6 % of their gross salary) which can be used after reaching of retirement age.

MELBUD offers its workers competitive remuneration and each year best employees get attractive rewards. Additionally, it organises integration activities within the company, e.g. Construction Workers' Day party or Christmas party for employees. It should also be noticed that the enterprise invests in professional development of its staff, e.g. finances trainings or recreation-training trips for its managerial cadre. In the framework of the yearly assessment of employees (this concerns also the board) the company also evaluates their satisfaction with working conditions - this results in conclusions about undesirable factors that should be removed. The assessment is an effective form of monitoring and evaluation of personnel policy applied by the company. Each employee also has a right to appeal against results of his/her assessment.

The enterprise is aware of the fact that more and more people are interested in getting bank loans. Therefore, it systematically increases the number of people working for the company on the basis of permanent employment contracts, which increases availability of loan offers for them.



MELBUD pays much attention to occupational safety and hygiene – in 2004, there was implemented a management system according to PN-N 18001 norm. The company keeps improving quality of its products and services and reduces negative affect on the natural environment – management systems compliant with ISO 9001:2000 and ISO 14001 norms were successfully introduced in 2004.

The company's aspiration for development of long-term professional relations with its employees faces, however, some barriers which are mainly caused by external factors. One of the hindrances is a dynamic intensification of road and highway construction works in the region – which is possible mainly due to financial support from the EU. As a result there was a significant increase of demand for low and high skilled construction workers which, in a short time perspective, brought about significant decrease of human resources available on the local labour market. Furthermore, this situation leads to wage competition among different companies in the region. In case of contributions to the Employees' Pension Programme a serious limitation are Polish fiscal law and social security scheme that create limits in the value of contributions, over which they are charged with additional public-legal deductions.

MELBUD communicates its image of socially responsible company mainly through its web site. Additionally, the enterprise also takes part in numerous competitions, rankings and plebiscites.

Impact of the CSR activities

Social responsibility of MELBUD, especially in the context of its relations with employees, is undoubtedly helpful in running the company. As a result of these efforts, it is possible to considerably reduce rotation and migration of staff. Despite a mass emigration of Polish construction workers - noticeable especially after our accession to the EU - and a strong competition on the regional labour market, the company does not have to be afraid of decrease of its human resources, although this is a common problem among other companies operating on the market. Owing to implemented systems of incentives, the employees have a feeling of professional stabilisation, they identify themselves with the company and this result in a better atmosphere of work, more serious approach and higher engagement in works performed. First effects of this policy are not immediate and can be observed about 2-3 years after employment of a new person.

The company's approach towards running a business helps in development of its positive image and this is systematically noticed and gains recognition of its clients. However, to its disadvantage is a fact that majority of MELBUD's investments are realised in the framework of procurement procedures and contracting units have a very limited possibility for choosing bidder basing on their subjective opinion about the company. It should also be mentioned that activities realised by the enterprise won recognition of many experts. In 2005, the business was honoured with a title of "Employer of the Year 2005 (Pracodawca Roku 2005)" by the Kujawsko-Pomorski Związek Pracodawców i Przedsiębiorców (Kujawsko-Pomorski Employers' and Entrepreneurs' Association). In 2002, 2003, 2004, 2005, as well as 2006 the enterprise was awarded respectively with "Business Fair Play (Przedsiębiorstwo Fair Play)" prizes in the framework of programme for promotion of entrepreneurial culture. The company was also presented several times in rankings of the best enterprises in the kujawsko-pomorskie voivodship "Golden Hundred of Pomeranian and Kujawy (Złota Setka Pomorza i Kujaw)" and in the rankings of most dynamically developing companies "Gazete Biznesu". MELBUD was also rewarded for its achievements in the field of ecology.

Although introduction of employees' friendly personnel policy brings many benefits to the company, its successful realisation requires significant engagement of the managerial cadre and other members of its staff. Realisation of incentive programmes requires obviously not only additional amount of labour but also additional expenditures.

Future issues

Przedsiębiorstwo Robót Inżynieryjno - Melioracyjnych "MELBUD" Sp. z o.o. intends to continue the hitherto personnel policy in the nearest future, offering attractive employment conditions. Due to limitations imposed by the Ministry of Finances, it is not planned to enlarge the packages



of additional contributions to pension scheme – currently, this social benefits has an optimal scope for the company.

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3.4.2 Case Study 2

General information on the company

DEANTE Antczak Sp.J. was established in 1990 in Łódź. The company is a distributor of bathroom and kitchen products and mainly specialises in mixers, sinks, shower cabins, shower panels and shower sets. The company operates both on the Polish market (about 90 % of sales) as well as sells the products abroad to e.g. Russia, Ukraine or Kazakhstan. During its successive expansion over years, accompanied by investments made in building of a warehouse and distribution centre in Zgierz (near Łódź), DEANTE developed into a modern managed enterprise with stable market position, employment of about 90 people and turnover exceeding 55 millions PLN (ca.14 million EUR).

The enterprise has a hierarchical – four level – organisational structure but there is a significant involvement of its employees into a decision making process. The great majority of strategic decisions is taken by its General Director - currently, owners of DEANTE do not have to participate actively in coordination of its everyday activities. Being aware of the fact that successful performance is largely dependent on the quality of the company's human resources, it actively supports professional development of the employees, financing their trainings or postgraduate studies. The enterprise has established a social fund for its staff which is used for co-financing sport or recreation activities.

DEANTE has a strong position and is perceived to be an important player on the national market. Although it can not compete with the world's biggest potentates in the field, depending on the category of products, it ranks second to sixth place in sales in Poland.

Motivations to carry out CSR and origin of the specific activity

External factors had a dominant influence on the company's policy towards quality of products and services. The owners of the company have been aware of the fact that high quality and professional guarantee services are among key determinants of success. From the very beginning of the enterprise, this approach was transferred into DEANTE's strategy of action. Moreover, priority importance has been given to issues related to business ethics, aiming at development of positive image of reliable and honest trade partner.

Nowadays, DEANTE perceives CSR as a market driven requirement. It could be said that the enterprise performs in a socially responsible way as there is no alternative – it is a necessity, because otherwise the business would fall out of the market.

Characteristics of the CSR practice in the company

Company's activities are determined by a strive for maximisation of profits. However, without a socially responsible approach to running the enterprise there is no possibility to achieve significant profits. This concept has been followed by the owners of company since its very beginning and resulted inter alia from the good knowledge of western European markets. CSR is thus perceived to be a very important aspect of DEANTE's strategy.



There is no person that would be directly responsible for issues regarding CSR activities within the company. In this field, the major influence on the decision making process have the General Director, the Head of Trade Department, as well as Promotion Department which includes CSR aspects in its marketing plans for each year. The company tries to assure that the socially responsible approach to running a business is reflected in an everyday work of its employees. In realisation of the policy the enterprise had never used assistance of external companies or organisations, however representatives of DEANTE occasionally participate in conferences and seminars devoted to business ethics or CSR.

The company is a member of "Reliable Partner" Club (Klub Rzetelnego Biznesu "Solidny Partner") established within the "Reliable Partner" programme, realised under an honorary patronage of the EC Representation in Poland and the President of the National Bank of Poland. The programme aims to promote modern management methods, reliability and responsibility in business as important rules in the process of developing and functioning of the society. The "Reliable Partner" also intends to provide education activities through dissemination of "Good Practice" cases illustrating reliable performance of companies involved in concerns of society and natural environment. DEANTE decided to participate in the programme in order to join the group of people that think about business in an honest way.

The company desires to offer its customers exclusively the products of highest quality and to assure that DEANTE trademark is identified with top quality bathroom and kitchen products. It has strict rules concerning selection of its suppliers and applies an internal system of quality norms that have to be met by products distributed under its trademark. This is a multilevel system of verification of suppliers and monitoring of their reliability. The policy is to provide the company with a dead certainty of high quality of the products offered. Therefore, DEANTE can provide its customers with a guarantee for 7 years! Usually periods of guarantees offered by competitors operating on the market are shorter. Moreover, the company has a certificate of products' insurance for value of 1 million zlotys. There are about 20 employees working in the quality control department.

For about 5 years, DEANTE has been providing its clients with continuous and efficient, free of charge, technical assistance and guarantee service (visits to clients). This covers both a nationwide network of authorised service points as well as special toll free service phone number. There are 10 people working in the central service and guarantee department. Apart from the internal system of products' quality control there is also an external evaluation - managerial staff of the enterprise visits its customers (wholesalers) in order to get their feedback. Moreover, the company introduced a system of monitoring of the services provided by its consultants from the guarantee services - selected customers are contacted in order to examine their satisfaction with the technical assistance obtained.

One of the main barriers for realisation of the policy based on high quality of products and services is a strong price competition, noticeable especially in case of large market networks. The distributors often offer bathroom and kitchen products on low prices but also of low quality. DEANTE has never been interested in the segment of products of lowest prices - according to its strategy the company offers high quality for a good price. However, there is an increasing number of clients that look for products of good quality and, therefore, more often price is not the only purchase criterion that counts. Another problem is unreliable suppliers. In order to fulfil assumed quality standards and maintain positive reputation, the enterprise must realise an on-going process of monitoring and quality control of products received from its suppliers - this activities generate costs.

The business promotes its responsible approach towards clients, mainly through the company's web site. Moreover, for marketing purposes it uses a logo of "Reliable Partner". The company also takes part in competitions promoting the culture of entrepreneurship.

Impact of the CSR activities

The company is aware of benefits gained through the CSR practices. Its socially responsible strategy helped in development of a positive image of the company. The DEANTE trademark is associated with good quality and reliability all over Poland as well as abroad. This results in higher volume of sales. The company believes that if they did not care so much about the



quality of its products the sales probably might be even higher, but this could only be a very short-sighted strategy, leading to the business failure.

The development of a comprehensive guarantee service opened a new market for the company – it was possible to reach a new (previously unavailable) group of customers requiring producers' guarantee services. Moreover, the dynamic development of the company and its stable market and economic position, achieved inter alia through its client oriented policy, contribute to eliminating problem of migration of employees.

One should also remember that the final users of company's products benefit from the strategy as well - they receive products of high quality and a long-term technical assistance.

Finally, DEANTE earned the reputation of a reliable and honest trade partner, being awarded with honorary title of "Business Fair Play (Przedsiębiorstwo Fair Play)" six times repeatedly (years 2001-2006). The company's participation in the "Reliable Partner" programme allows it to use the logo for marketing purposes.

The results of responsible approach to running the company are not immediate, and major effects appear after minimum 5 to 7 years. Achievement of the goals was possible mainly due to consistent realisation of the strategy and particular investments - the guarantee service of products offered by DEANTE costs for example about 1 million PLN (over 250 thousands EUR) per year. Moreover, successful implementation of the CSR policy requires proper selection of employees, and in some cases also changing their mentality regarding relations with clients. Another success factor is a time of reaction to claims or technical enquiries made by clients – to reduce the time company decided to establish a special telephone line for technical assistance.

Future issues

The enterprise intends to continue its hitherto strategy which is compliant with the concept of CSR. One of the challenges identified by the company for the nearest future is shortening the time of reaction to customers' claims up to a maximum of 48 hours from the moment of their receipt. Moreover, it is considered to extend the scope of CSR activities, if there are some interesting new proposal or ideas.

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3.4.3 Case Study 3

General information on the company

Toolbox Creative Communications (TCC) is a professional Public Relations consultancy based in Lodz, Poland, specialised in corporate and product communications. It provides its clients with a full range of professional services including complete communication strategies, public affairs & lobbying assistance, brand development services, design and copywriting, as well as event management. The agency's portfolio includes clients from various sectors: Pharmacy, Health & Beauty, Business Technologies and Business Consulting, Industry, HORECA, FMCG, Agriculture, Construction, public and private Institutions & Organisations.

The agency was set out in 2001 by professional PR practitioners and already disposes of working experience in the organisation of local, national and global campaigns, and has created a net of contacts with media and news agencies all over the world, co-operating on a daily basis



with a net PR agency with branch offices in many EU countries and in the United States. Employing at the moment 12 persons of permanent staff – highly-skilled consultants specialised in marketing, communications, journalism, sociology and psychology - and more than 70 part-time co-employees (2005) – i.a. graphic designers, trainers, medical professionals and various other subcontractors, the agency has grown up from a sole proprietorship of the present company's owner and president. The TCC's permanent team is moreover assisted by a number of interns. Admitting each time 2 or 3 part-/full-time trainees – students and recent graduates interested in Public Relations and marketing strategies – for a period of 3 months, the agency realises an important part of its recruitment policy, based on the continuous search for young and open minds, giving them at the same time an opportunity to actively participate in the planning and implementation of different projects and campaigns and – possibly – enlarge the TCC team.

In 2005, the company delivered a strong performance and with a record annual revenue of 1.5 million PLN and a growing portfolio of clients the agency achieved the leading position on the Lodz Public Relations market.

Toolbox has a hierarchical organisational structure and is managed by its owner, holding the position of the company's President, and two key directors – Managing Director, responsible for the overall financial management and Client Service Director, supervising the key communication projects and co-ordinating the client service team's activities. Other employees have a similar position in the company's hierarchy, their posts differentiated only by seniority (senior vs. junior account executives). Final decisions are made by the board of directors (which is not, however, formally fixed), but the owner and her aides are open to any suggestions and opinions of the employees concerning not only the client service field, but also the human resources policy, having an important vote when e.g. new staff is employed. The role of the employees as an inherent element of the decision making process is vital when the importance of effective team work in the creation of Public Relations strategies is considered.

Motivations to carry out CSR and origin of the specific activity

Operating in the field of Public Relations and corporate image-building, Toolbox Creative Communications is fully aware of the fact that the company's competitive position is determined not only by its market share, annual turnover, the use of modern technologies or the highest quality of products and services offered, but also by its image in the eyes of the employees, clients, business partners, local community and authorities. The application of Corporate Social Responsibility rules has, therefore, become a useful tool for the establishment of lasting, positive relations, based on the conviction of the well-fulfilled mission, with all the groups operating within and outside of the organisation.

Knowing the impact of the positive image on the process of creating companies' and brand equity, the agency since its creation puts special attention to encouraging its clients to the active engagement in the philanthropic, educational and sponsoring activities, offering complex short- and long-term strategies of social marketing and CSR programmes realised both inside the company and in its environment.

Basing on the experience gained during the implementation of various CSR projects, and – most of all – searching for the new client and business opportunities, the agency decided to undertake several non-profit activities as a way to widely present its merits and assets to the potential clients, at the same time entering new markets.

The field of activity (non-profit PR assistance to the Forum for Dialogue Among Nations) was chosen basing on different factors.

First of all, the aim was to unite the agency's team over a common, positive goal, viewed not only as a business opportunity, but also an interesting (however demanding) break from the routine of the everyday client service.

The venture, proposed and initiated by the agency, resulted from the earlier successful co-operation with the international Jewish community in the framework of the "Days of Remembrance" project, organised in 2004 in Czestochowa, Poland. TCC was then responsible



i.a. for the media relations and logistics of the events, hosting civic and religious leaders, diplomats from Poland, the United States and Israel.

Secondly, entering into the field of Polish-Jewish relations was a natural course for a number of the agency's employees, graduates from Political Sciences and International Relations, interested due to various personal and professional reasons in this controversial but most up-to-date topic.

Moreover, the agency's managers expected the new, upcoming project to become a certain proving ground for the TCC staff, providing several valuable occasions for the elaboration and implementation of PR strategies.

And, last but not least, the activities were meant to provide new business opportunities both in terms of co-operation with institutions and organisations, as well as with the private companies run by people personally involved in the Polish-Jewish dialogue.

Characteristics of the CSR practice in the company

The Forum for Dialogue among Nations (Forum Dialogu Między Narodami, FDMN) is a non-profit, Warsaw-based NGO. Its mission is to foster the Polish-Jewish dialogue through celebrating cultural diversity and teaching tolerance via education. Since 1998, the Forum has been working to eradicate anti-Semitism, prejudice, and stereotypes through seminars, workshops, and exchange programmes. With Jewish and Polish participants, the Forum addresses the difficult questions arising from the Holocaust experience in Poland and promotes understanding and respect among individuals, nations, religions and cultures.

The project, envisaging a multi-aspect day-to-day Public Relations assistance to the FDMN's activities, was given an equal attention and importance as the usual, profit-driven actions. It was assigned for co-ordination to one of the agency's permanent employees (Account Manager), administering a 3-person team of assistants (both permanent staff and trainees), and was monitored and evaluated on the very same rules and conditions as any other agency's activity.

Public Relations activities carried out by the agency in the framework of the project hitherto included:

- Media relations activities (preparation and distribution of press releases, day-to day contact with the journalists, attending to the media representatives during the events, follow-up) and logistic assistance to the preparation and opening of the "Portraits of Koźienice" exhibit ("Koźieniczanie") in the Ethnographic Museum in Cracow (forming a part of a world-famous Jewish Culture Festival) and in the Lodz Art Center in the framework of the Festival of Dialogue of Four Cultures.
- Organisation of a press conference, media assistance and creation of a web-site for the "Difficult Questions" book launch. The publication, prepared by politicians, diplomats and other persons involved in the topic, provides answers to several most important questions in the Polish-Jewish dialogue.
- Media promotion and assistance to the journalists during the field trips to the Jewish areas of Warsaw for High school students "Discovering Jewish Warsaw".
- Media relations and logistic assistance to the American Jewish Committee representatives' visit to Poland. The programme included meetings with the authorities (MFA, politicians, diplomats) and visits to important historical sites.
- Day-to-day assistance to the Forum's communication activities connected with various activities realised by the organisation and its participation in different projects.

Impact of the CSR activities

The agency has benefited from this non-profit PR assistance in several ways:

First of all, the co-operation hitherto brought a number of interesting projects in the field of not only media relations (which usually constitute the major part of the TCC activity), but also large-scale education ventures, co-operation with the key opinion leaders and event management.



The agency enlarged its journalists' and KOLs' databases and established new, valuable relations with a number of them.

Owing to the successful co-operation with FDMN, combined with the previous collaboration experience, the agency was first shortlisted and then finally chosen to run the media relations activities for the World Society of Częstochowa Jews and their Descendants meeting in Częstochowa in October 2006.

Moreover, the agency's representative was invited to take part in the exchange of young professionals (an activity co-organised by the FDMN and American Jewish Committee) and spent a time in the US, visiting places important for the American-Jewish community and meeting the AJC's leaders.

What is more, several short notes and articles concerning the co-operation were published on the branch (PR&Marketing) web-sites.

Future issues

The agency is determined to continue its co-operation with the Forum for Dialogue among Nations which remains one of the important clients in the TCC's portfolio, and develop a number of publications concerning the topic in order to share its opinions and experiences.

With the possible enlargement of the TCC team in 2007, the agency will also consider undertaking another non-profit activity.

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3.4.4 Case Study 4

General information on the company

"DYNAMIX" Teresa Cieślak, Paweł Pławik Sp.J. was established in 1993 in Łódź and specialises in the construction of single- and multi-family homes. Since 1999, the company has been providing property development services. Currently, it extends its profile of activities by construction of single-family detached houses. DYNAMIX employs 16 people as permanent staff but using the services of subcontractors it provides a job to about 300 people.

DYNAMIX has a linear organisational structure and is managed by its two owners – their employees have a similar position in the company's hierarchy. Although final decisions are taken by the board that supervises all activities within the company, the owners are open for opinions and suggestions of the employees. The enterprise eagerly supports their professional development by financing, for example, language and marketing courses or simply helping to reconcile the job with studies.

The history of the company shows its dynamic development over years: Almost each year production was doubled and beginning with 2005, the growth was even more spectacular. The business currently realises a number of construction investments, as well as intensively searches for new opportunities in this area. The firm is a small enterprise and the majority of profits made is invested in the company. Although its turnovers are lower than in case of biggest developers, due to its good reputation the enterprise is among market leaders in the region and is a significant player in a country scale.



Motivations to carry out CSR and origin of the specific activity

A concept of running a business in a socially responsible way has been included in DYNAMIX's strategy since its very beginnings. This reflects the owners' attitude to rules that should be applied in business, especially: ethics, fair competition, as well as honest approach to customers, employees, and business partners. They do their best to manage the company in a way so to never be ashamed of decisions taken. It is the main reason why the company applied a rule: "to build as solidly as if we were supposed to live in these houses". The style of running the business is a testimony of the owners' beliefs and is not determined by desire to follow other enterprises.

Characteristics of the CSR practice in the company

A willingness to meet customers' expectations and permanent aspiration to achieve their satisfaction with services provided by the company affect almost all phases of realisation of investment process. The present owners run the enterprise since its very beginning and, therefore, had an opportunity to learn clients' expectations over the years. This knowledge is used by them everyday as well as it is transferred to employees of the company.

DYNAMIX attaches very much importance to good quality of provided services. This refers both to construction of buildings and relations to their customers. The company closely co-operates with its clients and realises their requests and suggestions during the whole investment process, deeming that customers have the right to expect the highest quality of services. If there are no technical and architectural contraindications, the company is flexible to introduce modifications to the layout of flats, according to individual wishes of its customers regarding e.g. arrangement of walls, installations etc.

The enterprise does its best to assure that all investments and obligations are realised on time, and so far it succeeds with practical implementation of the policy (this refers also to obligations towards contractors, suppliers, subcontractors or treasury). Customers give much attention to the quality of services provided to them at all stages of investment's realisation. Therefore, employees of DYNAMIX always have to find time to meet and talk to the clients and – if there is such a wish – they enable customers to speak directly to the owners. Although in practice complaints are very seldom, they are always immediately examined. According to the adopted policy, customers must always be pleased when leaving companies office.

The good quality of constructed homes is undoubtedly one of DYNAMIX's greatest assets. The company is very careful in choosing its contractors/subcontractors and – what is extremely important – reserves the right to direct interfere in construction and finishing works and in methods of its realisation. Additionally, the firm requires from its contractors that their owners shall be present at the building-site during the whole time of realisation of investment. As a result the company does not loose control over particular stages of construction works and their quality.

In the everyday activities the company has to face a number of factors and barriers which negatively affect its development. The main problem is a small number of grounds for new investments and lack of spatial development plans. Additionally, there can be noticed a strong competition of foreign companies with huge capital which – being used to western European land prices – are willing to pay high and even exorbitant prices for parcels of lands. This situation causes significant limitations for the company in access to new grounds for investments.

Another difficulty is a long time of waiting for administrative decisions regarding obtaining documents and permissions required by law concerning realised investment. This is very important as it prolongs the period of time necessary for DYNAMIX to fulfil its obligations towards customers who want to have their new homes ready as soon as possible. Moreover, new investments are usually financed with bank loans. Long time of waiting for administrative decisions prolongs the time of realisation of investments and as a consequence the period of crediting.



The owners of DYNAMIX supervise the quality of provided services on a daily basis. This regards both aspects - relations with customers and the quality of constructed buildings. Through a direct contact with customers they have a chance to hear clients' opinions and examine the level of their satisfaction. A good opportunity for this kind of conversation is e.g. signing of authenticated deed which requires participation of the board of the company. Additionally, the company cooperates with a psychologist who advise its employees how to talk to customers and business partners. In case that the board have some reservations concerning the way of providing services to a particular client it immediately introduces corrective actions which also helps to avoid similar situations in the future.

Information about the company and its socially responsible approach to business is communicated through the internet site. The enterprise also takes part in numerous prestigious competitions which help in developing its positive image and brand. More and more often the business is presented in press rankings of property developers. Obviously a great importance in this field should also be assigned to a positive opinion about DYNAMIX among its clients, or contractors who distribute this information further in their private conversations.

Impact of the CSR activities

Complying with a concept of CSR definitely helps in running DYNAMIX. It gains recognition not only from its clients and business partners but also certification units, economic partners and banks. The name of the company is more and more often identified with high quality and honest and reliable service. The positive image brings though many measurable benefits.

Its previous clients often express their positive opinion about the company and willingly recommend it to their friends or family members. Punctuality in fulfilment of all obligations is of great importance for the contractors who readily co-operate with DYNAMIX. It is even a common case that contractors choose DYNAMIX instead of even better paid commissions just to have a guarantee that they receive the payment on time. Also banks recognise the firm as a reliable client and, therefore, are inclined to offering loans. The good reputation of the company also results in a positive work atmosphere. The enterprise develops dynamically, offers attractive working conditions and currently is not threatened with migration of its employees.

A proof of applying rules of business ethics and fair competition and honest and reliable approach to clients, partners or contractors is a number of prestigious honours, congratulations and prizes awarded to the company. In 2006, for the forth time in turn, DYNAMIX was granted a prestigious award of the Polish Chamber of Commerce in a national competition "Business Fair Play (Przedsiębiorstwo Fair Play)" promoting the culture of entrepreneurship. Participants of the programme, applying for the certificate, must prove that: their business activities are determined by reliability, honesty, and loyalty; they can meet customers' expectations; they perfectly fulfil obligations towards suppliers and the national treasury. In 2004 and 2005, the business obtained a prestigious title "Reliable Company (Solidna Firma)" with respect to timely realisation of due payments and respect of ecology and consumers rights. The "Reliable Company" programme is realised under the patronage of Representation of the European Commission in Poland, and is aimed at support and promotion of honest companies, and developing a base of reliable companies. In 2006, the enterprise won an "Economic Prize of the Voivod of Lodz (Nagroda Gospodarcza Wojewody Łódzkiego)" which promotes units that bring a significant contribution to economic development of the voivodship and create its positive image in a national scale. The above given distinctions show that success can also be achieved in business that is governed by the rules of reliability, loyalty and fair partnership.

Development of competitive advantage based on honesty, reliability and high quality is a time consuming process. First effects of such a policy could be noticed after about 3 years. A history of the company becomes its advantage, and currently after almost 15 years of being present on the market, there are many more expressions of sympathy and recognition, and these result in an increase of interest in the offer of DYNAMIX.



Future issues

Since the very beginning of the company, business ethics and care for customer's satisfaction have been an inseparable element of its activities. This approach to running a business will be continued also in the future. For the whole time the company monitors customers' expectations and tries to systematically adjust to the new market needs.

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3.4.5 Case Study 5**General information on the company**

LUMAG Sp. z o.o. is based in Budzyń (near Poznań), operates in motorisation industry and produces linings and brake pads. The company was set up in 1988 and started as a producer of friction linings.

Up to 2002, the enterprise specialised in production of linings and brake pads exclusively for commercial vehicles, while in 2003 there was launched simultaneously a new product line - brake pads for passenger cars. LUMAG is constantly investing in modernisation of the company and increasing its production capacity which enabled it to become a national leader in production of linings and brake pads for commercial vehicles (LUMAG brand) and one of the leading producers of pads for passenger cars (BRECK brand).

The company develops dynamically and systematically increases production and sales, as well as widens the selection offer. Over the last three years the enterprise has invested over 3.7 million EUR to purchase and implement modern technologies and digitally controlled production machinery. It employs about 154 people and its annual turnover in 2006 amounts for about 14 millions EUR.

LUMAG has a complex organisational structure with several departments, including inter alia: production, purchasing, trade, R&D or IT and planning. The company is managed by its owner while heads of particular departments have an important influence on the strategic decision making process – to facilitate this process there are organised e.g. systematic management meetings on a weekly basis. The board is open for suggestions and opinions of employees regarding various aspects of activities of LUMAG. The company realises yearly assessments of its staff which also gives a chance to acquaint with the opinions. Additionally, there were established a few so called “self-improving groups” which are aimed at joint development of new ideas for improving production processes. Due to the applied solution employees feel more responsible for the company. In 2004, LUMAG implemented a balanced scorecard, verified each month, which significantly improves flow of information among different organisational units of the enterprise. The company supports development of its employees offering them trainings and courses tailored to their individual needs.

The enterprise systematically increases its competitive position and market share. LUMAG has over 50 % share in the national sale of linings for commercial vehicles, while in case of brake pads for commercial vehicles this share amounts to about 20 %. Although brake pads for passenger cars are a relatively new product of the company, in this market segment (characterised by much stronger competition) the company has about 5 % of the market share and it is envisaged to reach the level of about 10 %. LUMAG distributes its products both in Poland and abroad (since 1994). The country sales account for about 46 % of production while the rest of production is sold mainly at the territory of the European Union and Eastern Europe. Currently, the company cooperates exclusively with large purchasers, and its ambition is producing directly for the market of first assemblage of cars.



Motivations to carry out CSR and origin of the specific activity

High quality of products and environmental issues have been of priority importance for the company since its very beginning. It is mainly due to the President of the Board who – when setting up LUMAG company – tried to follow good examples of foreign companies.

The company is aware of customers' expectations and market requirements regarding high quality of products, especially its reproducibility. It also realises the producer's responsibility – especially in this segment of market - for the quality of products: brake system in vehicles must be efficient and reliable as it determines safety on the roads. One of the main reasons for implementation of policy of integrated management systems was also an intention to regulate all aspects of activities realised within the enterprise. Additionally, the company aimed to minimise its negative influence on the natural environment and always wanted to meet all legal requirements applicable to it. Furthermore, wishing to be seen as people friendly, reliable and socially responsible company, LUMAG also takes part in activities targeted at local society.

Characteristics of the CSR practice in the company

Corporate Social Responsibility is an important element of the company's strategy. LUMAG's mission is to provide vehicle users with reliable products of highest quality, ensuring safe driving and improving the general safety of all road users. Moreover, it strives to operate in compliance with environmental protection regulations and respecting the interest of the local community. It also wants to be perceived as reliable enterprise of good reputation.

In 1999, the enterprise adopted a quality management system compliant with ISO 9001 which enables strict and regular quality inspections and tests at all stages of the production process. In order to meet expectations of car producers (target group of customers strived for by LUMAG), the company implements a system of quality management according to norm ISO/TS 16949 which regulates quality requirements of world's motorisation industry. LUMAG consistently realises adopted environmental policy aimed at safe production in conditions which do not do harm or are a burden to the natural environment. The first phase of realisation of its assumptions was compliance with all legal requirements concerning environment protection in fields related to activities performed by the company. The works and efforts aimed at environment protection were summed up in 2005 with obtaining of certificate of integrated environmental management system compliant with PN-EN ISO 14001 standard. It should also be stressed that the company tries to manage all wastes produced within its premises as well as feels responsible for its products also after their end of life and removal from vehicles – the company is ready for their collection, storage and processing. LUMAG neutralises wastes by means of recycling. The materials received from this process can be utilised as raw materials of components used for the production of new brake system elements. Moreover, in the production processes asbestos has never been used and the formulas developed in company's own laboratory do not contain any heavy metals which could be a threat to the natural environment or vehicle users.

LUMAG as one of the largest companies operating in the district is actively involved in the life of the region and its residents. In some cases these actions have a form of a single, spontaneous financial support. However, to a large extent these are long-term, strategic activities. For the last few years the enterprise has been supporting local orphans home, by sponsoring holiday trips and Christmas presents for children and youth.

Within the enterprise's organisational structure there is no unit or person that would comprehensively deal with issues of Corporate Social Responsibility. Depending on character of these actions they are coordinated by heads of relevant departments. The realisation of the adopted strategy requires in some cases obtaining external support. When implementing the integrated management system the company used advice of external consultants. Although the enterprise was able to realise it on their own, basing on possessed human resources, it was regarded to be important that the adopted solutions are verified objectively by an accredited company which additionally knows experiences of other companies. The implementation of the policy of integrated management required persuading this idea to many employees and changing their mentality. Similarly, this problem concerns the necessity of obtaining additional



products' safety labels – official certification. However, what helps in realisation of these tasks is awareness that the company will more likely be perceived as reliable and solid partner.

LUMAG is managed in a modern way e.g. by using modern management tools like controlling, the balanced scorecard or the MS Project system. The company constantly monitors and controls the quality of its products - also outside the company. This is realised among the others by verification of customers' opinion with whom LUMAG tries to build and maintain long-term relations. Each week there are prepared special reports assessing customers' satisfaction with the products and presenting their opinions and suggestions concerning required modifications. Monitoring of the market is also of great importance for the company. In case that other enterprises operating in the market segment have some problems, there are immediately introduced preventive measures to protect the company from similar difficulties.

The company strives for good reputation and wants to be highly positioned. Therefore, it tries hard to build a positive image - also of a socially responsible company. For this purpose, the business uses various communication tools, including: web site or promotional and information materials. Moreover, the enterprise actively takes part in international fairs of the industry. Participation in prestigious competitions also helps in the brand building process; unfortunately in practice this possibility is used only on a limited scale. It results from the fact that this are time consuming activities and there are no people in the company who might have a possibility of full involvement in monitoring information about new competitions, and preparing LUMAG' s applications for this kind of actions.

Impact of the CSR activities

The main advantage of running the business in a socially responsible way is building of positive image around the company's and products' brands which contributes to dynamic development and market expansion of the enterprise. Both the high quality of products and environmental friendly approach of the company cause that customers perceive LUMAG as reliable partner with a firm market position and are more likely to co-operate with it.

It is also very important that its positive image and dynamic development makes easier access to financial support from the EU funds – last years the company obtained over 1 million EUR from the EU Structural Funds.

The normalisation of product's quality, achieved inter alia through implementation of the quality management system compliant with ISO 9001, enabled to win national and foreign large distributors (e.g. wholesales, joint-stock companies). Moreover, the company has almost no complaints. Due to introduction of systems compliant with ISO/TS 16949 norm, it will most probably be able to reach a new group of customers – producers of vehicles.

The implementation of integrated management systems gives a possibility to “better arrange” the company – many aspects of realised activities are better organised and this improves the organisational order.

Charity and sponsoring, despite obvious benefits to recipients of this support, help in developing positive opinion about the company among the local society. Owing to these efforts, LUMAG is perceived in the region as a decent and well prospering enterprise. It is also considered to be a good employer. For employees the most valuable aspect is its good economic condition and the dynamic development - which guarantee a stable employment conditions. As a consequence LUMAG has a small rotation of workers and usually professional relations within the company are based upon a long-term employment.

The socially responsible approach to managing LUMAG wins recognition of many experts. The company is a winner of many prestigious regional and national prizes. For the ecological friendly production the enterprise was honoured with “The Quality of Wielkopolska (Wielkoposka Jakość)”. In 2005 and 2006, LUMAG was perceived as one out of 500 most innovative companies in Poland, according to the ranking of Instytut Nauk Ekonomicznych Polskiej Akademii Nauk, BRE Bank and Gazeta Prawna.



Consistent realisation of CSR policy requires additional work and financial capital, related to e.g. adjusting production processes to new quality requirements or conducting periodic audits of quality management systems. However, the company does not regard it as disadvantage of the policy because these actions make sense. Although results are not immediate, they surely foster development of the company and enable winning more and more demanding customers.

Future issues

The enterprise is satisfied with the implementation of the quality and environmental management systems and in the nearest future plan to improve solutions that have been applied so far. In 2007, the company would like to complete implementation of quality system ISO/TS 16949:2002 for the automotive market suppliers. Maybe in some future, LUMAG decides to employ additional person(s) to more actively build and promote the company's image as socially responsible. It is also planned to continue charity work and sponsoring addressed to the local society.

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4 Conclusions

Over the last few years the idea of Corporate Social Responsibility has been successfully introduced to many areas of business activities in Poland. Although the common understating of CSR is not always reflecting the full meaning of the concept, there is a sound basis for its widespread adoption. There is a significant potential of entrepreneurs which acknowledge the fact that business should respect the interests of local societies and natural environment. Many of them have already been successfully managing companies in a socially responsible way and, what is more, have been aware of its benefits achieved so far and future perspectives in this field.

The process of adoption of CSR into Polish common business practice is systematically fostered by the dynamic development of supporting services, intellectual background and numerous initiatives aimed at the development and promotion of this aspect of entrepreneurial culture, among various groups of stakeholders. In this regard, the great role of Forum Odpowiedzialnego Biznesu should be stressed, which is the first Polish non-governmental organisation that deals with CSR issues in a comprehensive way and succeeded in uniting different societies by a common interest in the promotion of Corporate Social Responsibility.

Gradually the idea is increasingly supported by main public authorities which realise the importance of CSR in reducing many socio-economic problems and improving competitiveness of the economy. Also many business support institutions, employers' organisations, representatives of academic sector, and non-governmental organisations have a great role in supporting implementation of CSR rules in Poland. As result of this efforts there has been provided an easy access to theoretical and practical information about various aspects of running a business in a socially responsible way. Over the last years, there have been prepared a few significant reports and publications which analyse Polish and European experiences in mainstreaming Corporate Social Responsibility. The knowledge is consistently verified and improved by a number of studies and analyses aimed at a better interpretation of the national context: common understanding and attitude to the idea among different stakeholders, practical fields of CSR activities, Good Practices, barriers and facilitators of the process etc.

There have been launched numerous programmes and initiatives to disseminate the concept and stimulate its practical implementation among the companies. Corporate Social Responsibility has been a subject of many conferences, seminars, and trainings and there also increases interest in postgraduate education in the field of managing social projects.

Despite a relatively short history of CSR in Poland, there can be identified many practical examples of Good Practices in the field. Although one might have an impression that CSR in Poland is a domain of large companies, there should be no doubt that Polish SMEs are also successful in this area.

It is a fact that large companies, often with international tradition, are usually more effective in communicating their socially responsible activities and realise projects of a wider scope, even on a national scale. In comparison to SMEs, they more often realise projects addressed to the society. Their CSR campaigns are often prepared by professional Public Relations agencies and are given a better publicity. It should also be mentioned that more large enterprises approach CSR in a comprehensive way and define their CSR objectives more precisely in the companies' strategies. One should stress that over the last few years, large corporations operating on the Polish market, significantly contributed to popularisation of the concept by giving good examples to others and up-grading standards of doing business in Poland. Nevertheless, CSR is also an everyday practice of many Polish SMEs.

Although the majority of Polish SMEs do not use any definition of CSR and therefore do not consider their business activity in this context, in many cases the rules of running a company, applied by them in practice, are compliant with the idea of Corporate Social Responsibility. The entrepreneurs use the term CSR rarely and, therefore, usually also do not implement conscious CSR policies. However, the companies often perform in a way which is a sign of their social responsibility.



The majority of CSR activities realised by SMEs are addressed to the groups with which they have everyday business relations: customers, business partners and employees. Actions addressed to local societies are usually limited to sponsoring and charity while environmental aspects are most often limited to observance of environmental regulations concerning the companies. With reference to relations with customers, companies introduce programmes assuring high quality of products and services as well as offer more consumer-friendly guarantee services. There is also a number of SMEs whose relations with business partners reflect the idea of CSR in the context of mutual honesty, timely fulfilment of mutual obligations, especially with regard to timely realisation of due payments. There are also examples of SMEs that want to offer their employees something more than just an employment and regular salary, e.g. support in improving professional qualifications, good working conditions, social packages, observance to the labour code, financing additional contributions to the pension schemes etc.

Motivations to carrying out the activities usually result from particular market requirements and owners' beliefs. SMEs realise that due to a strong market competition they have to include customers' interests and expectations in their strategy. The customers' satisfaction is perceived as a precondition for their success and existence on the market. Companies are also interested in building long-term relations with their employees, and therefore decide to take additional measures to keep them within the company. Moreover, SMEs act in a socially responsible way as their owners believe that business performance should be governed by honesty and reliability. Therefore, they transfer this approach to companies' relations with partners expecting that finally this should work in both directions.

It can also be noticed that SMEs that successfully implemented the rules of CSR are usually enterprises with a strong competitive position and a modern approach to management. Referring to the examples of Polish Good Practices presented in this report, responsible policy of running a business has accompanied the companies since their very beginning, and has been developed and improved over years. Moreover, all of the companies are aware of benefits gained through the approach and want to continue and develop the policy in the future.

Unfortunately, there are still few SMEs that cooperate with CSR or business ethics organisations. Usually these aspects of activities are realised exclusively basing on internal resources. Moreover, small and medium-sized companies to a very limited extent look for information and want to improve their knowledge on CSR. On the one hand there is a significant potential of support services, including consultancy, trainings, seminars, and access to relevant information but on the other still a very limited interest in it among SMEs. One of the reasons for this is that companies are not familiar with the concept of CSR - as defined, do not realise the fact that they might need any assistance in the field, and are not aware of availability of support measures. In addition, a majority of SMEs, especially small companies do not plan their activities in advance, and do not prepare companies' strategies in which they would include CSR aspects. Another hindrance factor is that usually SMEs do not have any employee that might devote time to building company's intelligence in the field of CSR and develop a comprehensive strategy in this area. Unfortunately, many companies still do not perceive CSR activities as a kind of investment that shall bring benefits to the company. As usually there is a time discrepancy between the moment when CSR activities are realised and their results/benefits - SMEs are still hesitant to "investing" in CSR.

Although there have been conducted several significant studies and research in Poland, the knowledge on CSR practices in Polish small and medium-sized companies shall be improved and such examples should be better promoted. Especially in case of small companies, entrepreneurs are very careful with being pioneers in making a step forward and often try to follow others that succeeded. It is also very important to reach SMEs with even basic information about the concept of CSR and its benefits in order to familiarise them with the term, raise interest in the subject and finally to deepen their knowledge in this field and transfer it into their companies' policies. In this regard, a great importance might have a coherent and comprehensive Polish government's policy in this field.



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