

І. Кудлак, В. Огурек

Університет Марії Кюрі-Склодовської в Любліні

## ВПЛИВ КСВ НА СУЧАСНІ КОРПОРАЦІЇ – ПРИКЛАДИ З ПОЛЬЩІ

© Кудлак І., Огурек В., 2017

Наведено концепцію корпоративної соціальної відповідальності на прикладі двох компаній, присутніх на польському ринку – Міленіум Банк і Orange Польща. Метою статті є подати стратегію КСВ як спосіб надання пільг для організації і як джерело конкурентної переваги. Наведено переваги і недоліки використання компаніями правил корпоративної соціальної відповідальності.

**Ключові слова:** КСВ, корпоративна соціальна відповідальність, створення іміджу, сучасна корпорація, Мілленіум Банк, Orange Польща.

I. Kudlak , W. Ogórek

Maria Curie-Skłodowska University

## CSR INFLUENCE ON MODERN CORPORATIONS – EXAMPLES FROM POLAND

© Kudlak I., Ogórek W., 2017

This article presents a concept of corporate social responsibility on the example of two companies present on the Polish market – Millennium Bank and Orange Poland. The aim of this article is to present a CSR strategy as providing benefits for the organization and as a source of competitive advantage. Summary of the article contains advantages and disadvantages of using by the companies rules of the corporate social responsibility.

**Key words:** CSR, corporate social responsibility, creating an image, modern Corporation, Millennium Bank, Orange Poland.

**Statement of the problem.** Today, CSR – Corporate Social Responsibility – is seen as a strategic business activity. Companies which want to improve or maintain a good image are trying to actively promote their activities using the tools of CSR. The aim of the article is to present CSR as an element of management and creating the image of the two recognizable companies present on the Polish market. We will present the tools used by the company and the results of the analysis of their annual reports. The way how companies use CSR to build their image, thereby obtaining consumers and building a competitive position on the market.

**Analysis of recent publications and studies.** Systematic economic and social development, increased competition on the markets and the maximizing of the economic benefits meant that companies increasingly compete for the acquisition of new and retain existing customers. CSR comes from the social ethics of business, the development of which took place between years sixties of the XX century in the United States. Manifestations of business ethics have already appeared in the eighteenth century when the employers banned slave trade. The first code of good practice was established in 1977 and was addressed to entrepreneurs in South Africa. The Code forbade entrepreneurs, among other things racial discrimination of employees [1]. Initially, due to Milton Friedman, people believed that „businesses’ sole purpose is to generate profit for shareholders” (The Business of Business is Business) [1]. People wrongly believed that the company has no influence on society, the environment and politics. In subsequent years, this concept

was multiple times challenger. It was thought that the company should also act in the public interest. It proclaimed that the company should not be created for profit but for the development of public welfare and social environment. In the following years the CSR evolved with the development of democracy. Notion of Corporate Social Responsibility has evolved over the years. The development and promotion of a democratic system has contributed to increased competition and the expectations of consumers and society as a whole [3]. Today, CSR is increasingly distributed and used by a growing number of companies. It is more and more often expected that enterprises will be fulfilling socially important issues and to aspire for solving social issues. This approach is called Corporate Social Responsibility.

Due to the relatively long history of the thought of corporate social responsibility it alluded to different grounds and has been interpreted in many ways. Today many CSR definitions exist, for example, according to J. Adamczyk "CSR is responsibility for obligations taken on by the enterprise as a result of its functioning in the society. This responsibility is arising when the society expects so that enterprises operate in the closely determined way. Enterprises are formed to the purpose of the accomplishment of businesses of owners of production factors, therefore they depend on the moral evaluation of their activity by interested parties". The European Commission is defining CSR as the concept according to which enterprises voluntarily are taking into consideration public and ecological aspects in its commercial action and in contacts with their stakeholders [7]. For the purposes of the EU CSR has a four essential features. These are:

- Voluntary commitment of the organization to comply with the principles of CSR
- Perceived CSR as a tool for increasing the competitiveness
- complexity
- Versatile of activities
- Orientation on the balance of interests of all stakeholders based on a multilateral dialogue.

Through the voluntary nature means not only acting in accordance with applicable laws, but also beyond standard measures. With increasing social engagement increases the competitiveness and attractiveness of the company both in the eyes of investors and consumers. Multilateralism understood as meeting the needs of society, not just the pursuit of economic profit. Multilateralism of actions provides benefits to both internal and external stakeholders. By external is meant, among other things the local community, business partners, consumers and NGOs [2].

**Goals of the article.** The aim of this article is to present a CSR strategy as providing benefits for the organization and as a source of competitive advantage. CSR concept of corporate social responsibility on the example of two companies present on the Polish market - Millennium Bank and Orange Poland is presented.

**The main material of research.** However, the most common model is model formulated by A. B. Carroll. According to him, social responsibility can be divided into: philanthropic responsibility, ethical, legal and economic. Within philanthropic responsibility company engages and supports the local community. The ethical responsibility is regarding avoiding by the enterprise unwanted conducts. Legal type of responsibility includes compliance with the law, protecting the rights and protecting natural environment. Another, and the last type of responsibility is economic responsibility, understood well as the profitability of the Company. As part of this responsibility company aims to maximize income and minimize costs [5]. In 2004, Waddock introduced alternative models of Corporate Social Responsibility: social commitment, stakeholders, business productivity. In each of the definitions concept of social responsibility comes down to do specific activities of the company in the forming relation with her social and natural environment, and the scope and activity of the company in this action are conditioning possibilities for her sources and organizational culture.

Enterprises in the different way are assuming and are including social objectives into the process of their management. Each company heading for its CSR activity should take into account the element as:

- Achieving a sustainable profit
- Building and developing dialogue stakeholders

- Building a strategy for competitive advantage
- conduct of business not-interfering in the way into the natural environment and social
- fulfilling obligations
- applying transparent and ethical business practice.

Bank Millennium is a public company listed on the Stock Exchange in Warsaw since 1992. The Bank and its subsidiaries operate in the territory of the Republic of Poland. The strategic investor in the bank is the largest Portuguese private bank -Millennium bcp. The Bank operates on a national scale and has no branches outside Polish borders. In 2015, it was 1.4 million retail customers and 13.5 thousand corporate clients. The key issues of social responsibility for the bank are: stakeholders, the safety of deposits, customers, investors, business partners, employees, society and the environment.

Actions relating to the implementation of the CSR policy are, among others:

- presence in Respect Index,
- regular communication with stakeholders through different channels, internal and external, and listen to them in the activities of the company,
- the inclusion of ethical and environmental clauses into contracts with selected suppliers, vendors commitment to the principles of the Code of Ethics of the Bank Millennium.
- The share of workers in voluntary services and projects for the community.
- Implementation of a system for measuring key indicators of the impact on the environment.
- Implementation of measures to reduce the negative impact on the environment.

When it comes to stakeholders bank groups them and have dialogue with those groups. The internal regulations of the company provide policy compliance, the disclosure of pending litigation process, and the financial penalties which the bank pays. Preventing abuse includes prevention of money laundering and the financing of terrorism, anti-corruption regulations, information security and internal and external audits. In 2015 were conducted 254 internal audits. The bank's customers can count on reliable marketing communication, transparent information about products and services, ethical standards in customer service and educational programs for clients. Customers can contact the Bank through multiple channels, including a network of 413 branches across the country, telephone service, Internet service and mobile banking. In 2015 1,688,147 customers benefited from Millenet, this number is representing 83 % of all bank customers. The Bank continuously examines and analyzes the needs of customers. Through the overall evaluation of customer satisfaction, depth research resulting from business needs and detailed study of the most important processes, for example, a satisfaction survey of the complaint process. In 2015, Bank Millennium was the leader of all the major rankings of quality of service: Star Quality, Quality bank and most prestigious ranking of Newsweek Friendly Bank (winner in 3 categories: Bank for Kowalski, Bank on the Internet and Mortgage Banking). Research conducted by the Bank shows that in 2015 the percentage of customers satisfied or very satisfied with the cooperation with the Bank amounted to 89 %. When it comes to the percentage of customers satisfied or very satisfied with product offerings that it amounts of 83 %. In the case of satisfaction with the quality of service it is 92 %. In the reporting year, the number of complaints was 43188, of which 24 866, which represents 57 % were considered in favor of the customer.it was 333 filed complaints related to violations of privacy or loss of customer data. 42 complaints were not dealt with in time, the bank debits external institutions. The Bank's employees are obliged to protect private and confidential information about its customers and to properly use them. An important aspect of the business is the availability of financial services for the disabled people. It manifests itself among other things, modification of facilities in which can be found architectural barriers, seated position for customer service, cash machines tailored to the needs of visually or movement impaired people, agreement templates available on the website and the use of standards of disabled people. As part of creating a good practice, 89 % of offices were accessible to disabled people. For individual customers bank offers not only standard debit card but also credit card WWF Millennium MasterCard promoting environmental protection and the Millennium Mastercard Prepaid teaching financial management children from the age of 13. Bank Millennium cooperates with Wiewiórka.pl web platform dedicated to people segregating the waste and the specialized companies that convert recyclable materials. Customers Prestige

lines and Private Banking can benefit from the offer of SRI (Socially Responsible Investing). The Bank invests in securities of companies engaged in environmental activity related to environmental protection, health care and research on obtaining energy from alternative sources. Principles of Project Financing include provisions on compliance by all customers of the requirements of environmental protection and respect for the principles work. We can mention Leasing Eko Energia and credit for technological innovation. Participation in the Sustainable Energy Financing in Poland PolSEFF and cooperation with the European Foundation for Polish Rural Development Fund are also manifestations of building a positive image of the bank. In 2015 the bank allocated 580 million of Polish zloty to finance sustainable investment. For reliable and timely transmission of information on the strategy, business and financial results of the Group of Bank Millennium is responsible Investor Relations Department. In 2015 they held 206 meetings with investors, which were attended by 418 people. The Bank's activity is conducted on the basis of good practices in the area of ESG (Environmental, Social, Governance). The Bank complies with the principles of corporate governance, it is a long-standing member of the RESPECT Index and reports on issues relating to the conduct of responsible business. An important achievement of the bank was to be classified in 2015 as one of the three best reporting companies in the category of Financial Sector. The Bank cooperates with many business partners as a buyer of goods and services from a variety of market segments. Main contractors provide services related to the lease and operation of branches and office space, services and the purchase of IT equipment, security services and marketing. In justified cases, among the aspects that influence the choice of Suppliers, the Bank also takes into account environmental and social factors. Each Supplier participating in the tender, by signing a declaration, undertakes to comply with the principles contained in the Code of Ethics of the Bank Millennium. In 2015, the percentage paid to local suppliers was 93 %. 99 % of bank employees are employed on a contract of employment.

According to the report for 2015, the Bank employed 4 140 women and 1 852 men. Most employed are in age between thirty and fifty years old. The average age of employees in 2015 was 37 years. The highest positions are primarily men, but there were also a number of positions for women. As for the lower-level employees they are in the great majority of women. According to the Rules of Labor in Bank Millennium to any employee not use bullying or any direct or indirect discriminatory practices against another employee, in particular with regard to gender, age, race, religion, nationality, ethnic origin, disability, political beliefs, trade union membership and sexual orientation. In 2015, the bank employed 39 disabled workers, which accounted for 0.36 % of total employment. The Bank provides facilities for working parents in the project „Rodzice na TAK”. In 2015, 89 % of employees returning to work after maternity or parental leave. Levels of remuneration are reviewed with regard to periodic evaluation, skills and information are compared with the wage offered in a study of remuneration in the financial market. In terms of social benefits, the Bank offers to all employees private health care in medical centers ENEL-MED. In addition, employees can take advantage of preferential rates of medical packages for spouses, life partners, children under 26 years of age and parents of the Bank's employees and for employees retiring. Employees of Bank Millennium are offered with one of two kinds of services sports or recreation: Pass MultiSport, which authorizes the employee to unlimited access to sports facilities in Poland or movie tickets. Additionally MilleKlub promotes among employees various initiatives implemented in the form of projects, sports, tourism, cultural or artistic. In 2015, the bank granted 163 grants and 117 loans for housing purposes to the employees. In addition, employees have the opportunity to join the group life insurance on preferential terms. Insurance coverage includes the life and health of the insured and his family. From this possibility in the reporting year benefited 57 % of employees.

Millennium bank cares about the development of its employees by providing training in various areas. Additionally, it runs Employee Awards Program IMPAKT, in which employees reward their colleagues from work. In cooperation with non-governmental and social institutions Millennium Bank carries out programs to prevent social exclusion, supporting the development of culture and education of the young. Social program “Nikifory” is a form of voluntary work, which in 2015 was attended by 93 employees of the bank. Another volunteer is the “BAKCYL – Bankowcy dla Edukacji Finansowej Młodzieży”, which was attended by 18 employees. In addition, employees with significant experience can join the Volunteering Programme 55+, in which they share their knowledge. Employees are involved in

many charity initiatives, among others: Charytatywny Bieg Firmowy, Charytatywna aukcja rękodzieła, Pracownicy Banku Dzieciom, or Orzeł Innowacji. Bank in 2015 allocated a total amount of 294 404 polish zlotys donations and 587 684 polish zlotys sponsorship. In addition, the bank is involved in various cultural projects and support for education. The Bank minimizes its impact on the environment through rational materials, monitoring the consumption of water, energy and fuels, the introduction of environmentally-friendly solutions in the operations and encourage employees and customers to participate in educational campaigns. In the report it is a noticeable decrease in the amount of generated waste by 18 %, decrease energy consumption by 25 %, decrease fuel consumption by 5 % and decrease CO2 emissions by 23 %. It is also worth noting the introduction of environmentally friendly solutions such as reducing the use of plastic and paper, electronic document circulation, reducing the number of printed documents, product sales through remote channels and changing the labeling. When it comes to saving energy and water we can draw attention to a change of lighting in offices, increasing the energy efficiency of control building, current control of media consumption and the rational management of energy consumption. Bank offers to each group of its clients environmentally friendly products of the bank and participates in environmental educational campaigns [4].

Orange Poland SA, part of the global Orange Group, is a leading provider of telecommunications services in Poland. According to a report in the 2015 Orange Poland had more than 23 million customers. Most, 15.9 million mobile users, 4.2 million users of fixed telephony, 2.1 million Internet users and 786,000 TV users. The basic value of the network are: friendly, honest, straightforward, inspiring and dynamic. Goodwill are written in the Code of Ethics. Additionally, the company uses the Code of Responsible Communication and Good practices of companies listed on the stock exchange to manage compliance. Orange Poland shares are included in the RESPECT Index. The main areas of CSR strategy is the integration of digital, network safety, clean environment and an interesting team. Over its implementation supervised by a Steering Committee on CSR. Orange maintains a dialogue and takes care of relations with each group. As for Orange customers examines their level of satisfaction with their services and proposes changes to meet their expectations. Spokesman customers and digital channels to interact with the network. Employees are also subject to satisfaction survey, the company is in talks with trade unions and the Employee Council. In order to ensure good relations with suppliers the company provides them with meetings. Investors are accommodated reports, meetings, industry conferences, teleconferences and dedicated to them website. Legal and regulatory environment conducts control activities and consultations. Social environment like the environment can benefit from the research, meetings, consultation and cooperation. Orange cares about its innovation through programs such as Telekreator, Imagine with Orange, Orange BIHAPI or FAB.

In 2015, Orange donations amounted to 18.27 million. Orange Foundation is involved primarily in education (70.2 %) and health and social assistance (17 %). Orange as the telecommunications company is engaged in social activities also providing their services, for example, helping the phone as an SMS charity, social hotlines such as the phone on the missing child, confidential telephone helpline for children and citizens. In the years 2003-2015 Orange Poland has allocated 678 million polish zlotys on research and development. With the growing popularity of digital services, the company increases the network of broadband Internet in different regions of the country. 1/6 Orange salons has been further adapted to the needs of people with disabilities. Disabled have no architectural barriers and are provided in positions with lower desks. At any point, you can print documents in a larger font, ask for the documents in Braille or use the assistance of an on-line interpreter of sign language. In addition, Orange has prepared special applications for people with disabilities such as b-Link or Colourcall. For seniors and persons in the difficult economic situation prepared special improvements, enabling those group using comfortable services of the network. Digital Education aims to increase access to the Internet and helps people from disadvantaged social groups reach their full potential. Partnership programs, Orange workshops and Orange for libraries provide access to technology in small towns, increasing the knowledge of users and allowed families to spend time together. Further programs are #SuperKoderzy, MegaMisja, „Telefon do Mamy”, „Dźwięki Marzeń”, Orange Clubs and E-motivation. All these activities have large effects and social benefits. Orange in its activities cares about the development of modern cities. This led to fact that

90 % of Poles are within 4G LTE, and 66 % of households in rural areas use the Internet. For safe use of the network Orange provides numerous applications, including packages E-security, Protect children on the Web, Antivirus Application, First Aid and Safety House. Orange team cares about data security and network. For the protection of the environment Orange leads Saving Energy Program, investing in renewable energy sources, offer customers environmentally friendly products and services, takes care of recycling and educates the young generation. In 2015, CO2 emissions were 22 % lower than in 2009. Employees can count on access to modern tools, security, and additional benefits.

For the company proper management of diversity is very important and therefore the number of employed women is similar to the number of employed men. Interesting working conditions and a number of volunteering employees create an interesting offer for employees and their families [6].

To sum up Bank Millennium is focused on building the best possible customer relationships and caring for its convenience and comfort. In doing so, however, it should pay more attention to the environment. Replacing light bulbs with energy-saving and less consumption of paper is not enough. Orange Poland cares about the environment and intense development. However, its services are often less attractive and more expensive than the services offered by the competition. Both of the companies use different, but also similar CSR tools and both of them achieve success on the Polish market. Both are having a lot of loyal clients and employees.

**Conclusions and recommendations for further research.** Based on presented examples we can show that CSR plays a key role in achieving the company's success. It is the overriding element of the building the company's image and customer acquisition. Companies using CSR partly fulfill the tasks of government and cooperating with NGOs build a better future for society. Those companies create jobs, reduce unemployment, prevent inflation and care about the environment. They place great emphasis on the development and education of the public. They contribute to economic development and have a significant share in creating of Gross Domestic Product. Consequently, companies that care about environment is socially respected. This is accompanied by greater interest of customers, increased sales, improved access to the capital market and to skilled labor resources. There are proven correlation between the activity of social enterprises, and achieving profits. However, CSR not only has advantages, but also disadvantages. The primary aim of the company should be to multiply profits for shareholders, engaging in social activity reduces those profits. According to M. Friedman the only way to act socially responsibly is to maximize profit [5]. Enterprises should work guided by economic objectives rather than ethical motives. Adherence to the principles of CSR can contribute to a reduction in the efficiency of the company. Corporations allocating funds for social purposes goes beyond the sphere of the market and enters into the competence of the country authorities.

1. Bernat M. *Spółeczna odpowiedzialność biznesu. Wymiar konstytucyjny i międzynarodowy*/ Wydział Zarządzania Uniwersytetu Warszawskiego press. – Warszawa, 2009. 2. Borkowska S. *CSR wyzwaniem dla zarządzania zasobami ludzkimi; podejście unijne*/ *Dwumiesięcznik Zarządzanie Zasobami Ludzkimi*. – № 6. – 2005. 3. Friedman M. *The Social Responsibility of Business Is to Increase its Profits*/ *New York Times Magazine*. – 13.09.1970. 4. Millennium Bank. *2015 Odpowiedzialny Biznes/ Millennium Bank*. 5. Rybak M. *Etyka menedżera – społeczna odpowiedzialność przedsiębiorstwa*/ PWN press. – Warszawa, 2004. 6. Orange Polska S. A. *Raport odpowiedzialności społecznej*. – 2015. 7. Scientific editors. A. Zakrzewska – Bilawska. *Podstawy zarządzania. Teoria i ćwiczenia* / – Oficyna press. – Warszawa, 2012.