

## THE SCOPE AND SIGNIFICANCE OF THE RELATIONSHIP BETWEEN AN ENTERPRISE AND THE SOCIAL ENVIRONMENT IN THE REGION

Maria GRZYBEK<sup>1</sup>, Wiesław SZOPIŃSKI<sup>2\*</sup>

<sup>1</sup> University of Rzeszów, Faculty of Economics, Rzeszów; [marketin@ur.edu.pl](mailto:marketin@ur.edu.pl), ORCID: 0000-0002-5775-4183

<sup>2</sup> University of Rzeszów, Faculty of Economics, Rzeszów; [szopin@ur.edu.pl](mailto:szopin@ur.edu.pl), ORCID: 0000-0003-2524-440X

\* Correspondence author

**Abstract:** The purpose of the study, which is of a case-study nature, is to present the scope and the role of the process of shaping positive relations with local and regional community, as part of the implemented and being constantly developed, Corporate Social Responsibility (CSR). Using a technique of direct interview, empirical data was obtained via a questionnaire incorporated as a research tool. The results of the study were interpreted using the induction and deduction method. The results reveal that the analysed Company has been building very positive relationships with its social environment for many years. It has been actively involved in providing both financial and material assistance, in relation to the local and regional community. It provides jobs and activates its employees into development of volunteering for the benefit of external stakeholders, i.e. the society. These activities have contributed to the continuous strengthening of the Company's market position, its brand, and, as a result, to the increase in its value. The enterprise under consideration is a good example to be followed by other business entities operating in the Subcarpathian Voivodeship.

**Keywords:** enterprise, social environment, relationship marketing.

### 1. Introduction

One of effective business strategies for companies in the 21st century is, among others, Corporate Social Responsibility (CSR). As stated in the definition adopted by the European Commission in 2011, CSR is a concept according to which enterprises, in their decision-making processes, should take into account social and environmental aspects, thus taking responsibility for the impact their actions have on the external environment, thereby contributing to their sustainable development (Odnowiona strategia..., 2011). The literature on the subject presents many views on the manner in which the concept of CSR is defined, including Kozłowski (2009), Czubała (2010), Filek (2013), Engelhardt (2014). Among the different approaches

presented by various authors, it is worth to take notice of the definition provided by Adamczyk (2009), which characterises corporate social responsibility as a commitment to transparent and ethical business conduct, in accordance with the principles of sustainable development, in pursuit of general social well-being, taking into account the expectations of stakeholders, and implementing this type of ventures in accordance with legal requirements and behavioural norms.

Corporate social responsibility, as research shows, constitutes an integral part of the business strategies of many enterprises in Poland and worldwide, while company representatives clearly state that the pro-social orientation of enterprises, whether motivated by the marketing and image needs or resulting from the management's internal beliefs, forms an indispensable element of business entity functioning on the contemporary market (Płoszajski, 2015). CSR enterprises that take social problems into account are more appreciated, among others, by financial markets and investors, who recognise this type of ventures as the evidence of good governance, and, as a result, the confirmation of greater value creation for the enterprise and its shareholders (Mourougan, 2015).

## **2. Research methodology**

The literature on the subject and basic sources of information were used to analyse the subject matter adopted for research. The data was collected in an enterprise representing the industrial sector<sup>1</sup>, using the method of direct interview, via an independently-prepared interview questionnaire incorporated as a research tool. Interpretation of the data collected was carried out using the induction and deduction method. The dynamics of expenditures for the local and regional community was calculated using fixed base increments. (Wasilewska, 2011).

## **3. Research results**

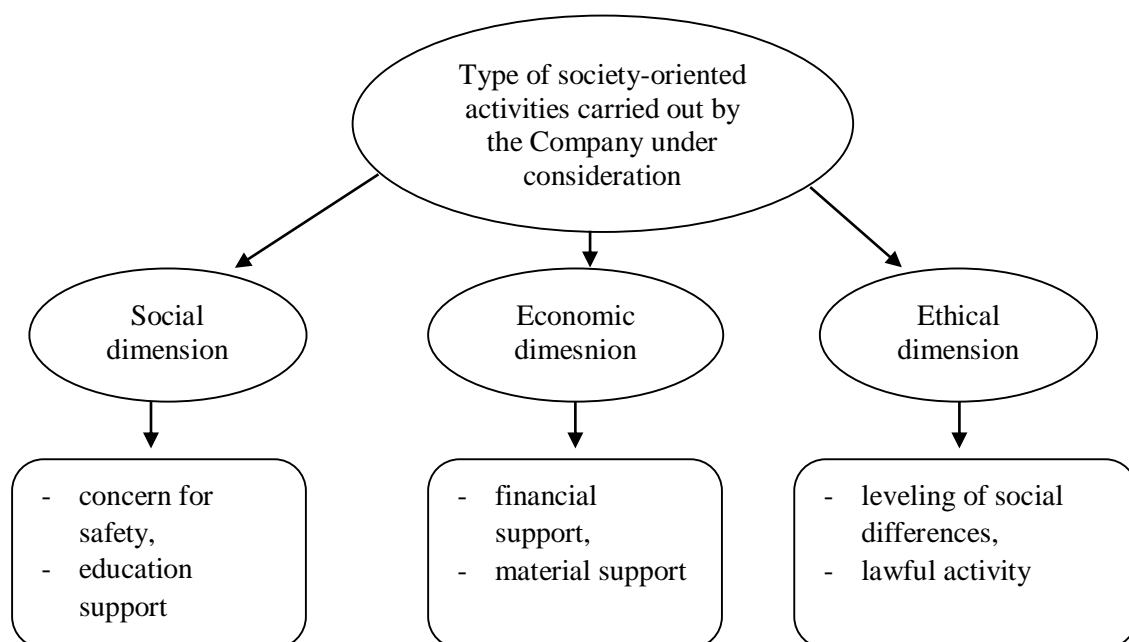
The analysed industrial manufacturing Company, in organisational terms, is a joint-stock company listed on the Warsaw Stock Exchange. The Company's registered office is located in a Subcarpathian city of almost 50 000 inhabitants. Given the number of employees, i.e. almost 3 000 persons, and in accordance with the Act on freedom of economic activity (Act of 2 July 2004), the company is considered a large-scale enterprise. The research carried out by the Institute of Economics of the Polish Academy of Sciences [Instytut Nauk Ekonomicznych

---

<sup>1</sup> The data and the consent to publish the research results were obtained on the condition that the company stays anonymous.

Polskiej Akademii Nauk]<sup>2</sup> shows that the Company in question is one of the largest enterprises operating in the Subcarpathian Voivodeship (Studia Ekonomiczne, 2016). It is worth emphasising that the Company has been operating on the market in South-Eastern Poland continuously for over 80 years, efficiently adapting its functioning to the requirements of the market conditions during its historical development in the country.

For over a dozen years, the Management Board of the Company has been consistently implementing a system of corporate social responsibility, under which it has been developing its relationship marketing, consisting in the shaping of positive relationships with both the internal stakeholders, i.e. the employees, and the external ones. The latter include a long-term cooperation with thirteen permanent suppliers of raw materials, both domestic and foreign ones, as well as the maintenance of strong long-term relationship with the recipients and the distributors of products manufactured by the Company. The scope of the activities carried out by the said Company for the benefit of external stakeholders, i.e. the local and regional community, is particularly noteworthy. The type of these activities, as the division adopted by Badura-Mojza (2017) suggests, is related to the three dimensions presented in Figure 1.



**Figure 1.** Types of society-oriented activities carried out by the Company under consideration. Source: Own elaboration based on: Badura-Mojza, A. (2017). Działania CSR wobec społeczności lokalnej wdrożone przez spółki z branży paliwowej – studium przypadku. Zeszyty Naukowe Wyższej Szkoły Bankowej w Poznaniu, Vol. 73, No. 2, and authors' own research.

The range of the Company's activities within the social dimension, which are associated with the care for the safety of children, adolescents and adults, is quite wide, as demonstrated by the implementation of several projects.

<sup>2</sup> For the purpose of linguistic clarity, names of Polish institutions as well as titles of the programmes and events mentioned in this article have been translated into English, with the original names/event titles given in square brackets. The English name/event title is not official, but a translation of the original name/event title.

Every year, in cooperation with the city hall and other business entities, the Company implements a programme called "A safe route to school", the main goal of which is to promote safe behaviour on the road, especially among the youngest primary school students. It is a good investment in the education of these members of the local community, allowing the acquisition, from a young age, of precautionary habits, especially under the increasingly dangerous conditions on the streets, caused by the development of both two-wheel and car transportation. All event participants are also equipped with the so-called 'layette', which includes: a reflective vest, a reflective shoe bag, a reflective triangle that can be attached to a school bag, a colouring book with the rules of safe behaviour on the road.

"The Goodyear Road Alphabet" [Drogowe Abecadło Goodyear] is another programme which the Company participated in, in cooperation with Goodyear Tires Polska Sp. z o.o. and the Centre for Citizenship Education [Centrum Edukacji Obywatelskiej]. This event was aimed at supporting primary schools and their teachers in the promotion of the principles of safe behaviour on the road among its youngest users. "The Goodyear Road Alphabet" offers a set of educational materials containing, among others, lesson plans, colouring books and games designed to teach about road safety. It primarily serves as educational tool for primary education teachers.

Each year, the Company also supports the education of young students at the "Children's Polytechnic University" organised in the same city the Company is located in. The classes conducted as part of this project are very popular among children and their parents. Learning in the form of play brings many benefits to the children acquiring knowledge in this way and, at the same time, is an efficient way to spend free time. In addition to the care for the safety of children and adolescents, the Company has also been strongly committed to adult safety. In the interest of both drivers and pedestrians, it equips the residents of the Subcarpathian Voivodeship with free of charge reflective bands which most definitely contribute to the visibility of pedestrians on the road after dark.

The Company's quite large commitment to the local and regional community, also in economic terms, is noteworthy. It involves allocation of both financial and material resources to various types of projects that support specific social groups. Several examples of these activities deserve recognition.

The Company, in cooperation with the Przyjaciółka Foundation, co-finances the "Good Childhood" project, under which three schools received financial support for widening the offer of the activities organised by after school clubs. Owing to the funds obtained, the scope of the activities for school children in these facilities has been expanded.

The Company also finances the activities of the Catholic Educational Centre [Katolickie Centrum Edukacyjne], which helps gifted schoolchildren learn foreign languages as well as organises tutorials in exam subjects for middle-school and high-school students.

The Company has also been the main sponsor of the National Contest in Electrical and Electronic Knowledge [Ogólnopolska Olimpiada Wiedzy Elektrycznej i Elektronicznej], which takes place every year at one of the high schools. The main objectives of the Contest involve advancement of knowledge in the field of electrical and electronic sciences, improvement in the level of technical culture, as well as mutual exchange of knowledge and experience among students of technical secondary schools from around the country.

The Company also supports financially one of the orphanages in the region. Every year, the children in that orphanage receive gifts on St. Nicholas Day, financed by the Company. The kids also received laptop computers. For many years, the Company has also sponsored English classes, music classes at music school, as well as driving courses and exams for the children from the orphanage. The children also go on holidays by the Baltic Sea, which is subsidized by the Company as well.

The Company participates in an annual festival organised in the city, namely the artwork exhibition, whose aim is to support various social organisations. People vote for the artwork presented at the festival and for each vote casted the Company pays PLN 1 to charities. The amount of the funds the Company transfers to charities on this occasion ranges between PLN 30 000 and PLN 40 000.

In the interest of the youngest residents of the city, the Company has financed in recent years a children's playground for the Special School Complex [Zespół Szkół Specjalnych] and equipped it with devices of the highest safety standards. It is located in one of the city's parks.

With regard to ethical activities, attention should be paid to the care the Company has been devoting to the levelling of social differences. Over the past five years, it has donated a total of about PLN 4 million for systematic assistance for organisations working with sick children, disabled persons and disadvantaged people. Its patronage includes a social welfare centre, a home hospice, the Special School Complex mentioned above, 2 childcare centres and 2 associations of persons with disabilities.

In addition to the activities carried out for the benefit of the community, it should also be emphasised that the Company maintains close relations with and provides material support to institutions that help the needy and the injured, such as: the fire department, the emergency medical services and the police.

The Company's commitment to the local and regional development has been demonstrated by expenditures on activities relevant to its external environment, the dynamics of which are presented in Table 1.

**Table 1.**

*Dynamics of the outlays allocated to the local and regional community in the years 2015-2018 (in %)*

No.	Specification	Year			
		2015	2016	2017	2018
1.	Sponsorship	100.0	112.6	132.0	137.5
2.	Charity work	100.0	140.0	180.0	220.0
3.	Development of local infrastructure	100.0	200.0	263.6	292.7

Source: own calculation.

According to the data presented in the table, in comparison to the base year 2015, in subsequent years the Company tried to increase the outlays allocated to external stakeholders, that is the community. This concerns all three types of the activities carried out, with the highest dynamics of expenditure increase in infrastructure development. Lower dynamics occurred in charity activities. With regard to sponsorship, a systematic increase in the outlays has been observed as well. Its dynamics, however, was much lower, compared to the two previously-mentioned types of activity. Based on the data presented, it should be stated that the Company in question has been continuing to participate in the support of the local and regional community.

When analysing the Company's relationship with the community, efforts were made to compare the scope of its activities for the local and regional development with the type of the activity carried out by a rival company. The data regarding the above-discussed area of interest is presented in Table 2.

**Table 2.**

*The scope of activities carried out by the analysed Company and a rival company for the benefit of the local and regional community*

No.	Scope of activity	Company	
		examined	rival
1	The taxes feeding the city budget	+	+
2	Ensuring employment	+	+
3	Financial support	+	+
4	Material support	+	+
5	Provision of services free of charge	+	-
6	Cooperation with local and regional authorities and the media	+	+
7	Public speaking	+	-
8	Employee volunteering	+	-
9	Promotion of healthcare	-	+

Source: own elaboration.

Based on the nine types of activities for the local and regional community presented in the table, it follows that the Company under discussion was involved in eight of these activities, while the rival company in six. The differences in this respect between the two competitors consisted in the fact that the analysed Company was not involved in the promotion of healthcare, while the rival company did not provide free services to the public, did not become involved in employee volunteering, and its representatives did not speak publicly during various events, e.g. cultural and historical events or exhibitions. On the other hand, both companies

have regularly paid income taxes, the tax on legal entities and the real estate tax. They both have played a significant role by employing residents from the region, thus limiting unemployment. The financial and material assistance provided by the companies to children, adolescents and adults has also been of great importance. Board members of both companies have cared for good relations and cooperation with the state administration and the media.

#### **4. Discussion**

The above-presented characteristics of the activities carried out by the Company for the benefit of the social environment, classified within three dimensions, i.e. the social, the economic and the ethical, proved that with regard to the social dimension, the Company has been implementing the same two activities that are presented in a study by Badura-Hojzy (2017), i.e. the care for the security of the population and the education support. This dimension lacks the provision of medical care, which results from the specificity of the Company's industry. Conversely, with regard to the economic dimension, the Company has implemented the same activities that are indicated by the above-mentioned author, i.e. financial and material support. With regard to the third dimension under consideration – the ethical dimension, the Company took such measures as the levelling of social differences and lawful conduct of its activities. It did not, however, deal with the activities for the inviolability of human dignity, which the Badura-Hojzy included in its classification.

It should be emphasised that, in terms of all three dimensions, the scope of the Company's activity for the benefit of the society is very extensive.

The results of the study have proved that the relationship between the Company under analysis and its social environment can be described using a specialist term, known in the literature on the subject (Buczowski et al., 2016) as the "license to operate". This term signifies the community's consent to specific actions taken by a given business entity, which is the best way to interact with the society, as in the case of the Company analysed.

In relation to the discussed Company, it is worth emphasising the fact of organising employee volunteering and the associated activity for the benefit of the local and regional community. Employees, as volunteers, perform various activities for the benefit of those in need, engaging in this activity not only their own abilities and skills, but, first and foremost, their devotion to other people. According to Rudnicka (2012), employee volunteering is a specific form of commitment that allows a company to achieve social goals with the help of employees. It also entails a special type of communication and promotion projects, which, in the opinion of Tarczydło (2013), are oriented at provoking changes in social attitudes regarding specific problems. That is why employee volunteering plays such an important role in the relations between enterprises and the environment.

## 5. Conclusions

With regard to all three above-discussed dimensions, i.e. the social, the economic and the ethical, the scope of the activities performed for the benefit of the social environment of the Company under analysis has been very extensive for many years.

The Company has been very loyal to its external stakeholders, that is the society, as evidenced by the annual increase in the expenditures on the development of local infrastructure, on charity, as well as on sponsorship.

The range of the Company's CSR-related activities is much broader than that of the rival company, which indicates a greater scale of its involvement in both the local and the regional problems, compared to its market competitor.

The wide, diverse range of the Company's activity makes it an example of a large-scale company that is strongly involved in the implementation of corporate social responsibility for the benefit of the residents of the Subcarpathian Voivodeship. Extensive and efficient implementation of CSR activities for the benefit of the society has greatly affected the Company's positive image in the Subcarpathian region, its well-established strong market position, its recognisable brand and a very good reputation among all external stakeholders.

Owing to its commitment, it has affected sustainable development not only of the Company itself, but of its external environment as well. It is a good example for other business entities operating in the Subcarpathian region.

## References

1. Adamczyk, J. (2009). *Społeczna odpowiedzialność przedsiębiorstw. Teoria i praktyka*. Warszawa: PWE.
2. Badura–Mojza, A. (2017). Działania CSR wobec społeczności lokalnej wdrożone przez spółki z branży paliwowej – studium przypadku. *Zeszyty Naukowe Wyższej Szkoły Bankowej w Poznaniu*, 73, 2.
3. Buczkowski, B., Dorożyński, T., Kuna-Marszałek, A., Serwach, T., Wieloch, J. (2016). *Społeczna odpowiedzialność biznesu. Studia przypadków firm międzynarodowych*. Łódź: Wydawnictwo Uniwersytetu Łódzkiego.
4. Czubała, A. (2010). Społeczna odpowiedzialność jako podstawa działań marketingowych przedsiębiorstw. In: Sz. Figiel (ed.), *Marketing w realiach współczesnego rynku*. Warszawa: PWE.
5. Engelhardt, J. (ed.) (2014). *Zarządzanie przedsiębiorstwem*. Warszawa: Wydawnictwo CeDeWu.



6. Filek, J. (2013). *Społeczna odpowiedzialność biznesu jako nowa wersja umowy społecznej*. Kraków: Księgarnia Ekonomiczna.
7. Kozłowski, W. (2009). Rozwój marketingu w świetle społecznych postaw konkurentów. *Zeszyty Naukowe Uniwersytetu Szczecińskiego*, 558, *Ekonomiczne Problemy Usług*, 41.
8. Mourougan, S. (2015). Corporate social responsibility for sustainable business. *Journal of Business and Management*, 17, 5. Ver I.
9. Odnowiona Strategia UE na lata 2011-2014 dotycząca społecznej odpowiedzialności przedsiębiorstw. Komunikat Komisji do Parlamentu Europejskiego, Rady Europejskiego Komitetu Ekonomiczno-Społecznego i Komitetu Regionów, KOM (2011) 681 wersja ostateczna, Bruksela.
10. Płoszajski, P (ed.) (2015). *Polscy dyrektorzy o społecznej odpowiedzialności biznesu*. Warszawa: Wydawnictwo OpenLinks.
11. Rudnicka, A. (2012). *CSR – doskonalenie relacji społecznych w firmie*. Warszawa: Wydawnictwo Oficyna Wolters Kluwer Business.
12. *Studia Ekonomiczne* (2016). Warszawa: Instytut Nauk Ekonomicznych PAN.
13. Tarczydło, B. (2013). Kampania społeczna w teorii i praktyce. *Studia Ekonomiczne, Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach*, 157.
14. The Act of 2 July 2004 on freedom of economic activity (Dz.U. No 173, item 1807).
15. Wasilewska, E. (2011). *Statystyka opisowa od podstaw*. Warszawa: Wydawnictwo SGGW.