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## LEGAL AND ECONOMIC ASPECTS OF CORPORATE SOCIAL RESPONSIBILITY

## PRAWNE I EKONOMICZNE ASPEKTY SPOŁECZNEJ ODPOWIEDZIALNOŚCI BIZNESU

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### Abstract

The article concerns one of the most popular phenomena in the business currently, which is corporate social responsibility (Corporate Social Responsibility, CSR). Its authors discuss the legal dimension of CSR and the attempts to define it in European documents and international standards. The analysis focuses on the SA 8000, ISO 26000 and AA 1000 standards.

The article also discusses the economic dimension of CSR as a part of the company's strategy, especially in the face of growing trends related to sustainable economic development, growing consumer awareness and the need to address the socio-ethical issues of production or trade. It is also proposed to divide the economic aspects of CSR by their tangibility or intangibility. The impact of CSR on the financial results of enterprises is also discussed.

**Keywords:** corporate social responsibility, economic aspects, legal aspects, European Union, international standards, ISO 26000

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### **Streszczenie**

Artykuł dotyczy jednego z najpopularniejszych obecnie zjawisk w biznesie, jakim jest społeczna odpowiedzialność przedsiębiorstw (Corporate Social Responsibility, skrót. CSR). Jego autorki omawiają prawny wymiar CSR oraz próby zdefiniowania tego zjawiska w dokumentach europejskich i w międzynarodowych standardach. Analiza skupia się na standardach SA 8000, ISO 26000 i AA 1000.

W artykule omawiany jest również ekonomiczny wymiar CSR jako część strategii przedsiębiorstwa, zwłaszcza w obliczu narastających trendów związanych ze zrównoważonym rozwojem gospodarczym, rosnącą świadomością konsumenta i koniecznością podjęcia społeczno-etycznych kwestii produkcji czy handlu. Zaproponowany został także podział ekonomicznych aspektów CSR ze względu na ich namacalność bądź niematerialność, omówiony jest także wpływ CSR na wyniki finansowe przedsiębiorstw.

**Słowa kluczowe:** społeczna odpowiedzialność przedsiębiorstw, aspekty ekonomiczne, aspekty prawne, Unia Europejska, standardy międzynarodowe, ISO 26000

### **Statement of the problem in general outlook and its connection with important scientific and practical tasks**

Corporate Social Responsibility (CSR) is sometimes defined as an idea by which enterprises integrate social and environmental goals with economic ones and shape management and relations with shareholders in the case of companies.

This approach is in line with the expectations of the European Union. The European Commission has defined CSR as "the responsibility of enterprises for their impact on society." To meet this responsibility, enterprises' strategies should include social, environmental elements (biodiversity, climate change, resource management effects, life cycle assessment, pollution prevention), work and employment practices (training and diversity, gender equality, employee health, and well-being), local development and activism, integration of people with disabilities, ethics (combating bribery and corruption), human rights and customer requirements for all concerned (European Commission, A renewed EU strategy 2011-14 for Corporate Social Responsibility, 2011).

The Commission document to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions presents numerous proofs of acceptance not only of the voluntary nature of CSR but also of freedom in interpreting this notion. Enterprises should develop CSR themselves, enterprises must be free to stimulate innovation and to develop an approach to CSR that is appropriate

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to their situation. The CSR mechanism will likely to remain informal and intuitive for most small and medium-sized enterprises, in particular, micro-enterprises (Balcerzak, 2015, p. 7-9).

In 1986 an international network of business leaders from Europe, Japan and the United States called Caux Round Table was established, It's the main goal is to alleviate tensions in the sphere of economic activity. According to the adopted position of the Caux Round Table, global business circles are responsible for maintaining global peace and stability, joint leadership is necessary for greater recovery and harmonization of the world economy, mutual understanding and cooperation should be based on the most important moral values and responsible action of individuals.

The main task of the Round Table was to develop constructive economic and social relations between the countries represented by the participants of the Round Table, to accept joint commitments to the rest of the world (e.g. Principles for Business published in 1994). (23)

In turn, the World Business Council for Sustainable Development emphasizes that although the ultimate goal of economic activity is profit and economic development, the impact of economic activity on society must not be overlooked.

This organization reckons CSR as "continuous business commitment to ethical behavior and development, with the following improvement in the standard of living of employees, and thus also of local communities and the whole of society" (Holme, Watts, 2000, p. 6).

CSR, in the interpretation of the United Nations Industrial Development Organization (UNIDO), goes beyond the narrow spectrum of philanthropic activity and falls well within the domain of business management, which skillfully correlates social and environmental aspects as part of daily operational activity, as well as interaction with stakeholders. As a result, the CSR concept enriches the company with the opportunity to balance economic, environmental and social imperatives, while meeting the expectations or requirements of stakeholders and investors.

It seems right to separate in CSR by UNIDO - a specific concept of strategic management and standard forms of philanthropy or sponsorship. A broad understanding goes beyond the typical understanding of the implications of pro-social activity for improving reputation or building a corporate brand.

The world's largest corporate citizenship initiative, expressed in the principles arising from the Universal Declaration of Human Rights, operating since 2010 as the concept of the UN Secretary-General - the UN Global Compact initiative aimed at introducing

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the concept of sustainable development and social responsibility in a global business environment mentions the following most important principles: support and respect for international human rights, respect for freedom of association, the possibility of concluding collective agreements, the elimination of forced and child labor, prohibition of discrimination, counteracting environmental changes, supporting ecological activities, promoting the development of new technologies conducive to improving the natural environment, fight against corruption.

Social Accountability International: SA 8000 Standard, one of the first standards in the area of international social responsibility, is based on universal values arising from international human rights conventions, developed on the initiative of the United Nations. These include the Universal Declaration of Human Rights, the United Nations Convention on the Elimination of All Forms of Discrimination against Women, and the United Nations Convention on the Rights of the Child. Other conventions developed by the International Labor Organization concern: forced or compulsory labor (Convention 29 and 105), homework (Convention 177), child labor (Convention 182), employment age (Convention 138 and 146), safety, health and the working environment (Convention 155 and 164), employment of persons with disabilities (Convention 159), discrimination (Convention 111), remuneration (Convention 100), conclusion of collective agreements (Convention 87, 98, 135) (Orleańska, 2007, p. 20). The structure of the SA 8000 Standard is similar in general to the ISO standard in the field of quality management, and the requirements regarding CSR result from the above-mentioned conventions. Unlike ISO 26000, SA 8000 Standard gives the basis for certification. Obtaining a certificate requires the company to undergo an audit by an entity accredited by SAI (Social Accountability International). Unlike ISO 26000, SA 8000 Standard emphasizes working conditions and it does not cover customer and investor issues. The CSR management system in accordance with this standard can be combined with other areas of management (Skrzypek, 2015, p. 210).

Each of the UN member states is required to develop a National Action Plan for the implementation of the UN Guiding Principles on Business and Human Rights. The National Action Plan for the implementation of the UN Guidelines for 2017-2020 was adopted in May 2017. The Plan was created on the basis of 3 pillars envisaged in the UN Guiding Principles on Business and Human Rights, adopted in 2011.

The European Commission recommends that entrepreneurs seeking a formal approach to CSR should use the OECD Guidelines for Multinational Enterprises, which define

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the principles and standards of responsible business in areas such as competition, human rights, protection of environment, the fight against corruption, transparency of information and due diligence in business, employee relations, job security, taxation, science and technology, consumer rights, as well as procedures how to resolve disputes with stakeholders affected by the corporation.

Another set of global guidelines of a universal nature (which can be used in many types of organizations, regardless of their size and location, operating in developed and developing countries) developed by the International Organization for Standardization (ISO) (In 2005 ISO established the largest ISO working group on social responsibility in history). constituting a holistic approach to the concept of social responsibility and sustainable development can be seen in ISO 26000: Social Responsibility (published on November 1, 2010), which lists areas such as good employment practices, caring for the environment, respecting human rights, honest practices, consumer rights, community involvement, and development.

According to ISO 26000, the perception of an organization as socially responsible and its actual activities in the field of CSR may have influence, among others on the organization's reputation, competitive advantage, ability to acquire and maintain human resources, consumers, customers, morale, employee involvement and efficiency, the position of investors, owners, sponsors, relations of the organization with entrepreneurs, government institutions, suppliers, media, customers, community.

This is a special standard recommended by the European Commission to enterprises to implement social responsibility because it does not contain requirements and is not intended for certification or for use in regulatory or contractual purposes. Instead, it is devised to help organizations operate in a socially responsible manner, which is becoming the requirement of societies around the world and is not just a matter of choice (27.). According to the guidelines on how to provide information on ISO 26000, reports on the assessment due to ISO 26000 are not considered appropriate. Only information about its use or inspiration is allowed (27).

The purpose of the AA 1000 standard is to transfer of social and ethical issues to the strategic management of the organization.

The AA 1000 standard is a tool standard that facilitates the definition and assessment of the achievement of strategic goals and conducting an audit of compliance assessment. The structure of the AA 1000 standard consists of three parts.

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The first part is the framework assumptions that draw attention to the basic principles: responsiveness, transparency, and compliance. Part two is the assurance standard that is used at the stage of assessment and quality assurance and reliability.

The last part deals with stakeholder involvement. The recommendations contained in this standard indicate the right of stakeholders to present their position and involve them in the company's activities (Adamczyk, 2011, p. 23).

The general principles of social responsibility lead to specific principles that the company should respect, in particular: the principle of participation (participation of stakeholders in achieving goals), the principle of completeness (all areas of the company are subject to assessment and audit), the principle of measurability (all information and areas of activity relevant for stakeholders should be assessed), regularity principles (audit and reporting based on current data), the quality principle (processes are constantly improved), the availability principle (establishing effective communication), and also the credibility principle, the comparability principle, the comprehensibility principle, the principle of continuous improvement.

The AA 1000 standard provides support for every enterprise because the area of stakeholders is complex, and their full identification and consideration of different expectations pose a challenge for every organization (Adamczyk, 2011, p. 25).

The ISO 14001 standard covers environmental management systems as well as issues related to the product life cycle, communication and effective leadership. The protection of the environment is one of the pillars of CSR. The significance of this area stems also from the fact that maintaining the balance of the natural environment creates unique socio-economic value. The quality of the environment influences the comfort of our lives, and the availability of natural resources have an impact on business development. Protection of the environment should, therefore, occupy a special place in implementing the concept of CSR (Regulation EC No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organizations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC).

The most popular guidelines in the field of social reporting can be found in reporting standards, which contain general reporting principles and detailed recommendations regarding the content of a report, the so-called GRI G.4. - Global Reporting Initiative (GRI). The purpose of the GRI Reporting Framework is to create a generally accepted

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framework for reporting the economic, environmental and social aspects of the organization activity. Forms designed for organizations of any size, sector or location. In 2013, GRI published the latest and most complete G4 social reporting guidelines. This standard extends the scope of social reporting in the area of stakeholder involvement in the process of creating a report, emphasizing the role of the value chain and the selection of content that should appear in a report in terms of their merit.

Directive 2014/95/EU of the European Parliament and of the Council imposed on selected organizations the obligation to draw up reports on the area of social responsibility. Pursuant to the Directive, starting from January 1, 2017, large entities that are public interest entities that exceed at the balance sheet date the criterion of the average number of 500 employees during the financial year include in their report a statement on non-financial information containing necessary information to understand the development, results, and situation of the individual and the impact of their activities relating at least to environmental, social and labor issues, respect for human rights or fighting corruption.

Satisfying the information needs of stakeholders is the cornerstone of CSR reporting, and the organization thus signals its openness to taking on social responsibility, developing its listening ability and dialogue with stakeholders (Wróbel 2016, p. 85). The most popular CSR reporting tools that confirm running a business responsibly include Global Reporting Initiative (GRI) guidelines, OECD Guidelines for Multinational Enterprises, United Nations Global Compact Principles, Guide to Responsible Investment, ISO 26000 standard in the field of social responsibility, SA 8000 standard, AA series standards (Adamczyk 2013, p. 8).

### **Analysis of latest research where the solution of the problem was initiated**

It can be considered that CSR literature is focused on the principle of voluntarism and many authors claim that responsible business activities are optional and are not covered by the law. However, more and more countries entrance CSR issues to laws and regulations. Also, the European Union includes a mandatory dimension of CSR, introducing the importance of policy measures and regulations to prevent unfair CSR and greenwashing behaviors (21).

Public administration in Poland assumes the role of an intermediary between business and the society in the dialogue on business responsibility for social and environmental issues. Activities in this area focus particularly on creating favorable conditions for

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enterprises and other market participants to make voluntary commitments for sustainable development. The first activities for the establishment of the CSR Team at the Ministry of Labor and Social Policy (now the Ministry of Family, Labor, and Social Policy) took place in 2004. In 2009, the Prime Minister, by ordinance No. 38 of 8 May 2009 established the Corporate Social Responsibility Team, within which the following working groups were formed: the group on the CSR promotion system in Poland, the group on responsible investments, the group on sustainable consumption, the group on relations between CSR and education. In July 2014, a new team was found by the Minister of the Economy as an auxiliary body to the Minister. The composition of the CSR Team includes a total of 46 members: 15 representatives of the Ministry, 8 representatives of central institutions, 2 representatives of international organizations, 3 representatives of scientific institutions, 9 representatives of social organizations, 8 representatives of trade unions, 1 representative of the Joint Commission of Government and Territorial Self-Government (22).

### **Aims of paper. Methods**

Research in social sciences is inspired by numerous and diverse needs. For this reason, we will reduce existing needs to two basic types to which specific types of research can correspond. The first of them is connected with theoretical or cognitive needs, i.e. it covers all those needs that are associated with the development of a given science. The second is combined with the various needs of the practice.

Focusing on these types of needs, we can indicate the corresponding types of research. We distinguish research: cognitive, known also as basic research, covering methodological problems, problems related to further generalizations of existing cognitive achievements, etc. Issues important for the development of each science and for the needs of the practice, related to the existing possibilities of application of the achievements of a given science, checking in detail the truth of its findings and showing new research problems.

The result of cognitive research is new claims or theories.

On the other hand, the results of research for the needs of practice determine whether and if existing claims and theories are useful for solving specific problems that arise in the functioning of the lifelong learning system in Poland. In other words, they serve to clarify and fragmentary verify existing theories. Of course, both types of research co-define the development of each science, thus confirming the validity of the meth-

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odological postulate proclaiming the unity of theory and practice in the research process despite the differences between them. By entering into the construction of such a research plan, it is important to realize that research in social sciences should not be undertaken only if there is a specific social problem that must be dealt with. In other words: these studies should not be based solely on utilitarian or pragmatic motivation. It is very often the case that in order for a given social problem to mature, it is necessary to obtain knowledge about specific social phenomena beforehand on the basis of research just carried out. Therefore, research-based on purely cognitive motifs is also useful for the development of science, as we pointed out earlier. Consequently, both cognitive and practical motivation is sufficient to undertake research. Narrowing research to the sphere of problems important only for practice, consequently, limits the development of a given scientific discipline. Therefore, in addition to research into problems used in practice, there is also necessary research into basic problems in a given science.

The aim of the article is to present the phenomenon of CSR in legal and economic terms. To achieve this, an analysis of the legal aspects of this phenomenon has been made, but special attention has been paid to international standards as determinants of the implementation of CSR into the company's strategy, good practices and methods of analyzing the inclusion of CSR in the company's global and universal reach. However, it did not stop at analyzing the current standard and legal conditions, inquiring about the impact of socially responsible actions that may have on the economic dimension of the enterprise. This is an extremely difficult problem to measure, as not all CSR initiatives directly influence the company's results, as some of them touch image matters and do not involve special investments of the company.

### **Exposition of main material of research with complete substantiation of obtained scientific results. Discussion**

Corporate Social Responsibility (CSR) is gaining more and more popular among both large and small enterprises. It can be concluded that this type of social activity of business entities - whether ecological or supporting social groups - is undertaken on an unprecedented scale, also in Poland (Responsible Business Forum, Raport odpowiedzialny biznes w Polsce 2018, Warsaw 2019). The European Commission (EC) engagement in CSR issues are in sync with the issues of sustainable development (*Sustainable Development Growth, SDG*) defined by EU as „Development which meets

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the needs of the current generations without compromising the ability of future generations to meet their own needs” (European Commission, Sustainable development in the European Union towards the SDGs in an EU context. Monitoring report on progress. 2019 edition, Luxembourg: Publications Office of the European Union, 2019, p. 20).

The European policy on SDG focused on 17 main goals (Sustainable Development Goals, SDGs) concerns the wide spectrum of social and environmental issues, e.g. poverty, hunger, decent labor, gender equality, climate, water, clean energy and others. All of the SDGs can offer a space for CSR actions, particularly SDG 8 *Decent work and economic growth* highlighting the importance of sustained economic growth and high levels of economic productivity aligned with well-paid quality jobs, as well as resource efficiency in consumption and production (European Commission, 2019, p. 165).

CSR issues are also focused by the European Commission in many documents of strategic importance on this subject. Commission especially highlights that companies have significant impacts on the citizens around the world „not just in terms of the products and services that they offer or the jobs and opportunities they create, but also in terms of working conditions, human rights, health, the environment, innovation, education and training (European Commission, Corporate Social Responsibility, Responsible Business Conduct, and Business & Human Rights: Overview of Progress, Commission Staff Working Document, Brussels 2019, p. 2).

On the other side, the European Commission also perceives a strategic approach to CSR as crucial to the competitiveness of companies.

According to the Commission, CSR engagement can bring advantages for business on the field of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity (European Commission, A renewed EU strategy 2011-14 for Corporate Social Responsibility, Communication from The Commission to The European Parliament, The Council, The European Economic And Social Committee and the Committee of the Regions, Brussels 2011, p. 3). As it is listed, CSR can strengthen companies as it requires engagement with internal and external stakeholders. It can afford companies to better anticipate and react faster on changing societal expectations or operating conditions.

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With CSR it is also easier to enter new markets. The roots of facilitating character of CSR activity on management and doing business is simple: social responsibility enterprises can smoother build long-term employee, consumer and citizen trust which is one of most important ingredient for innovation and growth.

The general approach to CSR dominates the issues concerning the image, reputation or public relations activities. The economic point of view is often overlooked, especially if the company treats CSR superficially, eg. focusing only on philanthropy. Meanwhile, running a socially responsible business has an extremely wide dimension and gives the company the opportunity to operate in a huge number of ventures from various areas of life. Coherently tailored socially responsible activities, implemented, for example, in both the production and customer service departments, as well as human resources management, provide a full and long-term spectrum of new business development opportunities.

The full use of CSR in the company's strategy may be hindered by poor coordination and a lack of logic of combining different programs. CSR activities are often initiated and conducted in an uncoordinated manner by various internal managers who often cannot count on the involvement of the CEO (25).

An economic approach to CSR cannot go without asking questions about the measurable aspects of social business ventures. Are these types of investments paying off? What is their profitability? Can they have an impact on more efficient production or an increase in demand for the goods offered? The reason for the lack of unambiguous answers to these questions is the current little understanding of the mechanism of how socially responsible activities translate into the financial results of the company (Ratajczak 2019, p. 14).

Certainly, the problem for determining the positive or negative impact of CSR on the financial results of companies lays in the heterogeneous nature of social actions. Therefore, confirming their negative or positive impact on the company is rather difficult. First of all, socially responsible activities can affect the financial results of an enterprise with different strengths, in different ways as well as in the different periods of time. Moreover, activities focused on social issues (including supporting local communities, ensuring decent working conditions) will affect the enterprise differently than activities focused on ecological aspects (investments in environmentally-friendly solutions, allocating a percentage of sales to environmental protection). Secondly, so-

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cially responsible projects can additionally impact the company's financial results indirectly, by shaping its image, organizational culture, level of innovation, as well as relations with stakeholders.

If it is additionally assumed that CSR is nothing more than improving the quality of common life and all business activities should contribute to their growth by a co-creating common value, then it is needed measurements related to the well-being of society, health, access to education or the improvement of water or air quality i.a. For these very reasons, the measurement of the effectiveness of CSR activities and their impact on specific areas of business presents itself as pretty complicated (Loda & Bragiel 2016, p. 355).

The non-obviousness of the economic dimension of CSR also seems to be problematic. There are not so many associations with them as with social or environmental problems related to CSR activities and they are quite vaguely described in the current literature. This may happen due to the difficult conditions of measuring these phenomena - in other words, translating social-responsible activities into the economic situation of the company and including them more often in the marketing part of business development strategies.

The challenges can also occur because of the fact that whole industries often engage in CSR together, with no comparison group. Even if companies do CSR actions separately, it is often difficult to know whether unobservable characteristics can show the differences between socially responsible activity and profitability (Kromer 2014, p. 135).

However, more and more often CSR is becoming the core of business strategies and is recognized in both the mission and vision of enterprises, as it was once to earn a profit. Hence the incorporation of social responsibility emerged into all processes taking place in the company and defining the directions of CSR strategies with the respect of business goals. The reasons for this can be traced to increasing globalization, growing consumer awareness of sustainable production, reduction of CO<sub>2</sub> emissions and fairtrade principles. The markets opening up to the world admit international standards and in this respect, the actions of many enterprises are unified.

All this is implemented to meet global competition and a new global consumer profile - primarily the so-called millennials, who often screen the producer or seller for socially responsible activities before the purchase decision (Dolińska 2008, p. 413).

The close relationship of an economic entity with the global environment makes organizations integrate activities for the benefit of consumers, society or the environment

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with its activities, working closely with stakeholders. The goal is to work on the shared values of business owners, shareholders, the public and other interested parties, as well as to identify, prevent and mitigate possible negative effects of actions taken (Kromer 2014, p. 137).

As the traditional goal of doing business is to earn a profit, CSR can only support it nowadays. It is focused on a modern type of aware consumer, giving him or her reasons to buy a product or service. It is also helpful in business development while improving the quality of labor practice, obligating innovations in manufacturing and transparent ways of the company's management.

However, the economic aspects of CSR have long been overlooked in the debate. Although for many years, the aspect has been widely assumed to be well managed, it is actually little understood by managers responsible for the company's strategy. The economic aspects of CSR are often considered only as financial spendings. However, economic CSR is not only about being financially accountable. The economic dimension of the business strategy should rather consider the direct and indirect economic impacts that the organization's operations have on the surrounding community and on the company's stakeholders (Uddin 2008, p. 204-205).

In this article, the economic aspects of CSR are divided into tangible and intangible, because of the way they are experienced. The first group includes such items as investments in CSR and the manner they are measured, development of social innovations and care for transparency of supply chains. The second group includes less tangible aspects - such as reputation, trust, and consumer loyalty.

CSR is increasingly seen as a concept not only having marketing and philanthropic significance but above all supporting the fulfillment of human needs by inspiring innovation and creating conditions for innovative behavior. In the search for relations between innovation and social responsibility, it is rational to rely on the theory of social consent. The essence of this theory is that resources belong to society and, with its acceptance, an enterprise using them can exist, but only if it operates in the public interest (Kowalczyk 2015, p. 10-11). This process aligns with the modern approach to economics. More and more companies are beginning to notice that eg. care for transparency production is not only the perception of customers who would like to buy an ethical product, but also an investment that has a chance to payback.

There are also studies showing the relationship between the company's profitability and its CSR activities. One of them is the review by Margolis, Elfenbein, and Walsh in 2007. According to the results of the survey from 167 studies of the relationship

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between financial performance and socially responsible business practices, there was found 27 percent of the analyses showing a positive relationship, 58 percent with a non-significant relationship, and 2 percent with a negative relationship.

The conclusion of this is that CSR, in general, has little effect on profitability but, from the other side, companies that are profitable are more likely to engage in more CSR activities (Stavins R. N., Reinhardt F. L., Vietor R. H. K., 2014, p. 231).

There is also a significant relationship between the company's implementation of innovation and compliance with CSR principles. The Innovation and Corporate Social Responsibility Report among the largest Polish enterprises show, among others, that companies with a formalized CSR strategy more often carry out innovative activities than companies without such a strategy.

In addition, social and environmental values are also more often the motive for initiating innovative activities among companies with a formalized CSR strategy than among companies that do not have such a document. The main benefits of the innovations which are mentioned during the survey introduced higher profits increasing market share and improving the company's image (report Millward Brown for Responsible Business Forum, Warsaw 2013).

However, the question arises of how to measure the return on socially-oriented innovative investments, bearing in mind the measurability not only of the company's results but also of the company's impact on the environment (local society, natural environment or own employees and their families i.a.).

For this reason, CSR activities are reported to the stakeholders or public institutions, but in various ways and according to different standards. One of the attempts to unify these efforts is the tool Social Return on Investment (SROI), for analyzing the mechanisms of formation and duration of the organization's impact on society, the environment and the economy, as well as measuring the value of this impact. SROI is a cost-benefit analysis combined with a social audit. It is based on converting social impact into money, i.e. a monetary representation of all significant investments and the effects of a given activity. The summary is the SROI indicator, which reports the ratio of investment in the enterprise to the benefits that society has gained from it. Importantly, only part of the value calculated in this way is actual financial turnover (26).

Therefore, SROI can be considered an attempt to report holistically on the behavior of socially responsible organizations.

Transparent and socially responsible supply chains are another tangible area related to CSR. Actions supporting CSR may concern here: reduction of packaging and their

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recycling, ensuring the principles of transporting goods as harmful as the environment, ensuring occupational safety and reducing health costs, employing employees on the basis of valid contracts, diligence in the selection of subcontractors and agents. Some of them can be also cost savings or actions improving the quality of the final product. Undoubtedly full implementation of CSR in the organization and integration of the social-based concept with the management process requires measurement of results, assessment of achievement and implementation of assumptions as well as communication and presentation of reports.

Measurement and reporting, even if they are not financial focused, supported by clear communication, form the basis for decisions regarding the priorities of future activities of the entire organization consistent with social responsibility.

In addition to the visible effects of CSR activities, there are also socially responsible actions that are less visible and sometimes even intangible in a short time.

They are based on the principles of communication with external and internal customers - i.e. buyers, suppliers, agents, partners, but also employees. They are often associated with the company's marketing or communication strategy, but the truth is that if they are not implemented in the strategy of the entire enterprise, they may not be truly successful. For example, food companies offering philanthropic nutrition for children from poverty-stricken countries have nothing in common with the genuine CSR if they have simultaneously an unclear supply chain. At some point, deficiencies in reporting on sustainable production will be noticed, which can potentially harm the company's reputation (give it a greenwashing patch), reduce sales, destroy investor relations or miss the chance of entering a new market. On the other hand, consciously implementing the principles of responsible business into the company's strategy allows many activities that have been dispersed so far to fuse and give them a new character, under the aegis of a coherent strategy for the entire organization. Clearly conducted non-financial reporting, combined with a clear message, and above all real actions for the benefit of the economy, environment or society should be the basis of such a strategy. In addition, conducting strategically coherent social activities means that customers often perceive a company's products or services as being better quality (24).

## Conclusions

Currently, there are many legal norms regulating CSR, probably due to the fact that it is a broad concept, talking about activities directed at various stakeholders and on various social issues. This means that both managers of the enterprise and its owners are

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responsible not only for the financial and legal aspects of the business but also, in the proper dimension, for the society.

According to the current knowledge, CSR is difficult to measure in an economic context. Not all effects of implementing elements of social responsibility are visible to the naked eye and at the same time in the short and long term. However, undoubtedly it is the global trend in the form of consumers turning to prudent shopping choices and the customer's voice is rising the importance in the process of designing, producing and selling goods and services. At the same time, the activities of institutions such as the European Commission focused on sustainable development encourage business entities to implement CSR. It can, therefore, be concluded that CSR - a phenomenon relatively new on a global scale - will soon become the core of both small and large enterprises.

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