

Routledge Studies in Management, Organizations and Society

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

FROM VALUES TO IMPACT

Edited by

Katarzyna Bachnik, Magdalena Kaźmierczak,
Magdalena Rojek-Nowosielska, Magdalena
Stefańska, and Justyna Szumniak-Samolej



Corporate Social Responsibility and Sustainability

The aim of this book is to present selected theoretical and practical aspects of corporate social responsibility and sustainability, with particular emphasis on the journey (transition) from values to impact.

Values play an important role in business world, and they shape the responsible approach of organizations. However, pressing and still unresolved challenges of the present day show evidently that there exist significant discrepancies between organizations' declarations on values and their real impact. COVID-19 pandemic, Globalization 4.0, climate catastrophe, and challenges emphasized by SDGs constitute the new environment that contemporary organizations face. In effect business is part of the problem and a solution as well. It is necessary to quickly and effectively push for action taking into account the power of responsible business to co-create human life and environment. Both the theoretical considerations and the practice-based studies presented in this monograph make a significant contribution to the theory and practice of management. The book is an extension and enrichment of the existing knowledge in the field of socially responsible management in organizations.

Corporate Social Responsibility and Sustainability will be of value to academics, researchers, and advanced students in the fields of business and management, especially those interested in the intersection of management and CSR and sustainability, and those focusing the impact that business activities have on the environment.

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Introduction

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Values play a vital role in the business world, and they shape the responsible approach in leading organizations. However, pressing and still unresolved challenges of the present day clearly show that there are significant discrepancies between organizations' declarations on values and their real impact. As Prof. Szymon Malinowski, a famous expert in geophysics who specializes in atmospheric sciences, said: "all the scientific data say the situation is bad, even worse than we thought", or "we are the last generation that is doing fine, the next will only do worse" (Ramsey, 2020). COVID-19 pandemic, globalization 4.0, climate catastrophe, and challenges emphasized by Sustainable Development Goals constitute the new environment that contemporary organizations face. In fact, business is part of the problem and a solution as well. There is no more time for promises and apparent actions. It is necessary to start acting quickly and effectively, considering the power of responsible business to co-create human life and environment.

The monograph attempts to redefine the concept of corporate social responsibility with particular emphasis on the shift (transition) from values to impact. Within one monograph, we attempt to bring together two concepts that intertwine naturally but do not marry very well in business practice. The main reason for that is the fact that organizations constantly evaluate their activities, focusing on their economic impact as the most tangible and therefore easy to measure dimension of operations. Evaluation of social and environmental impact is often enforced by regulations developed by international or national institutions. Values, on the contrary, are not so easily quantifiable – they are qualitative in nature, subjective in perception and form a thorny topic for all debates around economic standing of organizations and the roots of their competitive advantage. However, the common good and the ability of organization to "do good" are founded on the universal core values that are indisputable and undeniable, to mention the right of every human being to respect, security and equal treatment, to name a few.

Throughout the chapters we intended to find answers to the following questions:

2 *Introduction*

- How are values defined and applied in business?
- Is it possible to pursue corporate social responsibility (CSR) without values?
- How do values translate into actual, real impact?
- How can we define and measure impact in the context of CSR?
- How to communicate values and impact? What is the role of ESG reporting?
- Is business able, through transition from values to impact, to contribute to real improvement of social conditions and restoration of the natural environment?

The monograph is divided into four main parts.

The first part, “CSR – the journey from values to impact”, highlights the interconnections between values and impact in the business practice, and relevance to business endeavors. Chapter 1 presents how values are captured in various scientific theories. It also attempts to create its own definition of value in the context of CSR. Chapter 2 defines organizational impact, shows the distinction between impact measurement and sustainability reporting, refers to the problem of determining the scope of impact, and provides examples of tools to measure it. Chapter 3 explores the relationship between the quality of non-financial reporting and the core values of organizations stemming from their organizational cultures. Chapter 4 identifies and evaluates selected manifestations of social irresponsibility of small enterprises in economic, legal, ethical, and philanthropic areas toward internal and external stakeholders. Given the importance of CSI (corporate social irresponsibility) and a gap in the literature, Chapters 5 aims at extending our understanding of corporate socially irresponsible practices from the consumer perspective. Chapter 6 examines how moral values affect the impact of corporate social irresponsibility on consumer trust in the company.

The second part, “Values and impact in organizational performance”, provides examples of how organizations build core values into their strategies and what is the relevance of adopting value-based approach to their operations. Chapter 7 presents both theoretically and empirically the linkage between management by values (MBV) and socially responsible human resource management (SRHRM), and company performance focusing on the time of crisis. Chapter 8 aims to identify the link (from the managers’ perspective) between the managers’ personal values, position in terms of their perception of the cost and benefits of CSR activities and the influence of such attitudes on organization’s performance (financial and non-financial). Chapter 9 attempts to assess how, during the time of COVID-19 pandemic, sustainable development (SD)/CSR leaders contribute to value creation by having a positive impact on SD. Chapter 10 identifies the relationship between CSR and the creation of safe and healthy working conditions in a company and

specifies the place assigned by internal stakeholders (here, employees) to the matters of accommodating safe and healthy working conditions in the hierarchy of interests. Chapter 11 focuses on identifying and classifying green activities of the employees in the workplace. Chapter 12 analyzes the relations between selected corporate social responsibility practices and Industry 4.0 implementation.

The third part of the monograph, “Communication and reporting of values and impact”, discusses how organizations declare their responsible actions and how they provide evidence for successful execution of responsible strategies. Chapter 13 examines how the concept of human rights in business is covered within the framework and standards of CSR and SD reporting. Chapter 14 examines the scope and quality of environmental reporting to identify the effect of Non-financial Reporting Directive (2014/95/UE) for the use of social reporting metrics. The aim of Chapter 15 is to verify if the companies listed on the WIG20 index, which are also listed on the WIG-ESG index, disclose material data. Chapter 16 verifies if, and to what extent, Construction Industry (CI) European companies communicate within non-financial information (NFI) reports on their positive and negative impact on the economy, environment and society. Chapter 17 examines the influence of green marketing tools on consumer environmental awareness and sustainable consumption behavior.

The fourth part, “Where are we heading?”, entails one chapter: “Future perspectives of values and impact in the context of corporate social responsibility and sustainability”. It draws final observations and insights, looks for common threads between the chapters, pinpoints more universal findings and practices, as well as shows the direction for further studies on values and impact in the broader context of corporate social responsibility.

To sum up, we present to the readers a book detailing the findings of the latest research on the contemporary role of corporate social responsibility, the actual impact and importance of values, and the impact exercised in business that receives a new meaning in the present challenging times. Both the theoretical considerations and the practice-based studies presented in the monograph make a significant contribution to the theory and practice of management. The book is an extension and enrichment of the existing knowledge in the field of socially responsible management in organizations, although we are fully aware that the monograph will only start the debate around these selected aspects of the implementation of the CSR and encourages further studies conducted by the readers of the proposed book.

By handing it over to the readers, we hope to enrich their understanding of CSR, to disseminate the knowledge of CSR in the light of the value-impact transition, and to inspire academics and practitioners to undertake new research initiatives aimed at discovering further development directions.

Editors

4 *Introduction*

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Part I

CSR – the journey from values to impact



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1 Integration of values with corporate social responsibility concept

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Introduction

According to Schein, there is no organization without values (Schein, 2004). They are always present and manifested in organizational artifacts, behaviors, processes, structures, etc. Organizations and their members build hierarchies of values depending on their significance for the company, which means that some values take precedence over others (Gandal et al., 2005; Tuulik et al., 2016). Values that are important to people tend to affect the types of decisions they make, the way they perceive their environment, and their actual behaviors. Value is one of the fundamental concepts of axiology (the science of values) that defines everything that is desirable, worthy, and valuable for an individual, i.e., what constitutes the goal of human endeavor. Value is an ambiguous concept; there are many perceptions of the concept, which is evidenced by numerous studies and reflections on this subject. The extreme significance of values in the life of every human being and in social life is not even suppressed by a dispute that has been unresolved for centuries. It concerns the way values exist (they exist in an absolute or relative way), the nature of values (they are subjective or objective), and the classification of values (they are autotelic or instrumental) nor their anti-nomianism (conflict character) (Filek, 2020, p. 8).

This study is an attempt to present the ways of defining and classifying values; it aims to propose an original definition of value from the perspective of the CSR concept. A review of the literature and a discussion on this subject is a starting point for further considerations on the impact of these values on the broadly perceived activity of organizations and people. The authors are aware, however, that it is impossible to capture in just a few pages, the entire complexity of various phenomena that contributed to the contemporary understanding (misunderstanding) of values. This is because each epoch had its theories, and each theory had its “own” interpretation of values, arising from the concepts and models forming the system(s) that existed in this theory.

Various sciences underlie the value definition. They are not discussed in this chapter as widely as they deserve; however, it is worth emphasizing that value as an abstract concept receives a meaning (interpretation) in a specific context. Over hundreds of years, many concepts of fundamental values shaping the perception of the surrounding reality and naming what is valuable have been formulated. They often had an abstract dimension and were related to people, their system of values, and attitudes. With monetization, values became increasingly quantified and calculated. The hierarchy of values also changed. What was profitable and what was valuable in an economic sense was increasingly significant. This can be seen from the perspective of the development of economic thought, where Adam Smith's classical theory laid the foundations for economic thinking. It should be emphasized, however, that in his considerations he combined the idea of a free market with morality, responsibility, and ethics. Yet, it seems that his observations have been narrowed over the hundreds of years, so that with the development of economies, globalization, development of financial instruments, etc. these issues have failed to be combined. The topic of social sensitivity and common value has been severely limited over the centuries, not to say marginalized; the focus was rather on understanding the principles and laws of the functioning of the market described in the book "Research on the nature and causes of the wealth of nations". Meanwhile, the "Theory of Moral Sentiments" by A. Smith includes the issues of social justice and public good.

The 20th century brought a dynamic development of the theory of economics and management. The industrial revolution, war, the reconstruction of economies and formation of new social systems (e.g., the development of the working class) after World War I, the development until the Great Depression in the 1930s and again – destructive World War II – are epochal events that shaped societies and economies. After World War II, the balance of power and the areas of influence in the world changed, and a new social and economic order was being created. This accelerated the processes of rationalization of economic processes, which included estimating where and how to invest, where to obtain raw materials for the development of technological innovations, and, finally, what is profitable for shareholders. The emergence and development of corporations, whose activity covered the entire territory of the country or that operated on an international or global scale, caused new problems. Corporations gained significant power of impact also outside the economy – on various spheres of social life. As Epstein indicates on the example of enterprises in the USA, corporations had economic, social, cultural, and technological power, as well as power over the natural surroundings, which enabled them to shape relations with the environment (Steinmann & Schreyögg, 1998, p. 63, after: Epstein, 1973).¹ This power was associated with the influence on the individual representing

an employee, shareholder, member of the local community, etc., as well as with the impact on the processes of forming opinions about the role of the individual in the society. According to Epstein, the use of these types of power solely for the purpose of achieving economic goals, such as increasing the company's value, without considering the implications for the environment, caused destructive phenomena, satisfying only management and owners with the achieved financial results.

Thus, what brought an increase in (economic) value became valuable, whereas other accompanying values, usually unmeasurable, were marginalized. This phenomenon started to be opposed already in the 1950s, and Bowen's publication on the role of managers and their responsibility in a situation when they lead organizations with a significant impact on entire societies and economies was a significant voice in this discussion (Bowen, 1953). On the other hand, according to M. Friedman, there is only one type of social responsibility on the part of the business world. It is using one's resources and undertaking activity in order to increase its own profits as far as it is consistent with the rules of the game ... (and) accepting open and free competition, without deceptions and cheating (Friedman, 1993). It is the responsibility of managers to conduct business in accordance with the expectations of the owners, which basically means generating as much money as possible in accordance with social principles, legal regulations, and ethics (Ingley, 2008, also: J. McLaughry, 1972).

According to Friedman, business does not need additional declarations concerning honesty, legality, or acting in accordance with moral principles, because they are the basis of every activity, not only the economic one. But economic abuses and crises, lack of observance of human rights, negative effects of globalization for developing parts of the world as well as progressive human-induced climate change contradict this. They believe that allowing this way of thinking and acting becomes destructive for present and future generations.

As a result of the growing discussion and intensive research on the impact of organizations on the environment and the role of employees in the organization, a serious discussion on the subject of values – their essence, types, hierarchy, and the impact on business decisions – was undertaken. The trend of strategic management focused on strategies aimed at building value and the company, as well as competitive advantage, based on resources (competences) and in relation to competitors (strategic positioning). The value chain model created by M. Porter (1980) meant that value began to be perceived not as the end result of the company's activity, but as the sum of partial contributions to the creation of value of individual functional areas, departments, and units of the organization (1980). This model developed for the industry drew attention to the possibilities of improvements that can be introduced to upgrade the functioning of the company and to control costs. It is worth noting that it was modified after 30 years. Porter and Kramer created a new model of the

value added (shared) chain, in which, in addition to economic value, social value is created. Undoubtedly, this change in the shared added value chain was important in the light of the growing importance of the idea of Corporate Social Responsibility and Sustainable Development. This model was widely criticized and triggered a serious ongoing debate (Beschoner & Hajduk, 2017; Menghwar & Daood, 2021).

Economic history therefore proves that along with the changing (mainly due to breakthroughs) technological economic determinants, the views, schools and economic doctrines prevailing in particular periods also change (...) (Mączyńska, 2011). As Zboroń (2020) writes, “there is the need to rethink/revise the concept of economic success, which is derivative of the unrest associated with the growing presence of social, political and economic problems in the world (...)”.

Materials and methods

In pursuit of the purpose of the study presented at the beginning of this chapter, the authors attempted to organize the resources of knowledge about values in the context of CSR. For this purpose, they have conducted an integrative review of the literature. The analysis of the literature covered the basic concepts concerning the undertaken topic of “values”. It allowed for the presentation of views and research in the analyzed field. The authors focused on the review of available publications in three most commonly cited databases: Web of Science, Scopus, and Emerald. The resources of the PUE/UEW library database (as of January/February 2021) were the source of the data. The years 2010–2021 were adopted as the time range for the analysis. The year 2010 was adopted as the starting year due to the publication of the international ISO 26000: 2010 standard containing guidelines for social responsibility. The following search terms were adopted for the analysis:

- Values concept
- Corporate social responsibility and values
- Corporate social responsibility and values concept

The results of the review of the number of publications on the subject of “value” are shown in Table 1.1.

The largest number of publications on the subject of “values” can be found in the Scopus database; however, it can be noticed that in conjunction with the CSR term, the Emerald database has the largest share for these two concepts analyzed together. Table 1.2 contains the key areas most frequently indicated by researchers of publications from individual databases.

Most publications came from journals whose titles clearly indicate and refer to the concept of CSR (e.g., *Social Responsibility Journal*, *Corporate*

Table 1.1 Review of the number of publications on values in selected databases in 2010–2021

<i>Search term in the database</i>	<i>Emerald</i>	<i>Scopus</i>	<i>Web of Science</i>
Values concept	79,432	192,548	93,530
Corporate social responsibility and values	24,603	5,515	7,788
Corporate social responsibility and values concept	19,192	771	1,028

Source: Own elaboration.

Table 1.2 Key terms in publications

<i>Key areas</i>	<i>Emerald</i>	<i>Scopus</i>	<i>Web of Science</i>
1	Shared value	Corporate social responsibility (CSR)	Social capital/human capital /people
2	CSR	Sustainability	Ethics
3	Corporate governance	CSR	Shared value
4	Sustainability	Sustainable development	Responsibility
5	Strategic CSR, ethical leadership	Corporate governance	Corporate governance

Source: Own elaboration.

Social Responsibility, Journal of Environmental Management, or Journal of Business Ethics). In addition, referring to the data from the above-presented Tables 1.1–1.2, it is possible to indicate the keywords that are often discussed with the topic of social responsibility, and which are also visible in the titles of journals. They include environmental management, strategic management, production management, business ethics, corporate governance, social marketing, accounting, and auditing.

Another conclusion that can be drawn from the literature review concerns the nature of the presented publications. Conceptual publications concerning not so much the essence of value but CSR, sustainability, or sustainable development are the most often cited (Aguinis & Ante, 2012; Ahi & Searcy, 2013; Barnea & Rubin, 2010; Bocken et al., 2014; Carter & Easton, 2011; Govindan et al., 2013; Peloza & Shang, 2011; Servaes & Tamayo, 2013; Surroca et al., 2010; Yunus et al., 2019).

The conducted literature review leads to one more conclusion. In the presented publications, it is possible to distinguish the most commonly occurring phrases, where the key word is just “value”. They include employee value, economic value, social value, communication value, value to society, value for stakeholders, value for consumer, and ethical leadership.

To sum up, there is a constant discussion on the essence and conceptualization of the notion of value and the understanding of values in the area of CSR. The researchers' work indicates focusing on a specific type of value, researching values in a selected functional area or on a group of stakeholders, as well as the value perceived by them. Thus, certain collocations are formed, but they are interpreted in a diverse way (e.g., CSR value and value in CSR). The search for a consensus leads the authors to the conclusion that the concept of value in combination with CSR is constantly reinterpreted, while the overriding understanding of value is forgotten. Moreover, the analysis of the literature also shows that there is still a small number of studies presenting the essence of "value in CSR". Therefore, an attempt was made to approach the topic of defining values from the CSR perspective in a comprehensive manner.

Results

Kluckhohn developed a very comprehensive definition of value. According to him, value is a certain code or standard that is persistent through time or that organizes a system of action (value implies a code or a standard which has some persistence through time, or more broadly put, which organizes a system of action) (Golightly, 1956; Kluckhohn, 1951). Describing it more specifically, he indicates two approaches to value. The first one refers to cultural aspects, the other one refers to psychological foundations. Thus, according to the first approach, he states that value is a concept related to what is desirable (more or less clearly) for an individual or group and which affects the choice of ways, means, and goals of activity (Kluckhohn, 1951). According to the psychological approach, value can be defined as that aspect of motivation that can be referred to personal or cultural characteristics and that does not arise from sudden tensions or unforeseen situations (Kluckhohn, 1951, p. 425). Referring to the literature on the subject, most definitions of value can be classified and divided into two groups: (1) the first, which includes values, perceived as something directly associated with a given object, and (2) values, as persistent beliefs or concepts that perceive something as preferred or desirable (Thome, 2015). From a business perspective, certain values also emerge in the process of achievement of basic business goals. Values are those priorities that enable business to enhance life. They are not abstract principles that try to make business something that it is not (Painter-Morland, 2009). It is also worth referring to W. C. Frederick's reflection on the value. He expresses a simple assumption that making business decisions reflects sets of values deeply rooted in business organizations that codify people's historical experience of solving important problems and that shape the thinking and behavior of current members of the organization. The very values are defined very broadly, including "widely shared characteristic beliefs,

relationships, standards, and judgments held and used by people in business” (Lirtzman, 1997). In the economic approach, the concept proposed by A. Smith is a classic example of defining value. He indicates that the word value has two meanings: “sometimes it expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys” (Vargo et al., 2008). The managerial approach to the definition of value is often connected with the discussion on the concept of culture (Sathe, 1983; Schwartz & Davis, 1981), emphasizing its influence on the actions of individuals in society and organization (Polansky, 1969; Yankelovich & Immerwahr, 1984). From a society’s perspective, values help define the “core” of humanity – what they love, hate, or just do not care about. They help explain why people are willing to make sacrifices and what they are willing to give up in order to achieve a goal. From the perspective of an organization, values serve to convey a sense of identity to its members, direct managers’ attention to important issues, increase the stability of the social system, and direct subsequent decisions of managers (Hunt et al., 1989; Smircich, 1983). The present times of the third decade of the 21st century also open the need for discussion on the definition of the concept of value in the context of sustainable development (Cardoni et al., 2020). A clear definition of such a value (sustainable value) was presented by Hart and Milstein (2003), who presented it as: “strategies and practices that contribute to a more sustainable world while simultaneously driving shareholder value”. From this approach to the definition of value, it is easy to refer to the concept of value creation, which “cannot mean anything other than the customer’s or any other user’s, experiential perception of the value-in-use that emerges from usage or possession of resources, or even from mental states” (Grönroos, 2011). Similarly, to many definitions of value that have appeared in the literature on the subject, many classifications of value can also be found. One of the first and well-known divisions of values is the one proposed in 1914 by the German philosopher and psychologist – Eduard Spranger. The division of values was described in a book which was initially published in German (“Lebensformen”) and later translated into English in 1928 as: “Types of Men: the Psychology and Ethics of Personality”. According to Spranger, there are six basic types of value (Spranger, 1928):

- Theoretical: Interest in discovering the truth, cognitive approach
- Economic: Greater interest in marketing, production, or the use of resources
- Aesthetic: Interest in an artistic approach to life. Perceiving experience in terms of grace, symmetry, or harmony
- Social: The altruistic and philanthropic aspect of life. Social people are usually systematic and unselfish

- Political: Oriented toward power – seeking power, recognition, and influence
- Religious: Leaning toward the highest and absolutely satisfying value

The values defined above are “views of the world or filters that shape and define what a given person considers to be valuable, important, good or desirable” (Klassen et al., 2009, p. 2). Another division of values, according to their location in individual dimensions, was proposed by Kluckhohn (1951, pp. 412–421):

- The first dimension – modality (determining the attitude of a person to a given content), dividing values into positive and negative
- The second dimension – *content*, which classifies values as aesthetic, cognitive, and moral
- The third dimension – *intent*, indicates modal, instrumental, and intentional values. The first type of value refers to an accepted or preferred style or manner of performing an activity or an object. The second type values (instrumental values) are those that are used by others to achieve further goals. Finally, the last type of values from the intent dimension includes those goals and virtues that a given society and individuals set for themselves
- The fourth dimension – generality, divides values into specific and thematic; specific values refer to a specific situation, while thematic values refer to many different situations
- The fifth dimension – intensity, divides the values into categorical, preferential, and hypothetical. Categorical values are those that must be followed, otherwise severe sanctions can be imposed; optionality in realization concerns, in turn, preferential values, but those who will contribute to the achievement of these values may gain prestige and material reward; hypothetical values, in turn, can be either utopian (ideological) or traditional; these are values that exist in the word of mouth and whose effect on performance is relatively small; traditional values are also referred to as passive or ritual values, they are rather not related to the feeling of satisfaction with the achievement of these values
- The sixth dimension – explicitness, it lists explicit and implicit values; the explicit value is communicated orally by given individuals, whereas the implicit value is inferred from the observed trends in behavioral
- The seventh dimension – an extent, whose range can comprise values from a single person to the whole of humanity; therefore, the value that only one person in any given group has is an idiosyncratic value; thanks to the existence of this value in a given group, new values may emerge; the dimension also distinguishes a group value, which is characteristic for a certain number of individuals and

accepted by them, regardless of the existing kinship (group value may refer to a family, association, clique, tribe, nation, etc.)

- The eighth dimension – organization, is a dimension that organizes (arranges) values according to a hierarchical system of values (better than, more appropriate than, etc.), as well as according to a logical and important relationship; priority values are listed here as the most general; at the same time it is assumed that the more general the value, the higher its priority, because it contributes more to the coherent organization and functioning of the entire system (both in terms of personality and culture); isolated values, which do not support other values, but also do not contradict them are another types of value in this dimension; in turn, integrated values are those that can be shown as part of an already existing network of values.

A slightly different classification of value was presented in 1973 by M. Rokeach. The search for a relatively complete catalog of values is a crucial element of Rokeach's proposal. Rokeach proposed a set of 36 values, half of which were terminal and half were instrumental values. Terminal values are related to one's own beliefs about the ultimate goals of existence, whereas instrumental values are related to specific behavior and conduct. Terminal values are thus "final states of existence" such as equality and social recognition, while instrumental values (e.g., effectiveness and hard work) relate to conduct and behavior followed to achieve the set goals (Lämsä et al., 2019). It is worth adding that M. Rokeach also considered other classifications of values. The division of values into moral and competence ones can be the example here (Ciecuch, 2013). Moral values tend to focus on interpersonal relationships, e.g., love, sensitivity, honesty, politeness, and "when violated, they evoke remorse or guilt for evil" (Rokeach, 1973). On the other hand, competence values "are personal rather than interpersonal in nature and do not seem to be particularly concerned with morality" (Rokeach, 1973). Finally, Rokeach stood by the division of values into terminal and instrumental. This division was later used in the construction of the measurement tool – the Rokeach Value Survey (RVS). The values are similarly classified by Dolan et al. (2003), who divide them into basic or final values, and operational or instrumental values. The basic values are, in turn, similar to the "ideals" suggested by Maccoby (1998) and referred to as "aspiration values" by Lencioni (2002), as shown in Table 1.3.

A more extensive classification of values was developed by Wenstöp and Myrmel (2006), who distinguished three basic categories of values that form the generic value system:

- 1 Created values
- 2 Protected values
- 3 Core value

Table 1.3 Selected classifications of values according to various authors

	<i>Dolan et al. (2003)</i>	<i>Maccoby (1998), Griseri (1998)</i>	<i>Lencioni (2002)</i>	<i>Wenstøp and Myrmel (2006)</i>
Ends	Basic values, final values	Values as ideals	Aspirational values	Created values
Means	Operating values, instrumental values	Values as behavior Values as character	Permission-to-play values Core values Accidental values	Protected values Core values

Source: Own elaboration based on Jaakson (2010, p. 798).

The above groups of values are important from the point of view of conducting a business activity; they are also complementary to each other (Wenstøp & Myrmel, 2006):

- 1 Created values (virtues): These are the values the stakeholders have come together to produce and are the *raison d'être* for the organization. The distribution of such values is subject to trade-off by decision makers or bargaining processes
- 2 Protected values: These values are not supposed to suffer infringement. Trade-off against other values is considered unethical, and management protects them through rules, standards, and regulations
- 3 Core values: These values prescribe behavior and tell the character and attitude of the organization

The three value categories differ in two important aspects, namely with regard to ethics and emotionality. The previous value categories with examples of values, managerial instruments, the underlying theory of ethics, and the level of emotions elicited in decision-making contexts are shown in Table 1.4.

To sum up, although the nature of values and their structure may be universal, individuals and groups differ substantially in the relative importance they attribute to the values. This means that individuals and groups have different values “priorities” or “hierarchies”. This diversity of priorities and different hierarchy of values may become a source of conflicts, as well as unethical or illegal behavior within the organization and in relations with its environment. Hence, it becomes important to create both instruments for strengthening the core, protected and created values, as well as tools for researching/measuring impact – social, environmental, and economic, which consequently creates a common good.

Determining what is in the group of core, protected, or created values is yet another fundamental question as it is a key driver of organizational

Table 1.4 Three value categories with examples and management tools

<i>Value category</i>	<i>Examples</i>	<i>Instruments</i>	<i>Ethical theory</i>	<i>Emotions</i>
1 Core values (virtues)	Integrity, honesty, respect	Code of conduct	Virtue ethics	Strong
2 Protected values	Health, environment, safety, rights	Rules, standards, certificates	Duty ethics	Absent
3 Created values	ROI, quality, image, citizenship	Goals and objectives	Consequentialism	Some

Source: Own elaboration based on Wenstøp and Myrmel (2006, p. 679).

growth. In result, values that are perceived as extremely important for organizational growth and development include openness to change, self-improvement, behavior, and self-transcendence (Schwartz, 1992). In relation to business organizations, openness to change refers to learning, innovation, and the willingness to take on challenges. Self-improvement is associated with superiority and prestige; in the business context, it is reflected by economic success, competitiveness and growth. Protection as a concept emphasizes security, stability, and tradition; for example, respect and acceptance of traditional ideologies, customs, and norms are crucial for an organization that emphasizes this concept. Finally, self-transcendence is related to a company’s motivation to improve people’s well-being; respect for and acceptance of differences between people are also important in this group (Schwartz, 1992). Apparently, it is similar to the concept of value presented before, but it also includes values important for the organization as a new whole, while integrating the values of individuals forming it.

A well-defined declaration of values in the organization is in this situation a signpost for employees, and for managers an important tool for building an organizational culture based on values. It will determine its success, and sometimes also “to be or not to be” of an organization. On the other hand, understanding the system of values that is applied in an organization is extremely important because it facilitates recognizing and understanding the attitudes presented by its employees (Robbins, 2001).

Discussion and conclusion

The review of the literature on the subject of value definition presented in this chapter shows a broad perspective of the issues and meanings that this concept may present. The concept of CSR can also significantly contribute to defining the concept of value. This is because the concept is based on values but draws attention to the need to create a certain balance

between values important for the organization and values important for the society. This represents the need to also integrate non-economic goals with business goals. Thus, a certain selectivity in the approach to values can be noticed. Even in the concept of CSR discussed in this study, the values of the enterprise should, in accordance with CSR, be consistent not only with employee values, but with the values shared by all its stakeholders (Cegliński, 2016). The examples of values for individual stakeholder groups that arise as a result of the organization's activities include (Hax & Mujluf, 1996):

- For managers – growth, market share, profitability, liquidity
- For employees – job satisfaction, motivation, remuneration, work safety
- For customers – price, quality, safety
- For shareholders – profit/share
- For suppliers – percentage of supplier sales to the company, trust, credibility, and relationship
- For the community – workplaces, friendly environment

Organizations today cannot ignore their obligations in the sphere of CSR. Even though there are important ethical reasons for that, ultimately it is just good business. Companies can use their CSR programs to initiate social, environmental, and economic change while generating greater value for shareholders. CSR can be seen as “the right thing to do” and closely related to “corporate values” (Hartman et al., 2007), which may result from the personal values of the company founder. Personal values of management staff are considered to be drivers of CSR because they facilitate and motivate management to make ethical decisions, to embed CSR in corporate values and to communicate CSR through the practice of the organization (Suar & Khuntia, 2010). In turn, Marcus et al. (2015) create a typology of values based on CSR elements and categorize values into economic, social, and environmental values. Each value plays a vital role in determining the willingness to engage in CSR activities. Although the values, dedicated to the attitudes and characteristics of the organization, indicate many important perspectives and issues, they do not accurately capture the specificity of the concept of corporate social responsibility. Therefore, there is a question of what values should be considered by an organization that implements activities in accordance with the assumptions of the CSR concept? When answering the above question, the authors referred to Bowen (1953), who indicated several key goals that may define the horizon of values in CSR:

- High standard of living (this objective is understood as the abundance of goods and services available to all social groups and an adequate excess of time to be able to use the existing resources)

- Economic progress (which is possible through technological progress leading to new production methods, and thus to new products; H. Bowen presents the line of reasoning in which technological progress sees the possibility of the development of our planet, as well as human capital as a result of appropriate education and employee training; he also attaches great importance to the prudent utilization of resources so that progress is not slowed down by the emerging shortages of land or natural resources)
- Economic stability (i.e., striving to mitigate fluctuations that may result in undesirable inflation or unemployment)
- Social security (it concerns protection in the event of the so-called social issues, which include unemployment, illness, accident, old age or death – as a result of which difficulties in the social life of a given person and/or his family may arise; indicating such a goal proves a change in the previous perception of social problems – the occurrence of the above-mentioned issues should no longer be a concern of only a given person, but a given community, because these are situations that are often beyond the scope and possibility of influence by an individual)
- Order (listing order as a desirable social goal within implementation of corporate social responsibility is related to the existing political system, but also has economic connotations; the author's intention was therefore to indicate the need for a regular flow of goods to the market, systematic balancing of supply and demand in all markets, or no unfair competition)
- Justice (this concerns ensuring equal opportunities in the distribution of income, opportunities for personal development or economic involvement; the aforementioned fairness concerns broad participation in education, improving family and neighborly living conditions, participation in healthcare services, and removing restrictions that may lead to discrimination by age, gender, skin color, nationality, religion, political views, or social status)
- Freedom (the goal of freedom is understood in several aspects – firstly, freedom of the enterprise – i.e., the right to freely (of course, within the limits permitted by law) manage the possessed resources of land, labor, and capital; second – the freedom of consumer choice (as the possibility to freely decide about the time and place of purchase); third – freedom of employment (i.e., the ability to independently decide on the choice of employment and its future changes); fourth – freedom of association (e.g., in the form of trade unions))
- Individual development (the main reason for indicating such a goal is the fact of spending a significant part of the day on various economic activities – as employees, consumers, investors, sellers, etc.; this means that the essence and quality of human life are largely determined by the conditions that exist in the aforementioned places)

of performed economic activities; therefore, it is important that staying in these places is associated with pleasure, satisfaction, and the possibility of development; this fact should imply the broadly understood possibilities of creative acting, improvement of skills, participation in making decisions, cultural improvement)

- Community development (through appropriate organization of social life, services, and other conveniences that provide healthy and satisfying living conditions)
- National security (including the defense of democratic institutions)
- Personal integrity (manifested in the maintenance of high standards of honesty and honor in all aspects of economic life) (Bowen, 1953)

Considering the indicated values, it seems that Bowen was decades ahead with his perception of the role of organizations and managers, which was revolutionary and indicated the need for change in the paradigm of the perception of the role of large corporations in societies.

On the other hand, considering the values described before, the approach of Wenstøp and Myrmel (2006) presents them as key, protected, and developed. The first of these are those without which the company cannot act responsibly. Protected values support and supplement key values, while the developed values are the result of implemented actions, in accordance with the concept of social responsibility, and possible, thanks to the adopted responsible attitude. Therefore, considering Bowen's approach and adopting the previously indicated understanding of key, protected, and developed values, the authors of the chapter propose to include justice, freedom, and security as the key values. Protected values should comprise economic stability, individual development, social development, and personal integrity, whereas the developed values should include high standard of living, economic progress, as well as order/social order.

Based on the above considerations, the authors have attempted to define "values in CSR – these are objects that create the basis for responsible action (core values), directing the set goals of the organization so as to protect the already existing ones (protected values) and develop new values (created values)".

Such an adoption of the definition of value from the CSR perspective prompts business organizations to review their existing management model, change the existing way of thinking, adopt attitudes and organizational behaviors, and change the organizational culture model. This is because the concept of social responsibility indicates a broader "value" and the common good. Values that are important for a given person, employee, manager, or shareholder are the basis for making decisions that have an impact on the immediate and further environment, i.e., employees and their families, communities, the natural environment, distant societies, and economies connected by relationships. They

become a common value, which should be strived for and sought for the purpose of its joint creation and strengthening. From the point of view of the organization, they may constitute an opportunity for the development of its core and unique competences in creating unique shared value for stakeholders. Thus, it can be concluded that diffusion of values takes place. However, this process is not yet fully described and recognized, and the framework previously presented by Porter and Kramer (2011) does not clearly explain the value distribution process in complex situations (Crane et al., 2014) and has important limitations.

When discussing the importance of values in organizations, attention should be paid to the fact that it is difficult for certain values to penetrate into the organization's strategy. They are often perceived as secondary (which is confirmed by the fact that both economic crises and scandals in corporations result from violation of the core or protected values in accordance with the pursuit of economic – created values), but it is vital to build the awareness of the chain of cause-and-effect relationship and the fact that, by shaping certain values, the organization influences its own development and the well-being and the well-being of everyone with whom it interacts. Their impact on the quality of life can have both a positive and a negative dimension, thus the values become key to shaping broadly perceived relations of the organization with the environment. However, it becomes important to establish whether, in what area, and how decisions that are made by managers affect societies and economies, and hence, what the organizations affecting them can do about this impact.

In conclusion, it should be emphasized that the skillful management of the above values becomes the path to sustainable and socially responsible development. The core and protected values are reflected in the Global Compact principles and the sustainable development goals, which significantly affect the general and functional strategies of each organization. The UNGC defined ten principles that include areas such as:

- Human rights – derived from the Universal Declaration of Human Rights
- Labor standards – derived from the ILO Declaration on Fundamental Principles and Rights at Work
- Environment – derived from the Rio Principles on Environment and Development
- Anti-corruption – derived from the UN Convention against Corruption

These principles have been translated into 17 global Sustainable Development Goals (SDGs), which indicate the key values and areas for building welfare – people and their rights, the natural environment, and its protection (Mravcová & Gálová, 2021). Their implementation is the responsibility of both national and international institutions and

organizations. However, the assessment of their effectiveness is possible by developing tools to identify the type of impact and areas of impact, and to assess the level of impact. These issues are the subject of the next chapter of this study.

Note

1 Economic power is understood as the ability to influence nature, quality, prices, conditions of production and distribution of rare goods and funds, social power consists in the influence of large enterprises on the way and behavior of other social institutions of public life, and cultural power is associated with shaping values, attitudes and people's lifestyle. Technological power, in turn, concerns the formation of the direction, scale, and consequently technological changes in society; power over the environment is understood as defining the way in which resources are used, as well as the impact on global local undertakings. Political power means that large enterprises can influence the processes and results of government policies.

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2 Impact: Meaning, scope, and measurement methods

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Introduction

Impact in the context of corporate social responsibility is an extremely broad, multidimensional, interdisciplinary, and ambiguous issue that is highly difficult to measure and evaluate. The ambiguity is already visible at the terminology level, and then the same is seen when it comes to establishing its scope and meaning. In practical terms, the difficulties relate to measuring and evaluating the impact, and finally also communicating and reporting it.

The interdisciplinarity of the impact is evidenced by the fact that references to the impact and to the methodology of measuring can be found both in economics and management sciences, as well as in development studies in terms of social performance, and in natural and engineering sciences in the field of environmental performance. This results in a significant dispersion of sources and creates the necessity to switch between various fields of science for researchers and practitioners. It also means that each science develops its own methodologies, which do not necessarily permeate – they are not consistent in design and are also arbitrarily cited by others.

Interestingly, research devoted to CSR does not tend to focus on the topic of impact and as such is underdeveloped. In the literature, the actual impact of CSR initiatives is assumed rather than confirmed that CSR activities result in a positive impact that was intended (Barnett et al., 2020, p. 954). Considerable differences in this respect relate to the type of organization. Social impact is naturally raised in the case of nonprofit organizations. In business, researchers largely focus on the impact of CSR activities for the enterprise, having in mind their performance and economic criteria and paying little attention to the social impact. To quote Barnett et al. (2020): “Even the most highly cited studies have stopped short of assessing social impact, often measuring CSR activities rather than impacts and focusing on benefits to specific stakeholders rather than to wider society”. It also appears to be difficult to pinpoint indicators of CSR activities and to distinguish output

variables from indicators that actually describe outcomes or impacts (Barnett et al., 2020, p. 956). A similar situation applies to measuring the environmental impact. It lags behind the economic dimension, both in terms of the number of CSR initiatives undertaken and the indicators used to measure this type of impact.

Taking the above into account, this chapter aims at clarifying the term “impact”, identifying the challenges that organizations face when they decide to measure impact, showing the distinction between impact measurement and sustainability reporting, and providing examples of tools to measure it. We also attempt to position the concept of impact measurement within the broader CSR literature.

Method

This chapter provides an overview on impact-related issues in the context of corporate social responsibility. Through our research, we want to answer the following research questions:

- How is impact defined against other terms used in broad CSR literature that are related or associated with impact?
- What are the challenges related to defining and measuring impact within CSR?
- Is there any widely accepted or unified model or methodology for measuring impact in business settings?

In the first step of the research, we decided to go with narrative literature review in order to indicate and map the most important notions, challenges, and research gaps in the wide ecosystem of CSR impact. We wanted to verify if CSR researchers re-discovered the concept of impact based on the knowledge collected by other disciplines or scholarly domains, or if they applied an original approach toward impact defining and measurement. Through the review, we decided to adopt the following definition of impact: “the portion of the total outcome that happened as a result of the activity of the venture, above and beyond what would have happened anyway” (Clark et al., 2004).

Then we extended the theoretical considerations to include more practice-based sources with the aim to, firstly, uncover the reasons and value of measuring impact for organizations and stakeholders, secondly, to study the role of external institutions providing original methodologies and standards, and, thirdly, to identify existing impact measurement tools, available for organizations. In this step we analyzed and compared various tools for measuring impact and selected three for further discussion. We compared Refinitiv ESG Scores, B Impact Assessment, and GPM P5 Standard. Although the industry and country policies and regulations do put pressure on organizations to follow particular standards and embrace

transparency in terms of reporting on their undertakings and performance, it seems that the focus has shifted from governance issues toward economic, social, and environmental aspects of business activities. Therefore, the reason for such a selection was to present a broad scope of available approaches that are complex, comprehensive, and credible, but that are also set in a broader context of ESG impact, GRI standards, sustainable reporting, and UN Sustainable Development Goals.

Challenges with defining and measuring impact within CSR impact

Impact as a concept is very often vaguely presented by some researchers, and others bring on their own definitions, which creates a lack of fundamental consistency. In very general terms, we can define impact as “significant or lasting changes in people’s lives, brought about by a given action or series of actions” (Roche, 1999, p. 21). In more narrower terms, especially if we link it to businesses, impact reflects “the organization’s specific and measurable role in affecting a social result (attribution) requiring a counterfactual for assessment” (Ebrahim & Rangan, 2014). In the business environment, impact is often viewed through social lenses and limited to generating results that address the root causes of a particular social problem. In the context of nonprofit organizations, impact is connected with meeting public needs, which includes “either doing something of high quality that is of societal interest (e.g. (...) managing a teen drop-in center offering recreational opportunities) or undertaking a set of activities that improve conditions or prospects that are of concern to society or segments of society (e.g., (...) improving the high school graduation rates for underachieving populations)” (Hansen-Turton & Torres, 2014, p. 26).

Researchers often illustrate the complexity and multidimensionality of the concept of impact with a logic model or a value chain (Barnett et al., 2020; Ebrahim & Rangan, 2014; Hansen-Turton & Torres, 2014; Khandker et al., 2010). Such a model usually embraces the flow and process of attaining the goal of a project or venture, and it usually has several components (see Table 2.1). Practical approaches and some studies often treat outputs, outcomes, and impacts as synonyms and use them interchangeably (Rawhouser et al., 2019). We believe that keeping these terms separate is necessary, because they will form the measurement basis for organizations, and as such will dictate different operations and procedures embraced by organizations to fulfill their CSR missions. The impact definition we referred to above clearly differentiates impact from outputs or outcomes. If we consider the scope of influence, outcomes are measured for individuals; impact is measured in terms of communities, populations, or ecosystems. In terms of the timespan, outputs have immediate results; outcomes – medium to long term;

Table 2.1 Key components of impact logic model/value chain from selected scholars

	<i>Ebrahim and Rangan (2014)</i>	<i>Hansen-Turton and Torres (2014)</i>	<i>Clark et al. (2004)</i>
Inputs	E.g., funds, equipment and supplies, knowledge and technical expertise	“The resources—money, time, staff, expertise, methods, facilities—that an organization utilizes to produce intended outputs, outcomes, and impacts”.	–
Activities	E.g., basic needs delivery (shelter), service delivery (job training), infrastructure construction (transportation)	–	–
Outputs	E.g., people housed, people educated, roads built	“Number of people served, activities performed, and/or items produced by an organization”.	“Results that a company, nonprofit or project manager can measure or assess directly”.
Outcomes	E.g., improved health, increased income	“Expected, measurable, sustained, and monitored changes undergone or achieved by people participating in social programs or receiving social services—generally comprising changes in attitudes, knowledge, skills, behavior, status (e.g., having graduated from high school with a diploma), and social or personal conditions (e.g., living in poverty [social condition] or having lung capacity loss due to cystic fibrosis [personal condition]); furthermore, these changes must be directly linkable to the organization’s intentional efforts and be a key metric through which the organization holds itself and its staff accountable”.	“Ultimate changes that one is trying to make in the world”.
Impact	E.g., sustained drop in illiteracy, improvements in human development indicators	“Outcomes that can, using experimental research methods, be attributed (with a great deal of confidence, generally 95%) to the effects on participants of a program or service”.	“Portion of the total outcome that happened as a result of the activity of the venture, above and beyond what would have happened anyway”.

Source: Ebrahim and Rangan (2014, p. 121), Hansen-Turton and Torres (2014, pp. 27–30), and Clark et al. (2004, pp. 6–7).

impact has results affecting on root causes and provides sustained significant change (Ebrahim & Rangan, 2014, p. 121).

Finding and selecting an appropriate method of measuring impact constitutes another big problem (Kah & Akenroye, 2020). As Perrini et al. (2021, p. 241) claim “a good measurement method should narrate the story behind the creation of a change” and also balance the needs of investors, other stakeholders, and the enterprise itself. Besides, there are various difficulties during the impact measurement process. Subjective judgment, problems with obtaining appropriate data, establishing a clear relationship between the taken action and impact are among them (Perrini et al., 2021, p. 241). It should also be emphasized that social impact can be intangible and therefore hard to quantify.

Reviewing the CSR literature, it is possible to notice considerable gaps in research, some of which could be filled by incorporating approaches and findings from other disciplines and scholarly domains (Wood, 2010, p. 75). Special attention should be focused on development studies and research in the field of social enterprise, where the subject of impact measurement has been studied and practiced for a long time (Kah & Akenroye, 2020; Khandker et al., 2010). In the area of CSR, impact is often associated with such terms as: corporate social performance, social impact, ESG impact, and GRI standards.

Corporate social performance

Corporate social performance (CSP), a sister concept to CSR has been present in management scholarship for more than 50 years (Wood, 2010). As Carroll (2018) states “CSP is an extension of the concept of CSR that focuses on actual results achieved rather than the general notion of businesses’ accountability or responsibility to society”. Therefore, it can be concluded that CSP is a consequence of CSR. The performance focus in CSP emphasizes the meaning of results (or outcomes) of CSR initiatives in companies.

In her corporate social performance framework, Wood defined CSP as “a set of descriptive categorizations of business activity, focusing on the impacts and outcomes for society, stakeholders and the firm itself” (Wood, 1991 as cited in Wood, 2010). In her model, Wood organized principles of responsibility as inputs, processes of social responsiveness as throughputs, and finally outputs and outcomes. She classified effects on people and organizations, effects on the natural and physical environments, as well as effects on social systems and institutions as outputs and outcomes (Wood, 2010, p. 54). Wood’s model has been extended many times.

As understood by Wood and her followers, outcomes and impacts are the essence of CSP. However, in the literature on the subject of CSP and CSR performance, there is a clear trend in which outcomes and impact have been narrowed down to the company’s financial performance (CFP)

as the basic determinant of the effectiveness of undertaken CSR initiatives (Barnett et al., 2020; Buallay, 2019; Bhaskaran et al., 2021; Feng et al., 2017; Wood, 2010).

Another popular but instrumental approach to CSP is the search for “the business case” for CSR, i.e., arguments and evidence proving that corporate social responsibility engagement “bring distinct, identifiable benefits or advantages to companies, specifically, and the business community, generally” (Carroll, 2018). In such a strongly narrowed or even distorted, yet widely present meaning, CSP is identified in the literature with the statement that “it pays to be good”.

Based on conducted research, Wood (2010) distinguishes the types of outcome and impact measures often appearing in CSP research: disclosure, environmental outcomes/impacts, stakeholder-specific outcomes/impacts (customer/consumer, employee, supplier), criminal conduct, reputation outcomes/impacts, other outcomes/impact (e.g., impact of disclosure on stock price, impacts of CSP on company innovation).

As seen, the debate among CSP researchers on measuring the impact of CSR activities largely concerns CSR performance, with a special (and excessive) emphasis on benefits for the company and shareholders rather than stakeholders and societies. It seems that a change in the optics and a return to the essence of the CSP is needed. Agle and Kelley (2001) have argued that measurement of CSP should incorporate all three of Wood’s framework domains: principles, processes, and outcomes. By contrast, Wood (2010) reminds that the essence of the idea of CSP “is to discern and assess the impacts of business–society relationships”.

Social impact

As broadly defined, social impact represents “beneficial outcomes resulting from prosocial behavior that are enjoyed by the intended targets of that behavior and/or by the broader community of individuals, organizations, and/or environments” (Rawhouser et al., 2019, p. 83). However, there is currently a lack of consensus on the meaning of social impact, which results in a lack of a single and commonly accepted definition of social impact and the lack of one universal measurement method (Perrini et al., 2021, p. 238).

Social impact evaluation is an enormous concern in the development literature; therefore, various methodologies for measuring impact can be found (Barnett et al., 2020). However, it is usually about the social impact caused by large aid projects implemented by national governments and international development organizations. Therefore, it is difficult to translate these methodologies directly into the specific character of enterprises (Barnett et al., 2020, p. 954).

Social enterprises (SEs) are specific hybrids, i.e., entities at the interface between aid projects and traditional enterprises. From the point of view

of searching for the meaning and methodology of measuring impact, research in the SE area is an important source. As can be seen, for example, from the definition proposed by European Social Business Initiative: “social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders” (European Commission, 2021), social impact is the core activity of a social enterprise. This implies that it should be defined and measured. Indeed, social enterprises increasingly undertake impact evaluation (Barnett et al., 2020; Rawhouser et al., 2019).

Apart from social impact, which is present in research on SE, the second issue is social value understood as the result of innovative approaches used by social enterprises in stimulating social change (Doherty, 2013). Literature on measuring social value and social impact is extensive. There are a vast number of methods for measuring impact (more than 100 methodologies), as well as a wide range of taxonomies aimed at categorizing them (Perrini et al., 2021). Furthermore, each method uses specific indicators adapted accordingly to specific enterprises. On the one hand, it reflects the heterogeneous nature of SEs and diverse types of impacts they exert, whereas, on the other hand, it raises the problem of fragmentation and divergence. In effect, the researchers have a problem with representing the subject adequately, and many SEs experience difficulties in selecting the most appropriate methodology for measuring social impact and conducting the measurement process correctly (Perrini et al., 2021). Perrini et al. (2021) believe that the measurement system can be considered effective and adequate, when it is “relevant, useful, simple, natural, certain, understood and accepted, transparent and well-expressed and evidence-based” (p. 241).

Summarizing this part, the following important conclusion that emerges from the research by Barnett et al. (2020) should be mentioned: “The methods to evaluate social impact exist, but they will require CSR scholars to alter course, after many decades of largely ignoring them” (p. 954). It is also necessary to leave the comfortable and narrow scope of research in the field of corporate social responsibility and open up to the achievements of other areas (especially development studies and social enterprise).

Selected tools for impact measurement

Companies measure and report on their impact for many reasons that have internal and external grounding. It provides information about their decisions on strategy and operations, driving improvements in performance (UNDP & GRI, 2016). Enterprises measure social and environmental impact primarily because they need to attract investors seeking efficient and effective allocation of their resources. In their view, traditional financial approaches are not a helpful solution here as they

undervalue social returns brought by them (Perrini et al., 2021, p. 240). Reporting on impact improves accountability and transparency by communicating key information to external stakeholders on company engagement with society and the environment. This is increasingly driven by regulatory pressures and capital markets, like stock exchanges. Also, for internal stakeholders, sustainability reporting supports managing risks and cost of business activities (UNDP & GRI, 2016).

Impact measurement systems are needed since using them, social enterprises can communicate their value and recognize the ways in which they can improve their operational effectiveness. They also enable the enterprises to monitor performance and effective implementation of their mission. Measurement processes are certainly vital as a guideline for improvement, growth, and consequent development of knowledge of SEs. Furthermore, all interested stakeholders can use them for the purpose of comparing and monitoring (Perrini et al., 2021, p. 240).

There are many organizations measuring and reporting on their impact using diverse approaches for a variety of purposes (UNDP & GRI, 2016). However, the latest methods of impact measurement point more toward business practice rather than academic research. They are designed and tailored to meet the needs of investors. As such they emerge and become obsolete on a frequent basis, calling for a lot of adaptation and focus. The mainstream investing philosophy calls for ESG impact and reporting standards (e.g., GRI), and for this reason these trends in impact measuring and reporting are illustrated, and two related tools are discussed. One impact measurement tool that illustrates a perspective of a project rather than an organization is also added to the set. Interestingly though, this micro perspective designed by GPM Global tries to link projects with development challenges and contributions to the UN SDGs.

ESG impact

In recent times ESG is an integral concept which unifies CSP and CFP (Bhaskaran et al., 2021). ESG refers to the “environmental, social, and corporate governance issues which investors focus upon in the context of corporate behavior” (Manca, 2010). The term was coined in 2004 to avoid misunderstandings deriving from different interpretations of such terms as corporate social responsibility, sustainability, and corporate citizenship (The Global Compact, 2004). There is no definitive list of ESG issues (Lu, 2016), but multiple researchers report full sets of criteria (Dorfleitner et al., 2015; Koller et al., 2019; Li & Polychronopoulos, 2020; Sciarelli et al., 2021). Nowadays there is a rapid and large-scale adoption of ESG criteria by institutional investors, analysts, rating agencies, and regulators (Bhaskaran et al., 2021; Kjellberg et al., 2019; UNDP & GRI, 2016).

The advancement of ESG investing has led to the evolution of ESG research, regulation, ratings, and indexes.¹ There is a whole “ESG

ecosystem” built by various institutions that develop their methodologies and tools for measurement and evaluation (Kjellberg et al., 2019, p. 8).

The dynamically developing ESG ecosystem pushes for the corporate disclosure to be more often extended beyond traditional economic and financial information and to include environmental, social, and governance issues (Alsayegh et al., 2020). However, to be able to disclose and report on impact, first its scope must be defined, and the impact must be measured. We would like to introduce one of the tools that allow organizations to do that well, still in the spirit of ESG philosophy: Refinitiv ESG Scores (previously known as Thomson Reuters ESG Scores).

Refinitiv is a part of London Stock Exchange Group and offers one of the most comprehensive ESG databases in the industry covering over 9,500 companies globally, across more than 450 different ESG metrics (Refinitiv, 2021, p. 3). Such scope of data allows for extensive comparisons, both on the level of industry and country, while the amount of ESG metrics used guarantees a very complex and comprehensive outlook. This is to provide a transparent and objective measurement of organization operations, practices, and effectiveness across ten main themes, based on company-reported data (see Table 2.2). Those ten themes are weighted proportionately to the count of measures within each theme and then constitute the ESG score. Content research analysts collect data on organizations from multiple sources (annual reports, company websites, NGO websites, stock exchange filings, CSR reports, news sources), creating databases that are updated on a continuous basis. Interestingly, Refinitiv allows to calculate two ESG scores: an ESG score that “measures company’s ESG performance based on verifiable reported data in the public domain” (Refinitiv, 2021, p. 6), and ESG combined score which is an ESG score adjusted with ESG controversies score – the ESG controversies score aggregates significant ESG-related negative events and scandals impacting the company in a negative way (Saunders Calvert, 2021).

GRI standards and B Impact Assessment

Another term that is worth mentioning while reflecting on impact measurement practices is sustainability reporting. While both drive companies to improve performance and be more transparent, they have emerged under unique contexts, and differ in their focus and approach. According to UNDP & GRI (2016, p. 13), “sustainability reporting is the practice of reporting publicly on economic, environmental, and/or social impact, and hence an organization’s contributions – positive or negative – towards the goal of sustainable development”. For the moment GRI standards seem to be the dominant approach toward sustainable reporting, as they are viewed to provide “a balanced and reasonable representation of an organization’s positive and negative contributions towards the goal of

Table 2.2 Comparison of three impact measurement tools

Refinitiv ESG scores	4 main categories, 10 themes within ESG, 201 measures in total	Environmental (68 measures, split into 3 main themes: Resource Use, Emissions, Innovation), Social (62 measures within Workforce, Human Rights, Community, Product Responsibility), Governance (56 measures within Management, Shareholders, CSR strategy), Controversy (23 measures)
	23 controversy measures	Anti-Competition, Business Ethics, Intellectual Property, Critical Countries, Public Health, Tax Fraud, Child Labor, Human Rights, Mgt Compensation, Consumer, Customer Health & Safety, Privacy, Product Access, Responsible Marketing, Responsible R&D, Environmental, Accounting, Insider Dealings, Shareholder Rights, Diversity & Opportunity, Employee Health & Safety, Wages or Working Conditions, Strikes
B Impact Assessment	5 impact areas with 38 impact topics	Governance (Mission & Engagement, Ethics Transparency, Mission Lock), Workers (Financial Security, Health & Wellness & Safety), Career Development, Engagement and Satisfaction, Worker Owned, Workforce Development), Community (Diversity & Equity & Inclusion, Economic Impact, Civic Engagement & Giving, Supply Chain Management, Supply Chain Poverty Alleviation, Microenterprise/ Microfranchise, Local Economic Development, Producer Cooperative, Designed to Give), Environment (Environmental Management, Air & Climate, Water, Land & Life, Renewable Energy, Land & Wildlife Conservation, Toxin Reduction, Resource Conservation, Environmental Education, Environmental Innovation Practices), Customers (Customer Stewardship, Basic Services, Education, Arts & Media & Culture, Economic Empowerment, Health & Wellness, Support for Purpose Driven Enterprises, Impact Improvement, Serving those in Need, Industry Specific Addenda).
	Exemplary questions	Does the company have a formal process to share financial information (except salary info) with its full-time employees? Has the Company worked within its industry to develop social and environmental standards for your industry?

(Continued)

Table 2.2 (Continued)

		<p>What percent of full-time workers were reimbursed for continuing education opportunities in the last fiscal year?</p> <p>Based on the results of your employee satisfaction assessment (conducted within the past 2 fiscal years), what percent of your employees are “Satisfied” or “Engaged”?</p> <p>What percent of management is from underrepresented populations? (This includes women, minority/previously excluded populations, people with disabilities, and/or individuals living in low-income communities.)</p> <p>Are full-time employees explicitly allowed any of the following paid or non-paid time-off hours options for community service?</p> <p>Which is the broadest community with whom your environmental reviews/audits are formally shared?</p> <p>What percent of energy used is from renewable on-site energy production for corporate facilities?</p> <p>Does your company monitor and record its universal waste production?</p>
GPM P5 Standard	5 “P”s and 10 main categories	<p>Product (Lifespan, Servicing), Process (Effectiveness, Efficiency, Fairness), People (Labor Practices & Decent Work – 7 measures, Society & Customers – 7 measures, Human Rights – 3 measures, Ethical Behavior – 3 measures), Planet (Transport, Energy, Land & Air & Water, Consumption – 4 measures each), Prosperity (Business Case Analysis – 6 measures, Business Agility – 2 measures, Economic Situation – 2 measures)</p>
	Sustainability Management Plan Template	<p>Purpose, Approach, Roles and Responsibilities, Budget, Key Performance Indicators for Sustainability, Impact of Scope Exclusions on Sustainability, Reviews and Reporting, P5 Impact Analysis</p>
	P5 Impact Analysis Template	<p>Description (Cause), Potential Impact, Proposed Response, Impact Score Before, Impact Score After</p>

Source: Own elaboration based on figures and description of three tools from B Lab (2020), B Lab (n.d.), GPM (2019), GRI & B Lab (2021), and Refinitiv (2021).

sustainable development” (GRI & B Lab, 2021). Sustainability reporting serves as a true communication tool (to communicate the impacts generated), safeguarding transparency and allowing for comparing the impacts with pre-identified objectives. Impact measurement can have a much broader usage and application, e.g., it can help guide and execute on an organization’s endeavors without the need to declare their actions openly. It is helpful to track the effectiveness of operations and to support value creation by complying with policy requirements or client requirements, which grant the investors some more security and conviction that they are on good track (head in good direction).

Both concepts use frameworks and methodologies that help organizations identify impact areas, guide data collection and information disclosure. For the sake of this chapter, we would like to address the B Impact Assessment (BIA) from B Lab, which correlates to GRI standards, and provides performance management and evaluation on similar topics.

The B Impact Assessment provides organizations with a framework that allows them to measure and manage the social and environmental performance of their business. It is designed as comprehensive and standardized. The standardized part of the B Impact Assessment framework is divided into five stakeholder-focused “Impact Areas”, including Governance, Workers, Community, Environment, and Customers (see Table 2.2). Each impact area is described through specific dimensions of impact (topics) relevant to the particular stakeholder group, and all questions represent particular weight in order to provide an indicator of a company’s positive impact based on its policies, practices, outputs, business models and outcomes (GRI & B Lab, 2021). There are 50–250 educational questions in the assessment tool. Based on the score achieved in every impact area, the company can benchmark themselves against other businesses and verify where it outperforms others, and what are the improvement areas.

The evaluation can be customized and can encompass more organization-specific circumstances. This is accomplished when an organization completes additional Disclosure Questionnaires with simple questions that allow a company to confidentially disclose potentially sensitive industries, practices, penalties, and outcomes that a company or its partners might be involved in (GRI & B Lab, 2021).

GPM P5 Standard

Since sustainability requires change, and change is almost always implemented through projects, it is only logical to bring on a project-focused framework toward impact measurement. We want to comment on a tool that – according to surveys – helped 71% project managers to improve sustainability in their projects by adopting P5 Standard (GPM, 2019, p. 1). The GPM P5 Standard is insightful and comprehensive, being founded on

over a dozen internationally recognized standards on sustainability, corporate social responsibility, business ethics, and reporting. It makes a clear linkage between a project and contribution toward meeting the UN Sustainable Development Goals (SDGs), which builds bridges toward impact measurement too, assuming that SDGs can be perceived as a roadmap to measure, disclose, and assess ESG impact (OECD-UNDP, 2020). The name of this tool stands for: Product, Process, People, Planet, and Prosperity, which constitutes an expanded variation over the “traditional” triple bottom line introduced by J. Elkington. Every “P” is then broken down into a set of concepts and categories that shows their properties and indicates relationships among them (see Table 2.2).

The logic behind this framework is simple and similar to the previously described tools. Its purpose is “to identify potential impacts to sustainability, both positive and negative, that can be analyzed and presented to management to support informed decisions and effective resource allocation” (GPM, 2019, p. 3). While B Impact Assessment conducts measurements via asking questions, P5 Standard creates a template for impact analysis that allows an organization to describe their unique situation, in a more open and individualistic manner. GPM designs two templates: Sustainability Management Plan that describes how sustainability will be addressed during a project, and P5 Impact Analysis (that is used to define and prioritize sustainability impacts. P5 Impact Analysis is especially helpful if the organization intends “to improve the project’s expected benefits, increase positive impacts and reduce negative impacts to society, the environment, and the project’s value, and to contribute to the sponsoring organization’s sustainability goals” (GPM, 2019, p. 40).

Conclusion

For the moment, measuring impact is not an obligation for organizations, although social audiences, regulatory bodies, and local authorities exercise pressure to operate in an ethical and transparent manner, and to report on issues of sustainable development. Organizations that do measure impact within the internal and external environment, do it for many reasons – it gives information to make decisions on strategy and operations, allows to measure performance across multiple dimensions, drives improvements, and enables benchmarks on industry and country level. Impact measurement has been led by investors and grant makers to track the effectiveness of their investees and to provide evidence that they are on track (UNDP & GRI, 2016). Barnett et al. (2020) are strongly advocating for the organizations to take a move beyond impacts on specific stakeholders and to link outcomes to more general social impacts. We agree with it fully and believe that the focus of impact measurement needs to be more comprehensive than that and follow ESG impact logic.

The subject of measuring ESG impact is most often discussed in the context of socially responsible investing and company performance. It is much less popular to discuss the ESG impact for internal purposes, in order to uncover the real impact of social and environmental activities undertaken by an enterprise, unless social enterprises are involved. Taking into account various methodologies for measuring the ESG impact and also the related problems, such as the selection of tools so that the impact looks better than in reality, it seems justified to popularize the issue of ESG impact of CSR activities in order to make it clear that CSR must be aimed not only at building a good image, convincing the investors, or improving performance, but also, and even above all, exerting a real influence in the areas they concern.

However, there is no one standard definition of impact adopted by business practice and there is no one standard approach toward impact measurement. There is a vast number of NGOs, impact measurement practitioners, accounting and consulting firms that work independently to develop some standards (methodologies). This creates complexity and confusion. It can be argued that organizations can cherry pick how they are assessed and by whom, which may lead to distortion and overuse of impact measurement tools; hence, it may be difficult for organizations to decide which assessment to pick, considering that they vary depending on the choice of ratings provider (Murray, 2021). Depending on the judgment calls what to measure and reasons why to measure, organizations may adopt and comply with various frameworks.

In this chapter, we discuss just three available tools for impact measurement that are set in a broader context of ESG impact, sustainable reporting, and UN Sustainable Development Goals. Refinitiv ESG Scores, B Impact Assessment and GPM P5 Standard are compared. Our intention is to prove that while there are differences between them in terms of methodology, the number of criteria accounted for, the type of categories being included in calculating the scores, and the approach toward collecting and analyzing data, the logic and rationale behind them is very similar. Let us analyze them using the following dimensions: purpose, focus, coverage, customization, usage (GRI & B Lab, 2021; UNDP & GRI, 2016). All of them, in the broader picture, share a purpose of demonstrating and communicating progress toward social, economic, and environmental objectives, which for internal audience can be translated into such goals like designing “better” offerings, obtaining higher customer satisfaction, and advancing on business development. All of them share focus on illustrating results of organization’s activities and outputs and on measuring organization’s outcomes and impact. Company performance, governance, and effectiveness are addressed. Their coverage is comprehensive. They all allow for some level of customization, which allows an organization to acknowledge their unique circumstances or exposures.

Such a situation can be perceived as an opportunity, as it creates enough room for adaptation and flexibility which may enhance the buy-in. Overall, what we hope for is more organizations to measure their impact, rather than establish a one-fits-all solution. As we do not strive for monopoly in any market, due to the undeniable downsides of this system, the diversity among impact measurement frameworks and standards could actually lead to the increase in organizations that will be encouraged to define what impact is and how relevant it is for them to measure it, and then trying the existing tools in order to uncover weaker points and setting plans for improvements, that will bring progress and development in the longer term.

Note

- 1 After Kjellberg et al. (2019), we assume that ESG ratings are intended to help investors gain a better understanding of the ESG-related risks and opportunities facing companies. As the primary tool of ESG integration, ratings are the foundation of many ESG indexes and a critical differentiator from traditional broad market benchmarks. An index is a set of securities designed to represent a particular market or strategy. ESG indexes serve as benchmarks and basis for investment solutions for sustainable investors.

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3 Core values as a meaningful element of successful CSR practices – the example of Polish listed companies’ reporting

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Introduction

Some organizations perceive non-financial reporting as an opportunity to develop and strengthen dialogue with stakeholders; others treat the principles instrumentally to gain social legitimacy, while others see them as additional costs and obligations that hinder core business. There are still discrepancies in the literature with regard to the motivation of managers to report on corporate social responsibility (CSR) and impact of mandatory non-financial reporting. Identifying the sources of these differences in the approach seems crucial. One of the elements influencing this process seems to be core values.

Using the core values and putting them into practice can be a leverage for market success of organizations and their stronger competitive advantage. Core values guide perceptions, allow prioritization, define organizational goals, and influence organizations’ strategic actions, as well as their daily routines.

The studies of core values are focused on various aspects. The two which are especially important to the topic of this chapter include the creation of taxonomies of core values and classifying organizations according to their core values (Macedo et al., 2010; van Rekom et al., 2006).

The aim of this chapter is to explore the relationship between the quality of non-financial reporting and the core values of organizations stemming from their organizational cultures. Some studies examined relations between mandatory non-financial reporting and the reports’ forms and quality. There is also some research on the role of core values in organizational culture building and making common thread more efficient. We think that core values have a significant role in companies’ approach to non-financial reporting. It seems important to answer the following questions:

- 1 What is the impact of mandatory non-financial reporting on the report’s quality?

- 2 What strategies organizations can adopt to present their core values in non-financial reports and what consequences this may have on the quality of reporting?

Non-financial reporting in EU and Poland

Non-financial reporting is developing in response to the increasing power of stakeholders and their growing interest in the information about the social and environmental responsibility of business (Simnett & Huggins, 2015).

The task of non-financial reporting is to show the activities of a company beyond the aspects related to financial performance or the creation of goodwill (Kolk, 2008). Despite standards, a large freedom of form and content is allowed. Some research shows that in some reports the irrelevant and limited information is provided (Michelon et al., 2015).

The entry into force of Directive 2014/95/EU has changed the practice of non-financial reporting by companies operating within the EU. Greater transparency and disclosure in communicating CSR activities are expected. However, the soft institutionalization of CSR and the lack of one European reporting standard encourage pretending activities and instrumental use of social responsibility.

Polish companies need to adapt their information policies and disclose data on their policies. They may choose the form of a statement forming an integral part of the management annual report or a separate report. The information disclosed should include a description of (1) the business model, (2) the policies with respect to the matters on environmental, social issues, human rights, and anti-corruption, (3) the outcome of these policies, (4) risks associated with the socio-environmental issues, as well as activities undertaken to manage those risks, and (5) non-financial key performance indicators.

At the same time, non-financial social reporting in Polish companies remains at an early stage.

In Poland there are many standards and guidelines for the disclosure of non-financial data and sustainability information (Aluchna & Roszkowska-Menkes, 2018).

The Global Reporting Initiative (GRI) guidelines are the most widely used international standard for corporate responsibility and sustainability reporting. They provide a framework for reporting on the economic, environmental, and social aspects of an organization, designed for use by organizations of any size, sector, or location.

The Polish local SIN standard is also widespread among companies listed on the Warsaw Stock Exchange.

Despite standards used in non-financial reporting, presentation of CSR activities constitutes an element of formal, official, organizational policy. This policy determines the type of information communicated

to the public, the manner in which it is communicated and the way of creating organization-environment relationships. It also reflects an organization's priorities and, indirectly, demonstrates the place which social responsibility occupies within the organizational system: its structure and processes.

As a form of communication with stakeholders, reporting is also deeply rooted in cultural models, values, and the social system. This is why other factors influencing the content and quality of reports are core values and strength of the organizational culture.

The role of core values

Core values related to the organization differ from the mission statement and reflect the ethos of the company. Some call them organizational religion (Ind, 2001; Kunde, 2000). Collins and Porras (1998, p. 222) define them as a small set of timeless guiding principles that require no external justification. They have intrinsic value and importance to those inside the organization.

Research shows that there is a correlation between their success on the market and their core values (Barrett, 2006; Collins, 2001; Collins & Porras, 1998).

Core values related to the organization support ideas, norms, and habits that give a corporate culture its character. It is a basis of the culture, as it creates shared beliefs leading to more consistent activities (Comings & Worley, 2009; Geysi et al., 2020; Urde, 2003). Using core values to unify a common effort and mentality makes culture stronger and easier to be read by stakeholders.

Core values in the communication of activities of socially responsible organizations are doubly important. First of all, common internationalization of company operations creates a need for efficient communication in a variety of cultural regions and on different markets. Core values can guide and coordinate the activities of various entities. Secondly, it is important for organizations from the countries which are beginning to discover the significance of non-financial reporting, and which do not have the relevant long-term experience, as it provides a possibility to learn faster how to create relationships with stakeholders efficiently and how to use already existing best practices. Core values can facilitate it thanks to prioritizing activities and being a filter for organizational choices (Aniszewska, 2016).

Managing around values – rather than managing only business processes – can give better outcomes (Galagher, 2003; Pratt, 2000). Thanks to the use of values, organizations can build an “ideological fortress” – they offer a consistent and unified view of the environment to their stakeholders. It creates some sense of security, guidance of thoughts and actions, protection of the community, and as a consequence, stability.

Diversity of values define the scope and areas of organizational influence. Some organizations build their fortresses solely on the basis of business values (tangible), whereas some others use values integrated from different fields. It is strongly related to the concept of corporate spirituality understood as behavior guided by values and principles, where values are not business but moral (Coyle, 2002; Long & Helms Mills, 2010; Mitroff & Denton, 1999). Moral values produce more self-consciousness and/or connection (Hicks, 2003).

Using various values, including intangible ones, gives a sense of control and empowerment, changes relationships with stakeholders, and builds trust in the company. It is also perceived as values driven and consistent action, based on ethical not instrumental approach.

Methods

This chapter is part of a larger study on non-financial reporting in Poland. Non-financial reports of companies listed on the Warsaw Stock Exchange in the first three years of the reporting obligation (reports for 2017, 2018, and 2019) were analyzed. There are about 150 reports each year. A panel of experts selected the best reports in each year in terms of meeting reporting requirements, complexity, clarity, and identification of measurable indicators. These reports were subjected to qualitative analysis aiming at identifying the best reporting practices.

We focus on companies that represent the best standards of non-financial reporting in 2019. A total of 13 reports were considered.

Of the 13 companies, 10 reports according to the GRI standard, with 2 companies supplementing this standard with their own indicators, 2 companies apply unspecified rules, one of which is close to the SIN standard, 1 company reports according to the SIN standard.

Based on some similarities and differences regarding communication of values in reports, a few groups of companies were identified. Most of the researched companies (six) describe their characteristics and uniqueness on the market in terms of strictly business values. Some of them (four) present their values as a combination of business and intangible values. Some companies (two) do not present any values on their web page and/or non-financial reports. One firm presented its uniqueness and its philosophy of action through the lens of a set of intangible values.

Results

There are some general trends in non-financial reporting independent of an approach to core values, mentioned next. This applies to all surveyed companies:

- 1 The description of the business model generally includes basic information on the market position of the companies, the key areas of activity, as well as the challenges faced by the organizations and the main directions of strategic development. Most reporting leaders highlight interesting proprietary indicators that complement data on the business model
- 2 In terms of social issues, companies mainly refer to product safety and stakeholder issues. It is a good practice to present the procedures and rules of administrative and judicial proceedings in this area. Special mention is made of customer satisfaction surveys and policies for creating advertising messages. Companies also present their impact on the social environment, relations with local communities and charitable activities
- 3 Employees' issues are the most extensive part. Companies share information about employment and salary levels, as well as employee benefits. They also write about diversity management and trade unions. This part of the reports usually contains a large number of indicators
- 4 The way the environment issues are managed largely depends on the industry. Service companies describe policies, management bases, and indicators in the area of environment. In industrial companies, information on utility consumption, emissions, and waste, as well as materials and raw materials used, is standard
- 5 Human rights issues are often combined with the social area, and sometimes with the employee area. Internal documents relating to human rights are mentioned, and the section is often concluded with the statement that no human rights violations took place in the year in question. The performance indicators included in this area are usually expressed in terms of the number of participants in training on respect for human rights, as well as the number of reported cases of harassment or discrimination
- 6 Anti-corruption area is presented most synthetically. Companies do not present indicators or limit themselves to the number of cases of corruption
- 7 The reports selected for qualitative analysis are remarkable by their clarity and ease of searching for content. The content is presented in an interesting graphic layout. The readability is enhanced by correlating symbols of GRI standards indicators. However, the transparency is limited by the pdf format

Additionally, differentiating approaches concerning visibility of core values – business (tangible) and intangible values (with no relation to customers, market, competition etc.) – were identified:

Companies without clearly defined core values:

Reports in this group are comprehensive, detailed, and consistent in content and structure. They show a considerable number of various types of attestations and certificates, companies devote considerable attention to policies and indicators.

The reports also include a description of the identified risks, ways of counteracting and managing them. The performance indicators generally relate to the number of projects of a given type and the number of people involved.

However, it is difficult to mention remarkable initiatives, or interesting practices beyond standard.

Company focused mostly on intangible values:

Intangible values are mentioned clearly in non-financial reports. They are pillars of the company's activity.

The business model is described in a detailed way.

The company has prepared report for three years only. However, one can observe the evolution in CSR areas: the implementation of new strategies in several areas.

Company consulted its stakeholders to understand their information expectations with regard to non-financial aspects of the business. The evolution is also visible in the volume of the report.

Companies focused mostly on business values:

Companies in this group invest primarily in areas strongly linked to strategic activities. They also devote a great deal of attention to employee relations. These data are presented in great detail, in various cross-sections. Despite the focus on business values, there is a link between the business strategy and CSR activities. Especially in the part concerning the business model, you can see the synergy of these two areas.

Due to the industry specifics, considerable parts of the reports are dedicated to the environmental issues. An interesting initiative is linking the objectives of sustainable development with R&D and innovation (I).

An interesting initiative related to human rights observed in this group is formalization of the purchasing process, which considers the analysis of suppliers in terms of their credibility and potential risks of human rights violations. Developing procedures for reporting potential human rights violations is another example of specific actions that go beyond PR.

In the human rights section more performance indicators are presented.

Companies with balanced approach to core values:

Companies in this group define themselves through both business and intangible values. They mostly focus on strategic aspects of CSR. Usually, they present a detailed description of the business model with a discussion of the value created (for all stakeholders), the stages and processes within the value chain, and the key partners. They combine strategy, value creation, and socially responsible actions.

Companies provide performance indicators related to different areas of their activity.

Companies in this group take care to promote CSR activities, ecological attitudes, etc.

Most of the entities in this group also promote employee volunteering. What can be observed is also the anti-corruption topic presented in a more detailed way with interesting initiatives, e.g., whistleblowing procedures.

Discussion

Non-financial reporting by Polish listed companies is in line with the trend of adjusting to the requirements of the environment. The stakeholders expect more information on CSR and greater transparency. EU law is a manifestation of this.

At the same time, companies mainly present their internal actions. Our research supports the hypothesis that introduction of Directive 2014/95/EU improves mostly the scope and less intensive quality of non-financial reporting. It is consistent with several other researches (Artene et al., 2020; Meeh-Bunse et al., 2019; Sedláček, 2020); however, opposite conclusions were also formulated (Carungu et al., 2020). It could be committed with the fact that in Poland voluntary reporting before introduction of the obligation was uncommon and companies that are new to reporting need constant improvement in reporting quality (Hoffmann et al., 2018).

However, there is a group of reporting leaders, who do not focus only on the easiest issues to describe. They present integrated activities that fit into the corporate value system, mostly using international reporting standards (e.g., GRI). The generally positive impact of international reporting standards on the quality of reporting is consistent with Hoffman, Dietsche, and Hobelsberger's study in Germany (2018).

One of the strengths of the analyzed reports is their consistency. The reports show that non-financial issues are firmly embedded in the companies' strategies, linking them to the mission, values, and business model. As Carungu et al. (2020) also note, non-financial reporting offers advantages, such as a closer link to long-term organizational strategies. We add that an important aspect of this consistency is also referring to the UN's Sustainable Development Goals, setting goals, and priorities in

a long-term perspective as well as presenting an assessment of the degree of their implementation. In most areas, indicators and KPIs are presented, allowing assessment.

Another important aspect is that most companies are not afraid to write about their failures. Thanks to this, reports are perceived not only as an effect of the necessity to meet the requirements of new regulations to a minimum extent, or as an element of PR policy, but as a reliable approach.

It is significant that the reporting leaders include companies whose values are clearly visible in non-financial reports, as well as those that take a detailed, professional, but also very technical approach to reporting. Their reports are clear, detailed and contain many indicators, but they lack evidence of a deeper commitment to action. The reports more than fulfill statutory obligations – and hence there is a conclusion that engaging core values is not necessary to fulfill them. In many cases reporting leaders are rather bigger companies and from the sectors that are sensitive from the environmental point of view. It is also consistent with other research on non-financial reporting in the EU (Artene et al., 2020; Sedláček, 2020; Sierra-Garcia et al., 2018).

Among the cases reviewed, there is an organization that focuses on linking its own social action to its intangible values. It is significant that this is an organization that develops the scope of its reporting annually, satisfying the needs of its stakeholders. Therefore, one may be tempted to formulate a hypothesis that focusing on intangible values might be conducive to a more open approach to the organizational environment. However, this hypothesis requires further verification.

Some organizations clearly present their values, but they mostly focus on values defined by business goals. Such an approach seems to promote non-financial reporting as a guideline for innovation, and searching new directions to develop. It can support the hypothesis on the strategic importance of CSR for the organization, and its positive impact on both the environment and the organization itself.

This strategic approach is even most visible among companies keeping the balance between business (material) and intangible values. These organizations seem to be living this process, involving internal stakeholder groups to a greater extent. It can support the hypothesis on the importance of intangible values, but as a lever to business (tangibles) ones. This combination seems to be synergetic. It does not exactly support research on the higher outcomes of management by ideology or intangible values as Hicks (2003), Pratt (2000), or Gallagher (2003) suggested.

Even the best non-financial reports still have some weaknesses and need improvement. Human rights and anti-corruption areas are especially less precisely described. Meeh-Bunse et al. (2019) observed the same in Germany and Croatia, so Poland is not an exception. This general need for deepening and quality improvement of non-financial

reports is also reported in several last surveys in EU (Carungu et al., 2020; Hoffmann et al., 2018; Meeh-Bunse et al., 2019).

One can also observe various trends in each of the analyzed groups of companies. Lack of definition of core values leads companies to prove their socially responsible attitude by focusing on numbers and listing documents. Their reports are solid but only standard.

There was only one company focused on intangible values, so it is difficult to formulate clear conclusions. However, it can be assumed that intangible values are sufficiently universal and general to not stunt its CSR and reporting evolution (are universal and general enough not to restrict the development of reporting and addressing new challenges in CSR).

Dominant business values promote strategic thinking about non-financial reporting and CSR activities.

Balanced approach suggests broader perspective and internal as well as external promotion of CSR initiatives. As mentioned above the synergy effect is visible. Volunteering in this group is widespread, which may indicate a desire to build greater employee awareness and engagement. In turn, this points to the importance of organizational culture as a backdrop to values driven and consistent action, based on ethical not instrumental approach.

This research has several limitations. First, qualitative analysis was conducted on several companies only. Second, this study was based only on Polish companies. The observations refer to a country in which the tradition of CSR activity and non-financial reporting is not very long. Third, this study links issues of reports quality and form to core values. However, it is only a sketch. It does not consider other criteria that may be important. Future research should integrate the use of values in non-financial reporting according to the size of organizations and their ownership structure. Fourth, the division into tangible and intangible values is based on very simple criteria. Delving deeper into this thread requires deeper measures of several types of values.

Let us summarize. First, our research suggests that mandatory non-financial reporting has a greater impact on the scope than the quality of the reports. Companies can use many “circumvention” strategies and present what they want. They focus on employees’ issues as easiest to promote; they combine issues from different areas; they omit indicators. Second, even the best reports require improvement. Third, a non-instrumental approach to CSR is conducive to development. Fourth, both academics and practitioners should focus more intently on understanding and using core values to increase the effectiveness of CSR activities, as well as on consciously communicating them to stakeholders.

This study has practical significance for organizations. The effectiveness of CSR, its real impact on the environment depends on a coherent organizational model in which the core values are the basis for business activities

and easy to read manifestation of a business philosophy. Combination of tangible and intangible values seems to be the best strategy.

Analyzed literature suggests that these conclusions could be universal for many European countries. Challenges defined by Directive 2014/95/EU are similar. Nevertheless, we have only a few years of experience in mandatory non-financial reporting and the process is still evolving, so further quantitative and qualitative research is needed.

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4 Negative values and negative impact – selected manifestations of social irresponsibility of small enterprise¹

Agnieszka Sokołowska-Durkalec

Introduction

In the face of the socio-economic crisis caused by the COVID-19 pandemic and the associated dynamic, volatile and unpredictable environment of businesses, the importance of evaluating their operations, including negative effects, is increasing (Carroll, 2021). The negative effects of enterprises' activity are usually associated with the lack of, or insufficient responsibility for their management and functioning, which is balancing between the economy, law, and ethics, as well as the crisis of values (Carroll & Brown, 2018). These negative tendencies include the issue of corporate social irresponsibility, which has not yet received many studies and proposals for management practice (Clark et al., 2021). Recognition of socially irresponsible activities as an effect of deficiencies or irregularities radiating from the axiological layer of activity should be an integral part of the methodology of implementation and realization of the concept of corporate social responsibility. The subject of the axiological approach to the realization of this concept is a complex set of interrelationships occurring between values, especially socially valuable values, and the process of making managerial decisions, considering the role of values preferred by decision-makers and expected by stakeholders. A different course of these processes should be expected, depending on the size, scope, form, and conditions of conducting business activity.

Large- and medium-sized enterprises tend to use formalized management standards (including reporting) oriented to social responsibility, while small ones act less informally and in a less standardized way in this area (Udayasankar, 2008; Vázquez-Carrasco & López-Pérez, 2012), and in all groups of enterprises the identification of socially irresponsible activities are rare. In view of that, there is a need to broaden the spectrum of analyses of the social responsibility of an enterprise to include aspects of its social irresponsibility practically in every size group of enterprises. This chapter joins the current of considerations on the social irresponsibility of a small enterprise, as a specific type of economic activity, that appears in very few studies. An additional element of consideration becomes the

identification of values associated with manifestations of social irresponsibility toward stakeholders, and the impact on them as a leaven [breeding ground] for discussion of their nature, types, and institutionalization.

Due to the existence of a significant research gap² in the field of issues combining social irresponsibility in economic, legal, ethical, and philanthropic areas with the specificity of the functioning of small enterprises, it is worth considering a few problematic issues contained in the following questions:

- 1 How can corporate social irresponsibility be defined?
- 2 What are the main features of the social irresponsibility of a small enterprise from an axiological perspective?
- 3 What selected manifestations of social irresponsibility can be identified in the areas of economic, legal, ethical, and philanthropic, and their associated values to internal and external stakeholders?
- 4 In which areas (economic, legal, ethical, and philanthropic) and toward which internal stakeholders, and how often are socially irresponsible activities occurring in a small enterprise?
- 5 In which areas (economic, legal, ethical, and philanthropic) and toward which external stakeholders and how often are socially irresponsible activities occurring in a small enterprise?

The aim of the chapter is to identify and evaluate selected manifestations of social irresponsibility of a small enterprise in the economic, legal, ethical, and philanthropic areas based on universal values toward internal and external stakeholders. The chapter is a continuation of the author's considerations presented in the publication: *Identification of manifestations of social irresponsibility in the system of social responsibility management in a small enterprise – meaning, place and conditions* (Sokołowska-Durkalec, 2020), and provides empirical verification of selected assumptions.

Materials and methods

Social irresponsibility of a small enterprise and its axiological perspective

Corporate social irresponsibility is not treated as a well-recognized and established phenomenon in the literature. It is a category quite difficult to describe and explore. The main considerations related to corporate social irresponsibility include the analysis of irresponsible behavior in companies and counter actions for the formulated postulates of corporate responsibility to stakeholders (Armstrong, 1977; Armstrong & Green, 2013; Antonetti & Maklan, 2016; Lange & Washburn, 2012), analyzing and classifying the various components, and recognizing the relationship

between social irresponsibility and social responsibility (Clark et al., 2021; Lin-Hi & Müller, 2013; Windsor, 2013). The chapter assumes that corporate social irresponsibility means the absence or insufficient economic, legal, ethical, and philanthropic commitment of the enterprise to internal and external actors/stakeholders. It can be treated as a complementary concept to corporate social responsibility or a stage/phase in achieving its maturity (Carroll, 1979; Freeman, 1984; Kang & Wood, 1995; Sokołowska, 2013; Sokołowska-Durkalec, 2020).

Although one of the contemporary developing research directions on corporate social responsibility is the responsibility of small- and medium-sized enterprises (Graafland & Noorderhaven, 2020; Vázquez-Carrasco & López-Pérez, 2012), the study of the issue of social irresponsibility of this group of enterprises is rare. One of the key arguments in favor of dealing with this issue is a kind of predisposition to responsible and/or irresponsible actions in the small business that arises from its specific characteristics. Small enterprises are perceived as an important element of the market economy. They perform a number of social and economic functions. Small enterprises are generally flexible, agile, dynamic, and organically uncomplicated. They have simple organizational structures, specific intra-organizational and extra-organizational relationships. They tend to operate locally and regionally, working with the community as a producer, service provider, and employer. The central and decisive figure in this group of enterprises is the owner-entrepreneur whose business idea, professed values, management skills and abilities radiate into the overall functioning of the enterprise (Udayasankar, 2008). An important factor determining the management of a small enterprise considering social expectations is the attitude of an entrepreneur toward his/her socially responsible or irresponsible actions. Professed and observed values are its important element.

Values are an ambiguous and interdisciplinary concept and as a basic category of axiology, it defines what is desirable and valuable for human beings and what constitutes the goal of human endeavors (Sobczak, 2017). There are many definitions of values and, although they are not identical, most researchers agree that values are (1) concepts or beliefs, (2) about desired goal states or behaviors, (3) that transcend specific situations, (4) that guide choices and evaluations of event behaviors, and (5) that are ordered by relative importance (Noske, 2011). The search for universal values by researchers has resulted in the identification of value categories, which include, among others, hedonistic, utilitarian (civilizational), vital, spiritual, and religious values (among which there were such values as moral, aesthetic, truth, legal order, cognitive), social (social justice, equality, fairness) (Noske, 2011; Sobczak, 2017). Values can be of higher and lower order, as well as positive and negative. This valuation as a resultant of many factors of social, psychological, cultural, economic, financial nature, etc. in individual and organizational dimensions is the

basis of a certain direction of behavior, also in business activities. A particular kind of influence on the resources and relations of the enterprise on the basis of negative values, opposed to positive universal values such as honesty, truthfulness, transparency, fairness, responsibility, is connected with manifestations of social irresponsibility. It may also result from a misconceived maximization of profit and value. It is impossible to choose the catalog of values professed by small business owners due to strong differentiation of axiological attitudes.

These attitudes are an important element in implementing the concept of social irresponsibility. It may take the form of incidental events within the conscious and identified economic, legal, ethical, and philanthropic areas and the values associated with them, or it may be part – along with social responsibility – of a comprehensive system in which the entrepreneur is a central figure. It is the small business owner who, on the basis of his or her values, decides on the direction and content of the company's behavior toward its stakeholders. The concept of social irresponsibility as an element of the concept of social responsibility consists of assumptions and instruments. In the systemic approach to the issue, the owner of a small enterprise may show a harmful/negative, indifferent or active/positive attitude to social issues toward the manifestations of social responsibility (existing and deliberately identified or not identified activities in economic, legal, ethical, philanthropic areas toward internal entities/stakeholders, and external ones) or consciously manage social responsibility and irresponsibility, in a specific situational context (Sokołowska-Durkalec, 2020). As part of the institutionalization of social irresponsibility, it is embedded in organizational value carriers, such as elements of strategic management in the form of a mission, vision, strategic goals, organizational culture, managing organizational behavior, human resource management, codes of values/ethical codes, etc.

Manifestations of social irresponsibility of a small enterprise in the economic, legal, ethical, and philanthropic areas and related values – assumptions

In accordance with the understanding of social irresponsibility adopted in this study, the recognition of manifestations of socially irresponsible actions toward internal stakeholders (primarily employees) and external stakeholders (customers, suppliers, competitors, local community, etc.), may concern economic, legal, ethical, and philanthropic areas. Without undertaking a detailed analysis of the types and impact of values on the implementation of individual socially irresponsible activities, it is worth listing the key values for areas of social irresponsibility.

Manifestations of social irresponsibility in the economic area mainly concern negligence of the company's managers in maximizing the value by, e.g., sub-optimal use of resources and undertaking activities to

increase profits in violation of the market economy and competition rules. The primary manifestation of social economic irresponsibility is the lack or limited maximization of value for the owner and shareholders. For example, one can be socially irresponsible toward employees by not paying salaries on time or not paying overtime. A company may be socially irresponsible toward customers in the economic area, when it does not or does not sufficiently ensure timeliness and reliability in the execution of orders, professional service, and does not offer products (goods and services) of the highest quality. The company may harm its suppliers by creating incidental and dysfunctional relationships and by paying debts on time or as agreed, and it may harm its competitors by failing to cooperate on the basis of mutual benefits, or by colluding on prices. The manifestation of failure to pay or improper payment of public and legal obligations to local government and the state, failure to provide jobs in the local community, or failure to allocate funds for environmentally friendly technologies should be indicated as part of economic irresponsibility. However, it should be remembered that the evaluation of socially irresponsible actions in the philanthropic area should be mitigated by the postulate that this area should be voluntary which is contained in the models (e.g., A. B. Carroll [Carroll, 1979]). Some of the negative values associated with the economic area of social irresponsibility include greed, avarice, lying, hedonism, selfishness, dishonesty, untruthfulness, imbalance/asymmetry, etc.

The manifestations of social irresponsibility in the legal area are related to the fact that the enterprise, in pursuit of profit, does not act or insufficiently acts in accordance with the law or cleverly circumvents it; it concerns, among others, compliance with the law on business, environmental protection, consumer protection, human rights, labor law, business obligations, etc. Values appropriate to this area include injustice, intolerance, violence, dishonesty, untruthfulness, non-transparency, imbalance/asymmetry, corruption, fraud, enslavement, etc.

Manifestations of social responsibility in the ethical area have their source in moral norms and are related to the small business owner's failure to perceive, or superficial perception of, the consequences of his own decisions, and failure to bear or avoid responsibility for them. Examples of socially irresponsible behavior in the area of ethics toward employees include, but are not limited to disrespect in relations with employees, violation of psychological contract in hiring, pursuing a policy of unequal opportunity, mobbing and intolerance in the company toward employees, etc. A marker of unethical behavior is treating customers unfairly, through, among others, using unfair pricing strategies, failing to inform (or providing incomplete information) in a timely and appropriate form about changes in contract terms, unfair sales policies, etc. Similarly, suppliers cannot count on trusting working conditions and competitors cannot count on fostering fair competition and adhering to a

level playing field in trade or other business. The local community tends to complain about the socially irresponsible behavior of the company as a bad employer, service provider, manufacturer, community member. The values underlying the attitudes of the ethical field include dishonesty, unreliability, inaccuracy, untruthfulness, non-transparency, imbalance/asymmetry, etc.

The assessment of the philanthropic area of social irresponsibility depends on the level of realization of the concept of social responsibility and whether philanthropy is considered a voluntary activity, or an activity complementary to the economic, legal, and ethical ones. Manifestations of social irresponsibility in the area of philanthropy, refer to the company's failure to transfer part of its resources to the society to provide real aid, improve living conditions, or solve social problems. Therefore, it is in vain to look in the company for an offer of financial or material assistance, specific organization of working time or scope of duties for employees in a difficult life situation. A similar situation is with unmet, possible needs of customers or suppliers in this area. The company also does not offer support to individuals and organizations from the local and national community in the public sectors: health, science, education, arts, sports. Social irresponsibility in the philanthropic area is associated with selfishness, individualism, stinginess, greed, ignorance, intolerance, etc.

The selected values are not a closed set, they are not hierarchical and their relations with the areas of social irresponsibility are not described. They are an integral part of the presented areas.

Research assumptions

In view of the significant research gap related to the problem of identifying manifestations of social irresponsibility of a small enterprise, it was decided to perform the first stage of empirical research, in the form of pilot studies. The pilot study made it possible to identify the conditions and validity of research in this area, and to test research tools.

The empirical research results presented in the chapter are related to the implementation of the research project entitled: Social irresponsibility of a small enterprise – theoretical, methodological, and practical challenges and constitute its part entitled: Determinants and the process of identifying selected manifestations of social irresponsibility of a small enterprise. The aim of this part of the research is to identify the conditions and elements of the process of identifying selected manifestations of social irresponsibility of a small enterprise. The chapter presents the results of empirical research on selected manifestations of social irresponsibility of a small enterprise in economic, legal, ethical, and philanthropic areas toward internal and external stakeholders. The values presented in the theoretical part are considered an integral part of the areas.

The empirical quantitative research was conducted between August and November 2020 on a purposively selected sample of 78 Polish small (including micro) enterprises. Purposive sampling was related to the selection for the study of enterprises that met the following criteria: (1) the criterion of the number of employees, was related to the employment of up to 50 employees by the surveyed enterprise during the research period (among them there were microenterprises, employing up to ten people); (2) the criterion of activity, meant conducting business activities and being active in the formal and literal sense; (3) the criterion of independence related to the independence of economic activity; thus, capital and organizational subsidiaries, being part of larger organizations or operating in networks (subsidiaries, related and partner enterprises), did not find interest in the process of selecting enterprises; (4) substantive criterion that concerned the possibility of distinguishing specific features in the assessed enterprise, highlighting the socially responsible nature of activity (e.g., enterprises presenting good practices in the reports of the Responsible Business Forum, from the list of Fair Play companies, exhibitors at CSR Good Practice Fairs, enterprises in which manifestations of social responsibility management were identified). The substantive criterion was applied due to the level of awareness of entrepreneurs regarding the processes related to social responsibility and – by assumption – social irresponsibility.

A survey method was used in this research. For the purposes of this research process, a survey questionnaire was constructed, addressed by the author of the chapter, in chapter form to owner-managers and/or managers (or employees indicated by them), containing questions (closed and semi-open – 19 multidimensional questions) concerning the respondents the studied issues, preceded by an introduction and instructions, and summarized by a metric/certificate.

The chapter presents an evaluation of respondents' answers to seven research questions, focused on the key question:

- 1 In which areas (economic, legal, ethical, philanthropic), and how often (never, occasionally, hard to say, often, very often), do socially irresponsible actions occur in your enterprise toward internal (employees) and external (customers, suppliers, retailers/wholesalers/contractors, competitors, creditors and financial institutions, representatives of state and local administration, community [local, regional, national, international], economic organizations, social organizations, and natural environment) stakeholders?

Due to the pilot nature of the research and insufficiently recognized issues, a frequency analysis, i.e., an analysis of the distribution of responses in the studied sample was selected to present the results of empirical research.

Characteristics of the research sample

The survey sample of 78 (N = 78) small Polish enterprises was diverse. The group included 28% of enterprises with no employees, 41% of micro-enterprises employing up to ten people, and 31% with more than ten people employed. A large representation (58%) among the respondents are family businesses. Data on the range of activities of the surveyed enterprises were fairly evenly distributed: regional: 30%, local: 23%, national: 21%, and international: 26%. Most of the researched enterprises (69%) were running their business activity for more than ten years, 17% from four to ten years, while the youngest companies, functioning up to three years in the market, constituted 14% of the total. The dominant subject of activity is service enterprises (66%), while trade (20%) and production (14%) are represented at a similar level. Most companies were run by a single person as an individual – 54%. In this respect, service companies were the leaders. The next most popular were civil partnerships (26%) and limited liability companies (15%), which were preferred by trade and production enterprises. The least popular organizational and legal form of business activity in the surveyed group of enterprises included general partnership (4%), partnership (1%) and limited partnership (1%). Small enterprises, which were included in the research sample, came from 14 Polish voivodeships (out of 16). The questions asked in the survey questionnaire were mostly answered by the business owners – 95%. The delegated, entrepreneur-designated interviewees were hired managers (4%) and other employees (1%).³

Results

The results of empirical studies prove that the manifestations of social irresponsibility of the surveyed companies toward selected internal and external stakeholders are differentiated in terms of the type of irresponsibility area and the frequency of irresponsible activity. In relation to employees, among 72% of the surveyed companies, which employ workers, the most frequently socially irresponsible actions take place in the economic (32.3%) and legal (26.6%) areas. Occasional actions toward this group of stakeholders are declared by entrepreneurs most often in legal (46.9%), ethical (49.2%), and economic (43.1%) areas. It is comforting that none of the respondents indicated the highest level of socially irresponsible actions – “very often”, in each area toward employees. A large group of entrepreneurs, more than 25%, never recorded inappropriate behavior toward employees in their activity. The area of philanthropy is leading in this regard with a score of 77.5%. Definitely fewer answers “never” were obtained in economic (21.54%), legal (23.44%), and ethical (25.98%) areas. Respondents mostly “passed the test of decisiveness”, as in all areas of social irresponsibility toward

employees the “hard to say” answers were 3.1% in economic and legal, 4.9% – philanthropic and 9.5% – ethical areas. The companies indicating the most socially irresponsible actions in all areas toward employees are service companies, with more than ten employees, non-family owned, national in scope, and operated as a limited liability company.

The group of stakeholders that definitely leads among the addressees of socially irresponsible actions of the surveyed enterprises consists of customers. Entrepreneurs are most active and most often act irresponsibly in legal (44.7%), economic (37.7%), and ethical (33.3%) areas. Occasional socially irresponsible actions toward customers can be recorded most in the ethical area (30.7%), less in the economic area (22.1%) and in the philanthropic area (15.8%) and by far the least in the legal area (15.8%). It is worth noting that irresponsible behavior is very common in the economic and legal areas at similar levels – respectively: 7.8% and 7.9%. The least socially irresponsible activity toward customers was declared by small business owners in the philanthropic area – 70.8%. Similarly, in relation to employees, the respondents decided to answer the questions, the option “difficult to say” was marked in the legal (7.9%), philanthropic (4.6%), economic (2.6%), and ethical (1.3%) areas. The survey results indicate that the most socially irresponsible actions toward customers are manifested by commercial enterprises, employing more than ten people, non-family, with national and international scope, operating as limited liability companies.

Counterparties, competitors, creditors, and financial institutions proved to be the stakeholder groups toward which most socially irresponsible actions were occasional and/or never took place, according to the respondents. In the case of counterparties, occasional irresponsible actions were recorded in ethical (54.2%), economic (45.5%), and legal (42.3%) areas, while in over 35% of the surveyed companies, this type of behavior never occurred. Although there were some answers indicating very frequent abuse of contractors, they made up a small percentage of the total number of companies participating in the study, about 4% on average. The surveyed entrepreneurs also mostly occasionally behaved irresponsibly toward their competitors in the economic (39.7%), ethical (38.9%), legal (37.5%), and philanthropic (36.9%) areas. And they indicated a similar lack of this type of behavior at about 30% in three areas (legal: 37.5%, ethical: 36.1%, economic: 35.3%), and the most in the philanthropic area – 55.4%. Significantly more – compared to contractors – respondents exhibited frequent irresponsible behavior toward competitors in the economic (21.9%), legal (20.8%), ethical (19.4%), and slightly in the philanthropic area – 1.5%. A symptom arising from the research consisting in the manifestation of very frequent socially irresponsible actions toward competitors at a small level of 1.5% is interesting and unique in the scale of this research project. There were relatively many undecided entrepreneurs, indicating about 5% of “hard to say” responses in all

surveyed areas. According to the respondents, socially irresponsible behavior toward creditors and financial institutions is the least practiced. Most of them have the character of incidental events (in economic – 60.3%, ethical – 59.0%, legal – 56.3%, and philanthropic – 31.6% areas) or in more than 35% of respondents they do not happen at all. The philanthropic area leads the way with 64.9%. Although there are indications of “very often”, they are trace and have an average of about 4.0%. The most in the legal area – 6.3%, the least in the economic area – 2.9%. The socially irresponsible companies in relation to the three groups of stakeholders were characterized by service activities, employment of up to ten persons, family nature of activities, local and regional range of activities, run as a natural person.

Definitely the most wronged (besides customers) group of external stakeholders of the surveyed enterprises consists of representatives of state and local administration. It is they that entrepreneurs declared the most socially irresponsible actions, both frequent and very frequent. The highest level on the five-grade scale was recorded in relation to this group of stakeholders in the economic area – 30.1%, followed by the legal area – 26.5% and the ethical area – 19.4%. Philanthropy was not affected in this area. Slightly higher values were obtained by respondents’ answers concerning frequent activities. Thus, the ethical area scored: 37.5%, economic: 37.0%, legal: 36, 1%, and philanthropic: 4.5%. Frequent actions were least manifested in the philanthropic area (12.1%) and most in the ethical area (20.8%). The lack of socially responsible behavior toward these stakeholders was overwhelmingly indicated by the respondents in the philanthropic area, 77.3%, while the other three areas were characterized by values of about 16%. Relative to this group of stakeholders, no particular characteristics of the surveyed companies were found. Most of the respondents exhibited – to what extent – socially irresponsible behavior.

The least socially irresponsible behavior was declared by entrepreneurs in all areas in relation to the community (local, regional, national, international), economic organizations, social organizations, and natural environment. Respondents mostly (about 75%) indicated no such activities, and occasional behaviors took place in all areas at the level of about 17%, with the dominance of the economic area with the value of 31.9%. Very frequent and frequent answers were indicated by respondents in the economic and legal areas at the level of 1.4%. Due to the small percentage of companies declaring systematic socially irresponsible actions toward this stakeholder, no specific features of companies were singled out.

Discussion

In connection with the inclusion of an axiological layer in the category of manifestations of socially irresponsible actions, reference was made to universal negative values in the description of possible manifestations

of actions. Although the questionnaire did not include questions directly related to specific values, it may be assumed that, through the declaration of specific actions, a certain group of values may be professed by the respondents. The research shows that the most socially irresponsible areas in the surveyed small businesses to all stakeholders include (in order): economic, legal, and ethical areas. The philanthropic area is the least dysfunctional in this regard, and its assessment confirms the voluntary nature of philanthropic activities. It is comforting to note that the highest frequency of socially irresponsible behavior is not a common phenomenon, and the occurrence of negative manifestations of actions was described by the respondents as “frequent” and “occasional”. There were also few undecided respondents who chose the answer: “it is difficult to say”. The addressees of socially irresponsible actions with the largest number of areas and the highest frequency of occurrence, proved to be representatives of state and local administration and customers. The respondents cooperated best with the community, economic and social organizations, and respected the environment. It can be inferred from the direction of such activities that they understand and recognize the importance of their social impact.

Research on social irresponsibility of a small enterprise is a challenging task, because of the need to share information and knowledge about dysfunctions, irregularities, abuses in business activity. Natural resistance to expose their shortcomings and fear of possible consequences enforce the assurance of absolute anonymity and the development of a special relationship between the researcher and respondents based on trust and effective communication. The results of empirical research presented in the previous section allow for cautious conclusions, entitled only to the studied group of companies. The purposeful selection of the research sample, the pilot stage and the assumed idiographic nature of empirical research in the project of which this study is an element, indicates the analysis of a certain section of reality and its specificity. The picture of the researched reality is burdened with one more limitation, namely the declarative nature of the respondents’ answers, which requires objectification by including a group of stakeholders whose opinions can be compared with those of the owners of the surveyed small businesses, as well as extending and deepening the research.

The research also did not separate the internal stakeholder group of owner and management for two reasons: (1) it was considered unlikely that the owner would act to his disadvantage, unless out of ignorance; (2) in the pilot study, managers were included in the group of employees (in the next stage of the research, it is assumed that hired managers will also be studied). Moreover, among the stakeholders-counterparties there could also be competitors, for whom a separate set of questions was included in the questionnaire. It was not entirely possible to distinguish between manifestations and actual socially irresponsible actions in the

surveyed enterprises, as well as to identify the process and conditions of the impact of universal values on the content and manner of making management decisions resulting in socially irresponsible actions.

The limited scope of the chapter made it impossible to present the relationships between various areas of social irresponsibility and between stakeholders in the form of correlations and cross-tabulations. Through to this pilot study, it became possible to recognize the conditions and validity of the research in the subject matter and to verify the research tools. Identification and evaluation of socially irresponsible actions can be a contribution to the creation of a priori values and conscious management of social impact. In the following studies, the author of this chapter plans to present the remaining results of pilot empirical research on the same group of enterprises in the field of identification and evaluation of motives, benefits, costs, and internal and external conditions of socially irresponsible actions.

Notes

- 1 “The project is financed by the Ministry of Science and Higher Education in Poland under the programme ‘Regional Initiative of Excellence’ 2019–2022 project number 015/RID/2018/19 total funding amount 10 721 040,00 PLN”.
- 2 An analysis of the resources of electronic databases Web of Science and Scopus (as well as Google Scholar – including the so-called “grey” literature) for a search of English-language articles, books and conference proceedings in which research on the social irresponsibility of small business was undertaken (the search terms in the titles were: social irresponsibility, socially irresponsible actions, fraud, corruption, unethical actions), indicates their relatively small number: from 1956 to April 2021, only 17 items were published. Moreover, they mainly referred to the intermediate areas of social irresponsibility: unethical behavior, corruption, etc., and in the overwhelming number the combined treatment of small- and medium-sized enterprises) mostly of a review nature, with a relatively small share of articles presenting the results of empirical research. Among the articles in Polish language (searched through Google Scholar), 4 directly related to the topic were found.
- 3 The differentiating criteria (in the metric) included: the industry, the size of the town in which the company operated, the family or non-family nature of business, gender, age, and education of the respondent, the declaration of willingness to participate in subsequent stages of empirical research. Due to the limited scope of the chapter, their detailed presentation was abandoned (also in relation to the studied issue).

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5 Corporate social irresponsibility and moral values: A consumer perspective¹

Grzegorz Zasuwa

Introduction

Recent years have seen a large number of publications devoted to corporate social responsibility. These studies typically show that “good deeds” generate beneficial impacts on the environment and society (e.g., Bhattacharya & Sen, 2004). However, the prevailing positive view of corporate social responsibility in the literature does not mean that all companies attempt to become more responsible. Spectacular transgressions committed by multinational corporations show that companies may also violate moral values and have a negative impact on the society. With the rapid development of information technologies, news about harmful corporate actions quickly reaches consumers and other stakeholders (Makarem & Jae, 2015). Technological progress makes companies more vulnerable to punitive stakeholder responses, including product boycotts and reputation damages.

Windsor (2013) notes that the losses resulting from negative social and environmental impacts of companies are much greater than the benefits derived from corporate social initiatives. Indeed, the consequences of corporate socially irresponsible (hereafter, CSI) incidents can be particularly severe even for a company that behaves irresponsibly. For example, the fraud committed by Volkswagen resulted in a worldwide reputation crisis and led to a 23% drop in the value of their share prices (Bloomberg, 2015). The Volkswagen case and irresponsible operations of other firms, including large banks (i.e., Lehman Brothers), clearly show that negative corporate impacts are an important area of study.

Despite the importance of CSI, research on consumer perception of negative corporate impacts is in its infancy. According to the author’s best knowledge, only a few studies have addressed the question of what consumers consider a socially irresponsible incident. For instance, Wagner et al. (2008) developed a detailed list of 14 types of retailers’ practices that consumers regard as socially irresponsible. Recently, this inventory has been organized into three dimensions and successfully used to measure the irresponsibility of French grocery retailers (Swaen et al., 2020).

However, our knowledge of CSI perceptions beyond a specific industry is limited.

Given the importance of negative corporate impacts and the gap in the literature, this chapter aims at extending our understanding of corporate socially irresponsible practices from the consumer perspective. More specifically, the primary objective of this work is to show what types of corporate incidents are considered irresponsible by consumers, paying special attention to the moral values violated by companies. The focus on moral values associated with negative corporate impacts would help to move beyond specific features of the particular industry as values apply across contexts (Schwartz, 1997).

Moral values are associated with the essence of CSI. The review of CSI definitions shows that scholars typically agree that CSI implies unethically (Armstrong, 1977). This lack of ethics stems from a violation of different moral norms and values that results in negative outcomes mentioned in several CSI definitions such as harm for stakeholders (Lin-Hi & Müller, 2013), unfair profit at the expense of others (Windsor, 2013), illegality (Bianchi & Mohliver, 2016), or lack of concern for communities or the natural environment (Lange & Washburn, 2012).

As a conceptual framework for exploring the consumer perception of CSI incidents, this research draws on the Moral Foundations Theory (hereafter, MFT). The MFT goes beyond the classical approaches to morality focused on conscious evaluations of behaviors in terms of justice and care, offering a more pluralistic view of morality (Haidt et al., 2009). In the MFT, the care and justice values are complemented by four other foundations of morality, concerning loyalty, authority, purity, and liberty. All these six values are considered innate (i.e., they have evolved with mankind) and shared by most people (Haidt, 2012). In addition, contrasting with rationalistic theories (e.g., by Kohlberg, 1984), the MFT posits that moral assessments are intuitive, involving instant, cognitive, and emotional appraisals.

Haidt and Joseph (2004) admitted that the proposed catalogue of moral foundations (values) is not exhaustive and can be extended. Similarly, other scholars argue that immortality cannot be limited to the violation of certain norms, but various values can be moralized depending on the specific context (Schein & Gray, 2018). Thus, the framework has been adjusted to the context of organizational behavior. Specifically, the authority foundation associated with the evolutionary demand for social hierarchies as a tool for maintaining social order (Haidt, 2012) has been replaced by legality as a more appropriate norm in the business environment. This adaptation is consistent with several definitions that consider law violations a constituting feature of CSI (Bianchi & Mohliver, 2016). In addition, the purity value that addresses the evolutionary need to avoid things that people find to be morally disgusting in the behavior of other people, such as sexual deviations

(Haidt, 2012), has been excluded because of its lack of relevancy to corporate behaviors.

The proposed framework complements previous studies that organized negative corporate impacts according to the affected stakeholder groups (Swaen et al., 2020; Wagner et al., 2008). Given that moral norms are linked to emotions (Haidt, 2012), this approach not only goes beyond the context of a particular industry but may also be helpful for research investigating emotions as antecedents to consumer responses to CSI incidents.

Materials and methods

Given the exploratory objective, the study used a qualitative methodology, and no hypotheses were developed. The chapter is based on a larger research project aimed at examining consumer responses to corporate socially irresponsible incidents. Focus group interviews were performed to get a deeper understanding of what consumers regard as irresponsible corporate behavior. The research activities included 16 focus sessions conducted from July to September 2020. In total, 100 adults differing in terms of place of residence (large, mean and small town), sex (female 50%) and age (from 19 to 65 years) took part in discussions on corporate irresponsibility and their perceived antecedents. All participants were guaranteed anonymity. No incentive was offered for taking part in the present study.

All interviews utilized the same protocol and were conducted by a well-trained moderator. In order to stimulate discussions, 14 vignettes of actual CSI incidents were used that covered a wide range of incidents, including employee exploitations, supplier mistreatment, tax avoidance, financial statement frauds, and monopoly practices, to obtain ecological validity. Each focus group was exposed to two vignettes. In these sessions, respondents were asked, among other things, about corporate practices that they consider to be irresponsible and their personal experiences with such incidents. All the discussions were audio-recorded and then carefully transcribed. Then, two trained master students separately coded the extracts from the transcripts that dealt with socially irresponsible incidents.

Following an iterative approach, the study grouped the extracts into five broad categories based on the Moral Foundations Theory (i.e., harm, unfairness, disloyalty, illegality and oppressiveness). The inter-rater agreement exceeded 80% for each category.

Results

The research findings demonstrate that the vast majority of reported corporate incidents directly addressed the respondents' own experiences with companies and brands. Consumers less frequently reported the CSI incidents that deal with other stakeholders and the natural environment.

Table 5.1 Violations of moral values by companies

<i>Moral value</i>	<i>Violation of a moral value</i>	<i>Typical corporate transgressions</i>
Care	Harm	Causing physical, emotional or economic damage to stakeholders, for example a product efficiency reduction, using unhealthy ingredients.
Fairness	Unfairness, cheating	Cheating, or fostering inequality and inequity in relationships with stakeholders such as hiding relevant information about products, or prices.
Loyalty	Betrayal	Betraying company's stakeholders including changing product composition or making the packaging smaller.
Legality	Illegality	Breaking the law by a company, for example a failure to comply with health and safety regulations.
Liberty	Oppressiveness	Violation of stakeholders' freedom and their rights, for example market power abusing by multinationals in relationships with their local suppliers.

Source: Adapted from Haidt (2012) and own research.

In general, focus sessions demonstrate that consumers consider corporate behavior irresponsible, mainly when it is unfair or harmful. Other moral codes, including loyalty, legality, and liberty, seem to be less prevalent in CSI incidents provided by respondents. All the moral values that were used to develop the theoretical framework are presented in Table 5.1.

The care/harm foundation

The care/harm foundation addresses the human instinct to protect others from harm (Haidt, 2012). This norm is probably the most widely accepted tenet of moral theories across cultures and a major cue to assess a behavior's ethicality (Gray & Schein, 2012). Thus, it is not surprising that several scholars consider harm as a constituting feature of a CSI incident (Bianchi & Mohliver, 2016; Carroll & Brown, 2018; Lin-Hi & Müller, 2013). For example, Carroll and Brown (2018) define CSI as "organizational actions that cause harm to stakeholders" (p. 62).

Schein and Gray (2018) claim that harm occurs when "an intentional agent is causing damage to a vulnerable patient" (p. 37). Thus, the inflicted damage is an inevitable aspect of harm. This damage aligns on a

continuum from minor to serious transgressions depending on the norm being violated by the culprit (Schein & Gray, 2018). Accordingly, CSI studies distinguish between more severe, ethical transgressions and less severe, social transgressions (Grappi et al., 2013).

Although CSI studies have addressed various types of incidents, we know little about the harm perceived by consumers in corporate behavior. The current research reveals that the vast majority of CSI incidents experienced by respondents included economic harm, such as decreasing product quality or product amounts while maintaining the same prices. The following quotes outline typical corporate practices in this category:

One such practice is Apple reducing the efficiency of their phones. (Janina)

They reduce the weight of a product, and the price stays the same. (Tomek)

For example, we buy electrical equipment, let's say cell phones, and they are designed so that just in one or two years, it's going to break down, so that this stuff has to be bought all the time. (Janina)

Selling expired products or products that contain harmful ingredients that are entirely different from what they say on the package. (Tomek)

Although most irresponsible practices involved consumers, the reported cases also included incidents where other stakeholders, including employees and suppliers, were harmed. The following extract refers to such incidents.

Well, there may be a bunch of things I really do not know, not paying employees' salaries on time, non-payment of amounts stated in the contract. (Filip)

While reporting research findings on harm, it is worth noting that the moral psychology literature considers harm to be triggered by signs of physical or psychological pain and suffering of victims (Haidt, 2012). Surprisingly, respondents in the present study mentioned only a few incidents involving suffering, for example animal testing. Thus, the current study suggests that corporate practices considered by consumers irresponsible, typically imply economic harm for themselves.

The fairness/cheating (and unfairness) foundation

The perceived harm and suffering may not always be sufficient to judge an incident as irresponsible because people can accept harm (Piazza et al., 2019). For example, consumers may agree with corporate decisions to

substantially reduce employment when justified by difficult economic circumstances, although it reduces employee welfare (i.e., harm in broader terms). That is why Alcadipani (2019) claim that harmful actions may require injustice (or unfairness) to be categorized as morally wrong.

Fairness is defined as “the degree to which people perceive an action as being in line with or opposing the ideas of justice, human rights, autonomy, equality, and proportionality” (Kübler et al., 2020, p. 783). Haidt (2012) claims that fairness is triggered by perceived cooperation, cheating, and deception in other people’s behavior. The CSI studies have found (un)fairness to be shaped by a company’s perceived greed and the severity of CSI incidents (Antonetti & Maklan, 2016). However, previous studies provided little information on the importance of (un-) fairness for consumers.

As mentioned before, most incidents considered irresponsible by respondents in the current study addressed (un)fairness. In addition, these corporate violations focused mainly on consumers. The following extracts outline the most typical CSI incidents experienced by respondents.

Hiding certain information from the customer or not displaying important things sufficiently, for example, writing something in small print to catch customers out and then you know that the customer suffers, but also the company, because it works on its bad reputation, quite simply. (Justyna)

... I associate it, above all, with the fact that there is a lack of information about a product or the omission of certain information that is important. Above all, sweeping everything under the carpet. (Kamila)

When it comes to consumer rights, there is, for example, a failure to indicate the correct price of the goods, and a complaint or warranty has not been dealt with properly. (Andrzej)

Well, I think it’s something that’s good for the company, but it’s done at the expense of the consumers. (Wiktor)

The prevalence of (un)fairness in CSI incidents is in line with previous studies that found this norm to be a strong antecedent of moral emotions, including anger (e.g., Antonetti & Manika, 2017) and moral outrage (Antonetti & Maklan, 2016; Kähr et al., 2016).

The loyalty/betrayal foundation

The third foundation, loyalty, stems from the evolutionary need for cooperation with other people (Haidt, 2012). According to this norm, a lack of loyalty toward other group members serves as a cue of

unethicality. This solid social norm has received much attention in the consumer and marketing literature, including customer relationship management. However, the relations among companies and consumers tended to be considered unilaterally, mainly focusing on creating consumer loyalty toward brands (firms). Relatively few studies addressed violations of corporate loyalty toward consumers – namely, consumer disappointment and dissatisfaction with companies (Cleary et al., 2017; Estelami, 2000; Zeelenberg & Pieters, 2004). According to the author’s best knowledge, the loyalty norm has not been addressed in the context of CSI yet.

The research findings of the current study suggest that some CSI practices involve corporate disloyalty. More specifically, focus sessions show that loyal consumers may feel betrayed by the company when they downsize their favorite product or change the formula. The following statement may serve as a typical example of such incidents.

I trust that it is the same company, the same composition. At some point, I just buy it out of habit, and then it turns out after a while that the composition has changed, or the quantity has been reduced. This is a common problem. (Krzysztof)

Unmet expectations make consumers experience negative feelings such as disappointment and regret (Tsiros & Mittal, 2000; Zeelenberg & Pieters, 2004), shaping subsequent consumer judgments and behavior, including brand image, purchase, and word of mouth (e.g., Estelami, 2000). As the following quote demonstrates, perceived corporate disloyalty might even evoke stronger emotions, including anger.

... for example, it made me very angry when they made the packaging smaller. Just like my predecessor said, visual look, same packaging, suddenly gets a number of grams, milliliters smaller. (Danuta)

The legality/illegality foundation

As mentioned earlier, the current study used legality instead of the authority foundation since legality is much more relevant to business behavior than authority, which refers primarily to relations between people. In the management literature, illegal corporate behavior is defined as “unlawful activities of members or agents of a firm, engaged in primarily for the firm’s benefit” (Baucus & Baucus, 1997, p. 129).

Corporate violations of legal regulations include a wide range of practices and incidents, including employee discrimination, per se antitrust practices (e.g., price fixing); product liability with punitive damages; forcing employees to work overtime without compensation, or tax evasion (Alcadipani & de Oliveira Medeiros, 2019; Krishnan & Kozhikode, 2015).

In the CSI literature, the illegality of corporate behavior is regarded as a constituting feature of an irresponsible incident (e.g., Bianchi & Mohliver, 2016). In addition, recent studies have found that punishment by the law can increase the perception of CSI severity (Nardella et al., 2020). To this end, illegality seems to overlap with the care/harm foundation. The following extracts suggest that illegality may also overlap to some degree with the unfairness foundation.

There has been such a case recently. It was presented in the media. As far as the Biedronka chain is concerned, UOKiK [The Office of Competition and Consumer Protection] imposed a fine there. It must have been over PLN 100 million. It was quite a high penalty. For using different prices between the one on the shelf and the one that appears later on the receipt. (Bartek)

Failure to comply with health and safety regulations – above all, labor laws. (Joanna)

Maybe the whole Amber Gold affair fits here. It's such a big case. (Filip) [it ended up in court]

The liberty/oppressiveness foundation

The last foundation, the liberty/oppressiveness, refers to maintaining freedom from oppressive regimes and controlling bullies (Haidt, 2012). In the business context, this moral norm addresses how companies use their power over stakeholders. Munson et al. (1999) note that “power may not only be used, but also abused”, mainly when company's operations are motivated by egoistic interests while ignoring the rights of others. The risk of exploiting other parties also grows with power imbalance, dependence, and unethical climate in the company (Schleper et al., 2017). This imbalance typically takes place between the company and its employees. Accordingly, the following extract outlines some CSI incidents mentioned by a respondent in the current study.

Probably unfair wages. Taking advantage of the employee's situation, a difficult situation on the market in terms of finding a job, and because of that, they offer a salary that is not in line with the applicable minimum. The employer does not give you a contract, does not allow you to exercise your full rights. (Gosia)

The focus sessions also revealed several CSI incidents concerning supplier exploitation, mainly when one side of a relationship is a retail chain, a large manufacturer, or a multinational corporation. The following quote refers to such incidents.

I would also like to draw attention, as we have already discussed, to multinationals, whose budgets often exceed the budgets of individual countries, so there is no control over them, and these multinationals exploit workers by paying them unfair salaries. They sell goods at below-market prices and, unfortunately, it is not possible for domestic businesses to compete with them. (Kamila)

Discussion

The current study aimed to answer what types of corporate incidents are considered irresponsible by consumers, paying special attention to the moral values violated by companies. The conceptual framework and collected data offer the following implications and directions for future studies.

First, the research extends our understanding of negative impacts of companies from a consumer perspective. More specifically, this study has revealed that the vast majority of incidents and corporate practices considered by consumers irresponsible refer to the fairness value. Given that previous studies focused mainly on the effects of harm (and its severity), this research suggests paying more attention to the consequences of corporate unfairness, particularly toward consumers.

Second, the analysis of CSI incidents through the lenses of the Moral Foundations Theory has enabled new cues of irresponsibility to be proposed – namely, corporate disloyalty toward stakeholders and corporate oppressiveness. These features of corporate behavior may be helpful in future studies which aim at developing a more comprehensive conceptualization of CSI incidents.

Third, data collected in focus group sessions have demonstrated that a typical CSI incident involves a violation of a few moral norms simultaneously. For example, the employees' discrimination may involve psychological harm, unfairness, power abuse, corporate disloyalty, and illegality. Thus, this study invites further research to address the multidimensionality of negative corporate impacts.

Fourth, the identified five violations of moral values by companies can also be used by scholars as a starting point for developing a scale for measuring CSI incidents. Given that violations of moral values are associated with consumer emotions, a new measure for the perception of CSI incidents can be useful in explaining consumer responses to corporate transgressions.

Finally, a deeper understanding of corporate moral violations from the consumer perspective may be interesting not only for scholars but also for practitioners. This knowledge may help design and develop managerial procedures aimed at avoiding unethical practices. A reduction in negative corporate impacts may help to enhance consumer satisfaction, trust, and the company's reputation. In addition, a better

understanding of consumer appraisals of CSI incidents may be used to decrease the risk of punitive consumer behavior, such as negative word of mouth or product boycotts.

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6 The impact of doing bad on consumer (dis)trust in the company: The moderating role of moral values¹

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Introduction

When making purchasing decisions, consumers are guided by a number of determinants, among which two particularly important, i.e., trust and risk, can be mentioned (e.g., Kim et al., 2008). Trust in our lives determines whether we are willing to establish relationships, what the nature of these relationships will be, and whether they will be long-term relationships. Trust is a special intangible resource, which requires multidimensional activities undertaken by the organization and targeted at consumers in the long term. Trust can be strengthened or weakened, so an organization needs to understand what activities and tools build consumer trust and which factors, in particular, undermine or destroy trust. Simultaneously, trust as a consumer's belief about a company may depend on consumer characteristics that serve as boundary conditions. A better understanding of these conditions may be helpful for marketing practitioners who manage relationships with stakeholders, particularly consumers.

The present study addresses the role of corporate social (ir)responsibility (CSI hereafter) in deteriorating consumer trust in the company. We argue that a sense of anxiety is reinforced in consumers, who relatively often encounter irresponsible practices of companies – both unethical and illegal (Bianchi & Mohliver, 2016). Such information undermines the reputation and trust in companies as such. Hence, to defend and strengthen trust, companies undertake a number of CSR activities to make them credible. At the same time, consumers differ in their attitude to morality. Considering the above remarks, we attempt to understand better the relationship between CSI, consumer trust, and the moral values of consumers.

Materials

Consumer trust

In general, trust is a value that plays a key role in building the enterprise-enterprise relationship (Mayer et al., 1995) or enterprise-consumer

relationship (Kim et al., 2008). According to Morgan and Hunt (1994), trust exists when one party has confidence in an exchange partner's reliability and integrity. It is a willingness to rely on an exchange partner in whom one has confidence. Tan and Sutherland (2004) dedicated an article to the definition of the term trust in which they stated that there are English terms that are synonymous with it, including reliance, confidence, integrity, faith, risk, and hope. According to Gambetta (2000), trusting a person means believing that when offered the chance, they are not likely to behave in a way that is damaging to us, and trust will typically be relevant when at least one party is free to disappoint the other, free enough to avoid a risky relationship, and constrained enough to consider that relationship an attractive option.

As a multidimensional and complex term, it is still the subject of conceptualization. In the structure of values offered by Wenstøp and Myrmel (2006), trust seems to be a fundamental value of any long-term relationship both in life as well as in any business. Trust is also a value developed and protected in relationships between people and organizations. Creating this value between an organization and a consumer requires a number of actions to make both the organization and its brands credible. Trust, as a value, is also vulnerable to destruction by unethical or illegal practices which stakeholders become aware of.

In the marketing literature, consumer trust is defined as a belief that the product or service provider can be relied on to behave in such a manner that the long-term interests of the consumers will be served (Koller, 1988). Currently, trust is the subject of many studies in the area of consumer confidence in online shopping, where researchers wonder how it affects purchasing preferences and purchases in the context of perceived purchasing risk (Kim et al., 2008), post-purchase dissonance (Li & Choudhury, 2021) and consumer responses to CSR (e.g., Stefańska & Wanat, 2014; Zasuwa, 2019a).

Consumers who trust a company or its brand are convinced that what it says, promises, will be delivered and will not intentionally and consciously harm consumers. Companies must treat their customers with respect, present unbiased and honest information, as this increases consumer loyalty to the company – result of trust and achieves greater lifetime profitability per customer. In order to understand how trust works, Urban (2003) believes that several conditions must be met: (1) transparency, (2) taking the role of a consumer to understand their needs, (3) helping customers – this will help the company, (4) engaging consumers to work together, (5) creating unique products and services, (6) comparing own offer to the offer of competitors, (7) creating a chain of relationships based on trust, and (8) making trust an element of all functions of the company. Without fulfilling those conditions, trust may be weaker or not exist.

Corporate social responsibility

Corporate social responsibility (CSR) is a concept of a company's activity, which assumes that the company accepts economic, legal, and ethical responsibility for the results of its activity and maybe (it is not an obligation) also involved in philanthropy work (Carroll, 1999). This concept is the subject of numerous research works that focus, among others, on: modeling CSR (Carroll, 1999), the role of CSR for consumers (Sen & Bhattacharya, 2001), the effects of CSR on creating a competitive advantage (Stefańska, 2014), or reporting on CSR (Bachnik et al., 2020). Companies can take advantage of CSR activities, such as popularizing a positive opinion from mouth to mouth (Bolton & Drew, 1991), inspiring trust to a marketing offer and the enterprise (Morgan & Hunt, 1994), mounting up resistance to negative information in a crisis situation (Jones et al., 2007), reinforcing a positive enterprise image and increasing satisfaction (Luo & Bhattacharya, 2006).

In addition, Martínez and Del Bosque (2013) demonstrate that customers are more likely to believe that responsible companies operate honestly and reflect the interests of both parties in the relationship when making decisions, which contribute to the trustworthiness and honesty of the company and the consumer satisfaction. Moreover, customers are more willing to relate with companies implementing socially responsible initiatives as part of self-enhancement and self-stem.

To summarize, the core of the CSR concept is norms and beliefs that organizations behave in ethical, legal, economically responsible ways, and are good citizens. These norms result from organizational culture; however, their foundations are coming from human beings, those who created and managed the organization and people who are employed. As a result, norms are the core values that build trust toward the company and its brands if respected.

Corporate social (ir)responsibility (CSI)

While socially responsible actions build trust, corporate irresponsible behavior may hinder this valuable asset. Although companies understand benefits resulting from trust and try to behave responsibly (CSR) – in search of maximum profit and under shareholders' pressure – they sometimes behave in the opposite way – intentionally or unintentionally – in an irresponsible way (CSI).

According to Armstrong (1977), CSI is understood in terms of what stakeholders consider socially irresponsible behavior. Armstrong's major findings reveal that a substantial proportion of survey participants who acted as managers according to the "stockholder role" made irresponsible decisions due to role pressures. The danger of CSI is significantly reduced when managers adopt a stakeholder-oriented role. The most

common examples of CSI include corporate malfeasance tax evasion, corporate tax avoidance, criminal fraud, bribery, price fixing, bid rigging, environmental degradation, mistreating suppliers and customers, unethical and illegal practices toward employees, reckless risk-taking, in communication – false advertising and other illegal or/and unethical practices. In our opinion, any activity of the organization, which somehow hurts society – is an act of irresponsibility. The roots of CSI may sometimes be found in the conflict of stakeholders' interests (Knežević & Škrobot, 2021). Sometimes CSI is a result of intentionally, and sometimes – unintentionally taken activities. The key characteristic of unintentional CSI is that the (potential) disadvantages and/or harm to others are not inflicted deliberately by a corporation. Thus, CSI is not employed to achieve a particular objective but has the character of an unanticipated by-product of certain activities. Sometimes, CSI is just the result of a series of unfortunate events (Lin-Hi & Müller, 2013).

Hypotheses

While explaining the relationships between corporate social (ir)responsibility and consumer trust, the CSI effects on the (dis)trust are first discussed. Next, the impact of irresponsibility on trust and distrust is separately described to show the nature of this relationship better. Then we elaborate on how moral values affect the impact of CSI incidents on trust and distrust in companies.

CSI and consumer trust in the company

When explaining the effects of CSI on consumer trust in the company, it is worth paying special attention to the essence of these constructs. CSI incidents involve social norms transgressions, intentionality and undesirable outcomes for the company's stakeholders (Lange & Washburn, 2012). Thus, a consumer who encounters information about CSI incidents finds out that a particular company deliberately violated widely accepted norms in society and damaged some individuals or organizations. This type of information performs a function of a red flag that warns observers against such an entity, as morality is innate in people (Graham et al., 2013).

Information about corporate behavior and own consumer experience build trust in the company, i.e., a set of cumulative presumptions (Aurier & N'Goala, 2009). In general, these presumptions are “an expectation that the trustee is willing to keep promises and fulfil obligations” (Pivato et al., 2007, p. 6). This vital belief depends on three organizational characteristics, namely competence, benevolence, and integrity (Mayer et al., 1995).

Competence is related to a person's or organization's skills and expertise in a given domain. Benevolence concerns their care for the trustor's interests beyond egoistic considerations. Integrity has to do with how honest, fair and sincere a person or organization is. (Fuoli & Hart, 2018, p. 518)

Thus, CSI incidents hinder directly perceived corporate integrity by manifesting that a company may not be entirely ethical. Given that corporate misbehavior may be perceived by consumers as motivated by greed (Antonetti & Maklan, 2016), CSI incidents deter the benevolence of a company. Assuming that a CSI incident is neutral to corporate skills and expertise, one may reasonably expect that CSI news will deter corporate trust. Thus, we predict as follows:

H1 CSI reduces consumer trust in the company

CSI and consumer distrust in the company

To understand better how CSI incidents affect trust in companies, this study moves beyond the one-dimensional approach to trust and examines the effects of CSI on distrust, as well. Thus, the present study joins previous papers that conceptualize trust and distrust as separate and distinct phenomena that coexist. In their seminal paper, Roy J. Lewicki, Daniel J. McAllister and Robert J. Bies elaborate about these two constructs as follow "it would be misleading to assume either that the positive predictors of trust would necessarily be negative predictors of distrust, or that the positive consequences of trust would necessarily be influenced negatively by increased distrust" (Lewicki et al., 1998, p. 448). In line with this theorization, Cho have identified asymmetric effects of corporate benevolence and competence (Cho, 2006). More specifically, he has found benevolence to impose greater effects on trust than on competence. In contrast, competence has been found to be a stronger predictor of distrust than a predictor of trust.

While explaining how CSI incidents shape consumer distrust, it is worth noting that distrust is not understood as the absence of trust but the belief that the company will actively behave to harm its stakeholders. Formally speaking, the study adopts Cho's definition that considers distrust as a "belief that a partner will be incompetent, exhibit irresponsible behavior, violate obligations, and will not care about one's welfare or even intend to act harmfully" (p. 26). In line with this approach, recent studies on brand hate show that consumers may perceive some brands/companies as deliberately abusing their power over consumers and other stakeholders (Kucuk, 2020). Thus, the information about a CSI incident may be interpreted by a

consumer as a sign of immoral (rotten) organizational culture of a company. Thus, we predict as follows:

H2 CSI increases consumer distrust in the company

Moderating effects of moral values

Although CSI incidents typically evoke unfavorable attitudes to companies, this negative attitudinal valence is not necessarily the same for everyone. Several consumer studies show that people differ in their CSI appraisals. For example, Ferrell and colleagues (2019) demonstrated that consumers with higher ethical expectations perceive a CSI incident as more unethical. The same conclusion can be drawn from studies by Kim et al. (2019). Similarly, Trautwein and Lindenmeire (2019) have shown that consumer preference for ethical products enhances unethicality appraisals. Thus, these studies suggest that more ethical consumers have higher standards when assessing corporate behavior.

However, ethical values and norms do not only shape CSI appraisal, but they may also affect consumer responses to irresponsible incidents. Studies on non-green corporate actions show that a consumer's moral identity increases feelings of anger, disgust, and contempt toward a corporate culprit, leading to punitive responses such as spreading negative information, complaining, and boycotting (Xie et al., 2015). Studies addressing consumer responses to socially irresponsible corporate actions replicate the earlier findings on environmental irresponsibility, suggesting that moral values enhance negative moral emotions of consumers and their punitive behaviors.

Considering the effects of moral values on CSI appraisals and consumer morality in emotional and behavioral responses to corporate misbehavior, it is predicted that moral values will strengthen the links between a CSI incident and consumer trust and distrust to the company:

H3 Moral values increase the effects of CSI on consumer trust (a) and distrust (b) in the company.

Considering the strength of moderating effects of moral values, we draw on consumer idealism. Forsyth (1980) theorizes that people who score high on moral idealism believe that one must always avoid harming others. Thus, one may reasonably assume that information about irresponsible corporate incidents induces instant emotional reactions. Several studies mentioned before provide support for this assertion. Given that elicited emotions by a CSI incident and consumer distrust, both share a negative valence, we expect that moral values will play a greater role in moderating consumer distrust than in shaping the trust:

H4 The moderating effects of moral values are greater for distrust than for trust.

Method

To test research hypotheses, the present study uses data from a quasi-experimental study. In this experiment, we adapted scenarios used by Sen and Bhattacharya in their seminal research on consumer reactions to CSR (Sen & Bhattacharya, 2001). Both scenarios depicted a hypothetical company operating in the clothing industry. The descriptions differ only in terms of corporate (ir)responsibility. In order to check whether the manipulation was successful, we asked our respondents the following question: To what extent does the company's action benefit other people?, where "1" denoted totally unfavorable, "5" – totally beneficial. In line with the results of previously performed pilot study, respondents rated significantly higher CSR than CSI scenario ($M_{CSR} = 3.9$ vs. $M_{CSI} = 2.18$, $t[118] = 6.912$, $p < 0.001$). The measures used to collect data for testing hypotheses included consumer trust, consumer distrust, and moral values. More specifically, we adapted the items for trust and distrust from Cho (2006). All of them were measured on a five-point Likert scale. The scales of consumer trust and consumer distrust had a high internal consistency measured by Cronbach's alpha respectively 0.821 and 0.943. Moral values were operationalized by a subscale from the multidimensional consumer motivation scale for consumer ethics (Barbopoulos & Johansson, 2017). The *Cronbach alpha* amounting to 0.831 suggests an acceptable internal consistency of this measure. The reported research was conducted on a non-student sample of 120 adult participants derived from a nationwide consumer panel. Respondents were randomly assigned to experimental groups. Respondents in both groups were balanced in terms of gender (female 50% vs. 50%) and age ($M_{CSR} = 40.62$, $SD = 12.5$ vs. $M_{CSI} = 39.92$, $SD = 12.2$).

Results

When testing the hypothesis H1, we first averaged scores for trust items. Then, we compared the mean scores of this index between CSR and CSI groups. In accordance with our predictions, participants who were provided with the CSI scenario had significantly lower trust in the company than respondents from the CSR group ($M_{CSI} = 2.445$ vs. $M_{CSR} = 3.754$ vs. $t[118] = 8.896$, $p < 0.001$). The same procedure we used to examine the hypothesis H2. According to our expectations, information about corporate irresponsible behavior resulted in an increase of consumer distrust in the company ($M_{CSI} = 3.825$ vs. $M_{CSR} = 1.946$ vs. $t[112.782] = 11.342$, $p < 0.001$). Taking together these results, we have found support for hypothesis H1 and H2.

To test the moderating role of moral values on the relations between CSI and distrust, we compared the effects of CSI information while considering the level of moral values among participants. Specifically, we split each sample into two subsamples (high and low in terms of moral values). The high moral value subsample was composed of individuals whose moral value index exceeded the median (i.e., four points). In contrast, the low moral value subsample included individuals whose index of moral values was smaller than four points. Then, we again performed t-tests to check the statistical significance of differences, this time, between subsamples.

When testing hypothesis H3a, we have found that information about CSI incidents significantly reduces consumer trust in the company among individuals with high moral standards ($M_{\text{CSI}} = 2.268$ vs. $M_{\text{CSR}} = 3.980$ vs. $t[51] = 6.663$, $p < 0.001$), as well as among people who scored low on moral values measure ($M_{\text{CSI}} = 2.781$ vs. $M_{\text{CSR}} = 3.608$ vs. $t[52] = 4.683$, $p < 0.001$). In line with the hypothesis H3a, the reported effect of CSI information on consumer trust in terms of Cohen's d was greater in high moral value subsamples than in low moral value subsamples ($d_{\text{HMN}} = 1.833$ vs. $d_{\text{LMN}} = 1.283$).

Analogically, results of our analysis have revealed that consumers attaching great importance to moral values ($M_{\text{CSI}} = 1.156$ vs. $M_{\text{CSR}} = 4.116$ vs. $t[51] = 11.023$, $p < 0.001$) and individuals who care less for these values ($M_{\text{CSI}} = 3.333$ vs. $M_{\text{CSR}} = 2.192$ vs. $t(52) = 4.842$, $p < 0.001$) tend to be more distrustful toward the irresponsible company. As expected in the hypothesis H3b, the impact of CSI information on consumer distrust in the company has been much greater among high than low moral value subsamples ($d_{\text{HMN}} = 3.033$ vs. $d_{\text{LMN}} = 1.326$).

In hypothesis H4, we expected that moderating effects of moral values would be greater for distrust than for trust. While testing this prediction, the effect sizes between high and low moral values subsamples were compared separately for trust and distrust. The results demonstrate that effect sizes of CSI are greater for distrust ($d_{\text{HMN}} = 3.033$; $d_{\text{LMN}} = 1.326$) than for trust ($d_{\text{HMN}} = 1.833$; $d_{\text{LMN}} = 1.283$). In terms of the absolute delta of Cohen's d , the moderating effects of moral values are more than three times greater for distrust than for trust (delta $d_{\text{distrust}} 1.707 = 3.033 - 1.326$ vs. delta $d_{\text{trust}} 0.55 = 1.833 - 1.283$).

Discussion

The purpose of our research was to identify the relationship between CSI, consumer trust, and moral values. The results lead to several important conclusions. First of all, results confirmed that information about irresponsible corporate behavior increases consumer distrust in the company and simultaneously hinders consumer trust. Another conclusion concerns the moderating role of moral values. Specifically, the impact of CSI

information on consumer distrust in companies has been much greater among high than low moral values subsamples. This finding suggests that with the general increase in awareness and compliance with moral standards among consumers, companies behaving irresponsibly will become subject to even greater criticism and penalty. They also may be more prone to boycotts by consumers (Zasuwa, 2019b). However, this issue requires further research. Finally, our results also demonstrate that the effects of CSI are greater for distrust than for trust, leading to the conclusion that CSI results more in creating consumer fears and wariness than the reduction in faith and confidence in the company.

Our research opens up space for further discussion on the relationship of the CSI-trust-moral value. In our opinion, the obtained research results need to be continued, especially in the context of other stakeholder groups – employees or suppliers, but also investors, where trust is a special resource that determines the success and durability of businesses. With regard to employees, we mean in particular the superior-subordinate relationship, where employee commitment and a good atmosphere in the workplace result from trust and observance of moral standards. In the case of suppliers, trust, which is based on, inter alia, the belief in the credibility of a business partner determines the durability of cooperation, and CSR practices can effectively strengthen it.

Another question to be asked is whether CSR practices and trust, as well as moral values can be a subject of control and influence. As far as CSR and trust can be moderated by companies, moral values are fixed and the question which arises is whether companies want to influence them – both in a responsible and irresponsible way.

Our study also has several limitations. First, although the research has been performed on a randomly selected sample, relatively few respondents have participated in this study. So, we invite further research to replicate our study on a larger group of respondents. In addition, the empirical analysis is solely focused on CSI. Given that CSI coexists with CSR, future studies may compare the effects of CSI on consumer trust in companies with the effects of CSR. Finally, more studies are needed to understand the role of distrust in companies in consumer behavior.

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**Values and impact
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7 Management by values and socially responsible HRM as success factors in the time of the COVID-19 crisis¹

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Introduction

The sustained market success of many companies is less correlated with market forces than with the organizational values (Cameron & Quinn, 2011). However, the probability of this success is not only determined by the fact that companies have specific values, but mainly by their ability to implement management by values (MBV).

The concept of MBV was defined in the 1990s as a systematic method of identifying and engaging for a common goal and shared values, to be followed by adapting business activities to these values in order to allow all stakeholders to win (Blanchard & O'Connor, 1997). At the same time, it was assumed that employees play a crucial role in creating and fulfilling company values. Also, in the 1990s the concept of corporate social responsibility (CSR) started to be matched with human resource management (HRM). Carroll (1991) introduced the basics of socially responsible human resource management (SRHRM) in terms of the moral management of employees. Then the concept evolved into socially and economically effective strategies and practices directed at employees (Cooke & He, 2010; Zaugg et al., 2001). As a result of these practices the external company stakeholders will also benefit (Piwowar-Sulej, 2021). Both analyzed concepts are based on similar cultural assumptions and have been empirically examined (e.g., Kerwin et al., 2014; López-Fernández et al., 2018); however, so far the concept of MBV has not been directly linked and compared with the concept of SRHRM. This constitutes a research gap to be filled in this study.

Regardless of the value-based concept implemented in an organization (MBV or SRHRM) it can be stated that the time of crisis including that resulting from the coronavirus pandemic is a true test for companies checking their consequence in using the previously adopted methods. Although academic literature emphasizes the general role of corporate culture (with its values) in the time of crisis (Deverell & Olsson, 2010), the link between values, individual actions related to values and employees as

well as company performance in the context of present worldwide health crisis has not been broadly discussed (Spicer, 2020). The above-identified second research gap justifies examining MBV and SRHRM in this specific situation.

The purpose of this study is to present both theoretically and empirically the linkage between MBV, SRHRM, and company performance focusing on the time of crisis. The authors formulated the following research question: How does appropriate implementation of MBV and SRHRM stimulate company performance during the crisis?

The scientific methods used for the purpose of this study include literature studies and empirical research based on qualitative approach (a single longitudinal case study).

The study contributes to the development of knowledge through linking the two above-presented concepts (SRHRM and MBV), discussing the results of the original research project, as well as indicating practical (which processes and practices apply in particular contexts) and theoretical (research directions) implications.

Theoretical background: Relationships between management by values and socially responsible HRM

While searching for company features stimulating competitive advantage, Peters and Waterman (2015) concluded that a flexible approach to the system, structure, management style, personnel, skills, and strategy is needed. However, organizational values are in the center of the model called the McKinsey 7S framework. The organizations classified by researchers as weaker either preferred financial values (economic goals) to social values or their values were not respected by employees. At this point it is, however, worth discussing what value means.

In general terms, value is everything that is considered precious, desirable, and being the objective of human endeavor (Bozeman, 2007). Values are placed among different components of organizational culture (Armenakis et al., 2011). In the literature, various adjectives are used to describe organizational values, e.g., “espoused values”, “shared values”, or “core values” (Bourne et al., 2019). The common feature of all those terms is that at least the organization members are well aware of them. As opposed to “espoused values”, “core values” do not need to be explicitly specified in written documents, although they typically result from an organizational debate about the relevant values. “Core values” are also used to describe the highly consistent values between an organization and its members (Jaakson, 2010).

As Liran and Dolan (2016) state, values are abstract concepts, and a methodology is needed to translate these abstract concepts into specific behaviors at the micro level. Achieving this consistency is the main purpose of MBV concept (Goll, 1990), whose origin is the above-presented

McKinsey 7S framework. The companies implementing this concept specify their mission or purpose and values, communicate the mission and values, and align daily practices with the mission and values. The latter is supported by appropriate policies and detailed practices used within the process of HRM (e.g., recruitment and selection, HR appraisal, rewarding) and spiritual, inspiring leadership (Ibarreche, 2016).

At this point it is worth emphasizing that MBV highlights the requirement for meeting the needs of all company stakeholders. Additionally, Dolan et al. (2006) distinguish three types of company values: economic-pragmatic, ethical-social, and emotional-developmental. They emphasize that organizational values influence employee behavior and the directions of organizational development on condition that the majority of employees share these values. As has been empirically proven, organizational values congruent with employees' values contribute to higher employee satisfaction, commitment, and organizational performance outcomes (Fitzgerald & Desjardins, 2004; Titov & Umarova, 2017). Therefore, in order to create added value for clients, community, etc., an organization should first of all be responsible toward its employees and treat them as the most important stakeholders. This corresponds with the concept of SRHRM.

Shen and Benson (2016) and Abdelmotaleb and Saha (2020) state that SHRM is CSR directed toward employees. In turn, according to Bombiak and Marciniuk-Kluska (2019), SRHRM concept is a result of connecting HRM with the idea of sustainable development, which promotes integration of the potentially contradictory economic, ecological, and social goals in order to meet the needs of current generations “without compromising the ability of future generations to meet their own needs” (Youmatter, 2020). Shen and Zhu (2011) distinguished three pillars of SHRM system: legal compliance related to labor law (ensuring equity, health, and safety), employee-oriented HRM (fulfilling employees' needs), and HRM activities, which help firms to engage in general CSR initiatives. The concept is in line with ethical HRM explored by Greenwood (2013).

The literature also presents detailed practices associated with SRHRM (Al-Amin et al., 2021; Barrena-Martínez et al., 2017; Bombiak & Marciniuk-Kluska, 2019; Diaz-Carrion et al., 2019; López-Fernández et al., 2018). They are assigned to such areas as recruitment and selection, job analysis, compensation, HR performance appraisal, career management, training, OHS and work-life balance, diversity management, relations, and restructuring. It is worth emphasizing that in the area called “job analysis” an employer offers the opportunity to participate in crucial decision processes (López-Fernández et al., 2018) – in particular, the decisions about their functioning in the workplace.

Zhang et al. (2009) stated that MBV concept is a new direction of HRM. However, considering the above-presented considerations one can assume that MBV is a broader concept than SRHRM, because it

involves all stakeholders in the process of creating and fulfilling values, emphasizes the role of employees and the need of achieving consistency between personal employee values and organizational values. MBV uses tools specific for the HRM field. In turn, SRHRM is one of the HRM concepts (a functional concept) which – similarly to other modern HRM concepts (e.g., human capital management, sustainable HRM) – emphasizes the role of internal stakeholders, i.e., employees. This concept can be treated as a method used to achieve MBV effectiveness.

Research methodology

The empirical research was conducted in the period March 2020 – January 2021. The authors used a longitudinal case study method. Within the case study the authors used participant observations, the analysis of company documentation, interviews with management board members, and a survey among employees.

Yin (2014) recommends the general case study method in order to find responses to the questions of an exploratory nature, i.e., the ones referring to “how” and “why” a given phenomenon occurs. This method is often used in the situations where the context of the studied phenomenon is important and whether the cause and effect relationships should be clarified (Walsham, 1995). Longitudinal study helps the researcher to identify factors that may constrain or support the long-term effectiveness of a strategy (Burt et al., 2017). Moreover, such exploratory study can contribute to the theory development through observing and identifying “interesting, relevant, and potentially counter-intuitive phenomena that cannot be explained well enough by existing theory, and thus propose these for further testing” (Boer et al., 2015). Individual case studies may become generalizing studies if the issue of generalization means gaining and accumulating knowledge rather than formal generalization (Flyvbjerg, 2006).

The organization under study – *Mondi Polska* (*Mondi*) – is a medium-sized company, which operates in the recruitment industry and specializes in the recruitment of temporary workers for the companies located in Germany. This organization was established in Poland in 2010. From the very start (actual operations started in 2011) the company has implemented MBV concept followed by SRHRM. Its values include respect, common goals, team success, loyalty, efficient communication, responsibility, drawing conclusions, constructive solution, truth, and the company itself.

Findings from empirical research: Activities undertaken in the analyzed company during the COVID-19 crisis and their results

The incidents associated with SARS-CoV-2 virus spreading in March 2020 were a serious threat to the company existence. March is usually

the beginning of the season for providing services in the analyzed industry. In 2020, when the crisis appeared, entrepreneurs resigned from temporary workers first to save their key personnel from dismissal.

As indicated above, many years before the crisis the company implemented a set of managerial tools associated with MBV and SHRM. One of them was surveys organized among different stakeholders, with the focus on employees. The results of surveys conducted before the crisis showed that the consistency (measured in %) between employees' and company values was close to 100%.

Since the main cost was staff remuneration, at the end of March 2020 the company management board presented, to all employees, the current financial situation of the company in detail. To survive the difficult period, it was crucial to retain all the staff in order to have the resources and owing to them the possibility to take advantage of the opportunities that may appear even during the crisis. As a solution, a reduction in the salaries of all employees by about 30%, including the managing personnel, was proposed. The employees unanimously decided to implement such a solution. The model of progressive salary reduction was applied for the reduction to affect the employees with the lowest earnings to the smallest extent. As a matter of urgency – after the course of action was agreed with the employees – many employee benefits were also suspended. The above is in line with the SRHRM principles and shows that company is a value.

In order to analyze the current company situation and to plan the activities for the future, they decided to use the Wheel of Life coaching tool. This tool has been designed primarily to support the achievement of work-life balance by entities. In the analyzed case, it was used to identify and assess the key areas of the company functioning and then to investigate solutions improving them when searching for new strategies. It is in line with such values as drawing conclusions and constructive solutions. As part of the management board work with the entire team of employees, the following key areas were distinguished: sales and customer care, marketing, recruitment, coordination of temporary workers and HR.

Sales and customer care were rated at 60% only. It resulted from the fact that for many years Mondi did not need to focus on attracting new contractors in an active way, because the existing strategy ensured development with the current customers and a sufficient number of recommendations. However, the sudden change in the economy revealed the weakness of this important area. Moreover, the existing customers also identified weaknesses in the surveys. Therefore, key account managers immediately started seeking new clients representing the industries that were developing during this difficult period (e.g., producers of disinfectants). As a result of these activities, the key customer was acquired at the end of March. The board member of Mondi emphasized: “this success had a huge impact on the team’s morale”. During the most

challenging time, it was proved that a new approach to certain issues can bring positive results. In the following months, many valuable contracts were signed which, starting from July, were directing the company toward the path of rapid development.

Marketing in the area of customer acquisition was rated at 70%. Therefore, during the organized workshops, all the departments having contact with customers developed methods to optimize processes. This resulted in the introduction of a unified customer service standard showing, e.g., how to shorten the reaction time in crisis situations. Team success, as one of the company values, means cooperation.

Recruitment was rated at 80%. Although the number of recruited employees was at a satisfactory level, the fluctuation of employees provided the area for further improvement of the recruitment processes. A decision was made to hold weekly meetings between the recruitment department and the management board to discuss in detail and analyze leaving work by temporary workers. Based on the analysis, many process improvements were implemented, e.g., the references of candidates for temporary workers were checked (which is a standard in permanent recruitment, while in the temporary work sector it had not been used in Poland before).

The coordination of temporary workers was rated high, i.e., at 80%. Before the analysis, a survey had been conducted among temporary workers aimed at, among others, checking their satisfaction with the cooperation with Mondi. The cooperation with Mondi was highly rated, which is an extremely good result, especially considering the specificity of the temporary work industry.

Although the results of surveys conducted among customers and temporary workers confirmed that the key values followed by Mondi function very well in terms of cooperation with these stakeholders, still during the pandemic the employees from sales, recruitment, coordination and HR departments developed an “anti-crisis manual” describing 23 most frequent cooperation problems, along with the respective response methods and measures to counteract them in the future.

Finally, the key area of Mondi functioning, related to permanent employees, was rated as high as 95%. Before the pandemic, the company had a stable, qualified team which operated in accordance with the established values. In connection with the above, a decision was made to continue the practices applied within the framework of MBV and to attract new, valuable talents that were supposed to help the company overcome the crisis. In addition, the employer – in accordance with the SRHRM principles – was continuously taking care of the employees’ safety, not only informing them about the risks, but also introducing adequate protection measures (remote work, organization of regular, weekly coronavirus smear tests).

In accordance with the earlier forecasts, since June 2020, the company has started recording growth and began generating profits. In July 2020,

the planned goals were met, and the employees' salaries were increased (by half of the reduced amount). In October, after achieving more goals, employees' salaries returned to the pre-pandemic levels, and in several cases pay raises were granted. In November 2020, further employee benefits started to be reinstated. Importantly, November 2020 was the turning point in the enterprise development, as it was then when the historically highest profit and the largest number of temporary employees working in projects implemented in Germany were recorded in the company history.

In order to learn about the opinions of employees on the impact of MBV and SRHRM on the company operations during the pandemic, an anonymous survey was also performed on 9–10 December 2020. Approximately 86.4% of the respondents confirmed the functioning of organizational values in practice. The consistency of organizational values with individual values and adherence to values by managers was also rated high (4.9 out of 5 and 4.6 out of 5, respectively).

Employees were also asked how, in their opinion, the company stimulates them to act in accordance with the key organizational values. Most often, employees indicated the activities consistent with the principles of SRHRM (partnership approach to all employees – support in daily tasks, joint decision-making, asking for opinion in surveys and taking it into consideration while making decisions, influence on the company, focus on action) and the activities related to communicating values.

The question to what extent employees believe that Mondi values played a significant role in overcoming the COVID-19 pandemic crisis seems to be the key one. Approximately 76.7% of respondents stated that they played an important or definitely important role. Moreover, the employer's actions taken in relation to employees during the pandemic were assessed positively by over 80% of the respondents.

It was also examined which values were particularly important during this difficult time. The common goal definitely came first, indicated by as many as 81.8% of the employees. The following two positions were taken by constructive solutions (59.1%) and team success (59.1%).

Discussion

As indicated before, MBV can be associated with a high-level concept while SRHRM – with a low-level, more operational/instrumental concept. It results from both the literature studies and the practice of the analyzed enterprise functioning.

Previous researchers who examined the effectiveness of MBV found that MBV can increase productivity, quality, and innovation (Harung & Dahl, 1995), as well as employees' retention (Pandey & Patel, 2020). In turn, the socially responsible HR practices increase employees' well-being (Iqbal et al., 2019), employee's vitality (Abdelmotaleb & Saha, 2020),

organizational identification (Shen & Benson, 2016) and organizational commitment (Iqbal & Deng, 2020), and contribute to achieving higher employee performance (Kundu & Gahlawat, 2016) and innovation (Ramos-González et al., 2021). Summarizing the case of Mondi, it should be stated that during the most challenging period in the history of the company, MBV using SRHRM practices allowed the company to focus on a common goal and the most important issues, and achieve the highest financial results in the company history.

Although a crisis enables leaders to take and apply decisions in an authoritative way, because there is no time for negotiating objectives and reaching a common point (Fener & Cevik, 2015), this study shows that owing to the implemented comprehensive activities based on joint (employee and employer) values and employee participation in the decision-making process, the company managed to overcome the adversities caused by the COVID-19 pandemic which constitutes the answer to the research question. Well-knit and promptly implemented activities presented in the case study brought about the intended result and constituted practical implications for managers working in other companies. Mondi entered 2021 with new strength, unprecedented energy, appreciation of the importance of customers and a real chance to achieve very good financial results in the years to come.

The presented findings provide managerial implications. The activities undertaken in the studied company and managerial tools used can be applied in other companies. This constitutes the application value of the article. Some applied tools are universal (not strictly connected with the time of crisis) and can be used also beyond the time of crisis because appropriate crisis management involves dealing with threats before, during, and after they have occurred.

This study, however, like other studies, has some limitations which gives the opportunity to conduct further research. The obtained results are very context-embedded (industry, company size). For example, in a large company with huge employment in the form of blue-collar workers who do not use IT in their work, the implementation of detailed practices presented in this study would be difficult, especially if the company operates in various locations. There are also differences between European countries in the models of SRHRM used (Diaz-Carrion et al., 2019). Therefore, further research is needed on the practices and effectiveness of MBV and SRHRM in various industries, countries, and larger companies in the time of crisis.

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8 The impact of managers' personal values and attitudes toward CSR on organization performance: A cross-cultural analysis

Anna Napiórkowska

Introduction

In recent decades, scholars have paid a lot of attention to corporate social responsibility (CSR). Several empirical studies explore the managers' perception of corporate social responsibility (e.g., Carollo & Guerci, 2017). Furthermore, there is a growing body of work that establishes a link between personal values of managers and the enactment of ethical or CSR frameworks (e.g., Collier & Esteban, 2007).

The concepts of ethical leadership and CSR begin to play a very important role in the competitiveness of enterprises, both manufacturers and service providers (Saha et al., 2020). Several studies examine the meaning and importance of ethical leadership for organizational success (e.g., Keating et al., 2011). However, researchers continue to disagree on the impact of CSR on firms, not to mention the impact of managers' motivators and attitudes toward CSR on organization performance. The debate continues about the relationship between ethical leadership and CSR (e.g., Mishra & Schmidt, 2018) and the impact of these two concepts on company performance (e.g., Lee & Roh, 2012).

The literature lacks comprehensive studies on managers' attitudes toward CSR and the impact of these attitudes on organization performance. Javed et al. (2016) indicate the need to conduct research on the motives for implementing CSR activities by managers, in particular identifying whether these are motives driven by profit, company values, or involvement in a wider social problem. Research shows that CSR activities undertaken without managers' involvement are detached from the enterprise's core business, which makes them less effective (Weaver et al., 2017). The ambiguity of the results presented in the literature indicates the need for further research on the leaders' concern for responsibility and sustainability and its relationship with organizationally relevant long-term outcomes (Eisenbeiss & Brodbeck, 2014).

As Keating et al. (2011) indicate, few attempts seek to clarify the attributes and actions important for building ethical leadership competence

in different cultures. Indeed, systematic research on ethical leadership across cultures remains scarce (Brown & Mitchell, 2010). Existing studies find two dominant barriers in CSR to be managers' attitudes and cultural variance (Mishra & Schmidt, 2018). Thus, understanding the executives' perception of CSR in diverse cultural environments becomes an urgent task in a globalized business environment. Ethical standards such as integrity, protecting society, rights of customers and employees, honesty, limiting violence and fraud, and adhering to contracts, laws, and treaties may be widely accepted as ethical values, but their practice differs among cultures (Gudykunst & Kim, 2003).

The aim of the chapter is to identify the impact of managers' personal values and their perception of the costs and benefits of CSR activities on organization performance, both financial and non-financial. Furthermore, by filling the research gap with more cross-cultural research in the field (e.g., El Haddad et al., 2021), the study shows the perspective of the region of Europe, the Middle East, and Africa (EMEA) through examining how executive perception of CSR varies across cultures. On the example of Poland and the United Arab Emirates (UAE), emerging countries that represent two widely differing cultures and religions, the chapter examines whether managers from these countries attribute different characteristics and behaviors to ethical leadership and CSR, along with its impact on firm performance.

Method

Based on the literature, the following research questions were formulated in the study:

- Q1 How do managers from Poland and the UAE define ethical leadership and which personal values are the most important for them?
- Q2 What impact do managers' personal moral values and their perception of CSR have on organization performance?
- Q3 Are there differences among managers from Poland and UAE regarding the above issues?

To answer these research questions, semi-structured in-depth interviews were conducted with three Polish managers and three managers from the UAE (of Tunisian origin, with the experience of living and working in Dubai for more than ten years).

To gather comprehensive information and maximum unbiased insights, the author decided on a qualitative exploratory approach and individual interviews (cf. El Haddad et al., 2021). Qualitative methods of data collection encourage the participants to reflect more freely and

deeply on their personal experience, but also to share detailed thoughts, beliefs, values, and perceptions of CSR and its impact on organizations. Semi-structured online (via MS Teams) interviews with six managers from the EMEA region conducted in February 2021 were selected as the primary technique for data collection. The average length of an interview was 45 minutes.

List of respondents and their characteristics:

- R1 (UAE) – owner/CEO of small advisory firm, ten years of managerial experience
- R2 (UAE) – sales manager in large consumer goods firm, ten years of managerial experience
- R3 (UAE) – marketing manager in large IT firm, 13 years of managerial experience
- R4 (Poland) – CEO of large industrial processing firm, six years of managerial experience
- R5 (Poland) – owner/CEO of small investment firm, 20 years of managerial experience
- R6 (Poland) – vice-director in large professional services firm, ten years of managerial experience

A prepared interview guide with general open-ended questions was applied in the study to structure the interviews. The interview questions were sequenced to lead the conversation from brief questions on the perception of the general CSR concept and ethical leadership to more specific aspects of the respondents' personal values and own experiences, next to their perception of the impact of ethics and CSR on company performance. The questions revolved around the issues related to the determinants of CSR and ethical leadership, managerial values underlying socially responsible decisions, and their relationship with profitability (e.g., El Haddad et al., 2021).

Interviews were conducted either in Polish or English. Recorded and verbatim transcribed interviews were then analyzed using MAXQDA, a software program for text analysis (Eisenbeiss & Brodbeck, 2014). Polish interviews were transcribed and then translated into English. The interviews' transcripts were carefully read and then divided into separate labeled units, each representing a distinct concept or thought.

Results

Managers' personal values and the perception of ethical leadership

As stated by Gudykunst and Kim (2003), personal and moral values can be universal, but their practice differs across cultures. In the case of this

study, values such as honesty, transparency, integrity, and trust were indicated by both managers from Poland and the UAE. Moreover, respect toward employees was indicated by one manager from Poland and diligence by two. There is a greater tendency of Polish managers to understand leadership in terms of modesty and service (cf. Eisenbeiss & Brodbeck, 2014).

Five main personal values that guide managers in their daily work include:

1 Honesty/transparency

R1 (UAE): "Even if there is no clear profit value for us, we would always be transparent as much as possible".

R2 (UAE): "It's about defining what we call a social contract for how we work together and the dos and don'ts in a relationship".

R3 (Poland): "When there is a good situation, we talk about it openly and reward it, when there are things that need improvement, we communicate it openly, we do not look for the guilty but try to solve the problem".

R4 (Poland): "First of all, openness, communication, a desire to propagate these values outside".

2 Integrity

R1 (UAE): "Being genuine with employees, but also with clients, stakeholders around us".

R2 (UAE): "You need to show it in your work, and you show it to your business environment by dedication to your company, by integrity".

R4 (Poland): "If I don't know, then even as the CEO I have the civil courage to say that I don't know, let's set a path together".

3 Trust

R3 (UAE): "I must be able to trust my team and make sure they trust me as a manager".

R4 (Poland): "Building team spirit in the way that we all form a team together, we wouldn't be able to develop the organization and the company if there is no team play".

4 Respect

R6 (Poland): "The first thing is respect, that we give people the space to be themselves, we don't try to label them".

5 Diligence

R4 (Poland): “Setting ambitious goals and willingness to develop, continuous change, self-improvement, and the improvement of the organization in which we operate. A constant pressure to make progress and development of the company”.

R6 (Poland): “It is about achieving certain things, to help clients achieve certain goals. I think that diligence and precision are also such important features”.

Moreover, managers were asked about their own understanding of the term “ethical leadership” (see Table 8.1). As in Eisenbeiss and Brodbeck (2014), there are two main areas in which ethical leadership is perceived: (1) the compliance-oriented perspective and (2) the value-oriented perspective. When comparing Western and Eastern managers, the above authors state that the results of their study “rather point toward a value-based understanding of ethical leadership, comprising deeply rooted personal moral values, concern for responsibility and sustainability, charismatic inspiration, and empowerment” (Eisenbeiss & Brodbeck, 2014, p. 352). In this study, only one manager from Dubai (R2) indicated ethical leadership as strict compliance with all the company’s rules, guidelines, and values. Two managers from Poland (R4 and R5) perceived ethical leadership only in terms of values, while the others – two from Dubai (R1 and R3) and one from Poland (R6) – indicated both the compliance-oriented and the value-oriented perspective. Interestingly, half of the respondents (R1 and R3 from the UAE and R6 from Poland) pointed to the ability of ethical leaders to achieve balance and reconcile the interests of many parties.

The impact of managers’ perception of ethical leadership and CSR on organization performance

In this study, managers’ perception of the costs and benefits of CSR activities can be classified according to the two-dimensional model of CSR by Quazi and O’Brien (2000), whose authors analyze the CSR motives by considering two dimensions: (1) the perception of CSR in a narrow or broad sense and (2) the perception of the costs and benefits associated with CSR. On this basis, Quazi and O’Brien (2000, p. 36) distinguish four approaches to social responsibility:

- 1 The modern view – a broad approach to CSR, managers see the benefits of CSR activities in the short and long term, they consider relationships with all stakeholders
- 2 The socioeconomic view – a narrow approach to CSR (profit maximization), but one considering some benefits of CSR activities
- 3 The philanthropic view – a broad approach to CSR, of undertaking

Table 8.1 Executive perceptions of ethical leadership

<i>Compliance-oriented perspective</i>	<i>Value-oriented perspective</i>	<i>Quote</i>
Adherence to rules and regulations Balance of interests	Adherence to moral value framework	R1 (UAE): "It's a manager that pushes certain standards for honesty, transparency, disclosure, clarity around the operation". "Being ethical means you comply with the certain rules of operation, you are clear in your decisions, honest, you are basing it on fair judgments". "Ethical leader looks in the future and balances interests between the community and the organization at the same time".
Adherence to rules and regulations Balance of interests	Adherence to moral value framework	R2 (UAE): "Being ethical means compliance with all the company's rules, guidelines, values (...)". R3 (UAE): "Ethical leader is honest with himself and his team, hard-working, open for feedback". "Ethical leader is a person that takes into consideration the interest of the company, but also the participants in the whole value chain".
	Adherence to moral value framework	R4 (Poland): "It's connected with explaining and building such an organizational culture where we are based on certain values, talking openly about problems and understanding that we act in a broad ecosystem and not only our company counts, but also the fact that we operate in a local community".
	Adherence to moral value framework	R5 (Poland): "Ethical leader is simply human (...), when you talk to such a person, you do not see the Excel screen in front of you, you only see a flesh and blood man who knows what he wants, and he can enthuse others with his actions".
Balance of interest	Adherence to moral value framework	R6 (Poland): "Ethical managers look at the achievement of goals more broadly, do not take up issues that could be, for them, on the border of individual ethics, and propose solutions that may have a positive impact on solving some wider situations". "Ethical manager is a person who can balance certain issues, the needs of his superiors with the needs of his subordinates".

Source: Own elaboration.

philanthropic activities even though they are perceived as a cost (altruism)

- 4 The classical view – a narrow approach to CSR which views it only important to maximize profit

This study revealed the first two approaches to social responsibility. None of the respondents represented the philanthropic or classical approach, in which CSR activities are seen mainly as a cost. The modern and socio-economic approaches are based on the managers' perception of CSR through the prism of benefits. Two respondents from Dubai (R1 and R3) represent the modern view and see mainly long-term benefits in CSR, such as risk avoidance or positive impact on organization performance through non-financial results like brand image or employee involvement.

R1 (UAE): “Today companies have realized that sustainability and CSR ensure that you have a healthy and prosperous workplace (...). All these aspects have a clear business case today that let the top management and the boards push for their implementations because they do realize through the numbers that it can make a difference for the organization”.

R3 (UAE): “The benefits are around the brand positioning, gaining the minds and hearts of the clients (...). Indeed, in the longer run, it will influence financial gains, but in the shorter term, if the idea of doing CSR is primarily to drive financial gains, I don't think this will be successful”.

The remaining respondents (R2 from Dubai and R4, R5, R6 from Poland) represent the socioeconomic view, which assumes the maximization of profits while pointing to such benefits of CSR activities as the direct positive impact on sales, impact on non-financial results (creating the image of a responsible company and a good employer), and greater employee loyalty and efficiency. Moreover, these respondents foreground the costs related to the undertaken CSR activities.

R2 (UAE): “It gives more credibility to the company (...), so we use it mainly as an argument for sales (...). It's a kind of marketing activity and if this activity is successful, it will generate more profits”.

R4 (Poland): “I see it as an investment because by building a good image, we attract better candidates to work with us ... we build loyalty and commitment of employees”.

R5 (Poland): “It certainly has a positive influence, because when people see that business doesn't make a mess outside, it helps others, is open, then it is much easier to sell them products or services. A company involved in CSR is certainly perceived as better by

potential employees, people prefer to work in a company that is nice to others”.

R6 (Poland): “It can improve profitability by a small percentage, it can improve the brand perception and raise understanding of what direct environment requires from us”.

The main benefits indicated by respondents as being most influenced by ethical leaders in the organization comprise:

- 1 The long-term positive impact of ethical leaders on the organization as a whole
- 2 Relations with employees – work atmosphere, transfer of knowledge and standards regarding ethical activities, being a role model
- 3 Relations with business partners – building long-term relationships based on trust, creating win-win situations

Discussion, managerial implications, and research limitations

The above study goes beyond inquiries into managerial perceptions of the relationship between values, CSR, and performance in only one country (e.g., Rettab et al., 2009). The empirical contribution provides a better understanding of the growing role of ethics and CSR, highlighting the commonalities and differences in perceptions among business leaders in the EMEA region, focusing specifically on the fast-developing region of the UAE and Poland. Despite the fact that the dimensions of the ethical leadership concept (e.g., Resick et al., 2006) and managers' approach to CSR (benefits vs. costs) are universal around the globe, we may notice a significant difference in the degree of endorsement of how these concepts are perceived and understood across cultures.

Previous general research on ethical leadership (e.g., Brown et al., 2005) emphasizes ethical leaders' compliance with legal, societal, and organizational rules and regulations. As Virakul et al. (2009) state, forces behind corporate philanthropy or social responsibility can be (1) morality-driven (intrinsic motivation) or following the do-the-right-thing approach and (2) economy-driven (extrinsic motivation) or following the do-the-mutually-beneficial-thing approach. Both positions impact CSR activities (e.g., Gan, 2006). According to Graafland and Van De Ven (2006), the moral view has a stronger correlation with overall CSR performance than the economic view. Hartman et al. (2007) report that US multinationals use more economic terms and arguments to justify their CSR initiatives while European corporations rely more on the language of moral commitment.

The results of the presented study are consistent with Eisenbeiss and Brodbeck's (2014) cross-cultural and cross-sectoral analysis of ethical

and unethical leadership by considering two perspectives: (1) the compliance-oriented perspective (leaders' adherence to law, formal rules and regulations, meaning professional policies or organizational codes of conduct) and (2) the value-oriented perspective (personal moral values and concern for responsibility and sustainability). The results of the study indicate a greater importance of rules and regulations in the case of managers from the UAE, where personal moral values form the attitude of an ethical leader. This is an interesting observation in the light of a study by Rettab et al. (2009, p. 386), which states that "the lack of regulations, combined with intense competition and cut-throat practices in Dubai, may lead some firms to act in socially irresponsible ways to achieve their short-term economic objectives". Moreover, managers from Poland also mention respect and diligence among their main moral values (apart from honesty/transparency, integrity, and trust, also indicated by managers from Dubai). This may be related to the understanding of leadership in Poland also in terms of service, and not just as being a role model and an authentic person. However, the feature of hard work was mentioned by one of the Dubai respondents (R3) in his definition of ethical leadership.

Regarding the perception of CSR by the surveyed managers in terms of costs or benefits, the study results fit the two-dimensional model of CSR by Quazi and O'Brien (2000). All respondents pointed to the benefits that can be achieved through CSR activities, representing either the modern or the socioeconomic approach to this concept. Moreover, most managers from the UAE have a broad approach to CSR, in which moral values and consideration of the needs of all stakeholders play a very important role. This finding is consistent with the research on the UAE managers conducted by Rettab et al. (2009), which states that in the case of emerging economies, the greatest emphasis is placed on economic growth and competitiveness, while CSR, on the other hand, has a relatively low priority, and companies can engage in these activities mainly for moral reasons. All Polish managers are characterized by a narrow approach to CSR, in which maximizing profits, also through activities related to social responsibility is the most important. In Poland, where CSR is institutionalized to a greater extent than in the UAE, managers see several benefits that may directly or indirectly (through non-financial performance) translate into financial results. In the view of managers from both countries the perceived benefits of CSR largely exceed the incurred costs.

In the case of managers from the UAE, the results show that ethical leadership and favorable attitude to CSR have the strongest positive relationship with employee engagement. These results are consistent with Rettab et al. (2009), who show a positive result between CSR and financial performance, employee engagement, and corporate reputation based on a survey of 280 firms that operate in Dubai (the UAE). As

Aguilera et al. (2007) indicate, companies that engage in CSR activities tend to have fairer HR practices and are highly valued by their employees. The interviewed managers from Poland mainly focused on the positive impact of ethical leadership on relationships with business partners, thanks to which they were to build long-term partnerships based on a win-win situation.

The study contributes to the existing body of literature on ethical leadership and CSR, particularly to the development of research on the relationship between managers' values and their perceptions of CSR in relation to organization performance. Furthermore, the study assumed a cross-cultural approach. To answer the three research questions, this work presents the main important values guided by managers from two emerging countries – UAE and Poland – along with their understanding of the concept of ethical leadership. Moreover, the chapter also indicates ways of perceiving CSR in terms of costs or benefits, but also its moral and economic aspects. Thanks to this study, three main areas of company operations that are the most influenced by the relationship between CSR and organization performance were identified. Thus, the study revealed the main differences between Polish and UAE managers in relation to the above areas.

From the perspective of the global business environment, the findings from this study have implications for organizations that plan to implement or are already implementing ethics programs and CSR strategies. Moreover, the results can help managers to prepare for assignments abroad. Our empirical study does not fully exhaust the issue of the impact of managers' values and attitudes toward CSR on organization performance; hence, it should be treated as the basis for further exploration in this research area.

The number of case studies (six per each of the two countries) is the key limitation of this study. Moreover, the presented results are based on data from two countries, and future studies should be cautious when generalizing these results to other emerging economies. More cross-cultural research is needed to further validate the findings (e.g., by using quantitative data).

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9 Value creation and the implementation of SDGs by SD/CSR leaders during the COVID-19 pandemic

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Introduction

Addressing primarily the environmental crisis, sustainable development (SD) was initially defined through ecodevelopment that rejected the environment or development dichotomy (Lélé, 1991). The most widespread and most quoted definition of SD is provided in Brundtland's report of 1987. It reads that SD is development that "meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987, p. 43), which entails the requirement of some level of ecological and social sustainability (Lélé, 1991). The definition focusing on intra- (major limitation of the spiral of poverty and inequality) and intergenerational equity (preventing irreversible environmental degradation to maintain the ecological basis for meeting these needs) (WCED, 1987) was proposed to the public opinion during the Second Earth Summit in Rio de Janeiro in 1992.

With its pragmatic roots, SD is a concept that developed through practice and cannot be separated from the implementation of relevant policies (Shi et al., 2019); it has been operationalized under global action plans. The current development agenda is based on 17 Sustainable Development Goals (SDGs) set in 2015. The three classic SD dimensions (economic growth, social inclusion, and environmental protection) are supplemented with partnership and peace, thus making up five critical areas (UN, 2015). SDGs were designed in a co-creative process (Shulla et al., 2021) and are interlinked, so they reinforce one another. It is largely thanks to them that SD has attracted broad-based attention and appears poised to remain the pervasive development paradigm, becoming an integral part of the agenda of governments and companies (Mensah & Ricart Casadevall, 2019).

The outbreak of the COVID-19 pandemic in early 2020 precipitated an unprecedented and complex crisis leading to far-reaching socio-economic consequences (UNDP, 2021), also aggravated by the introduction of extraordinary precautionary measures (social distance, quarantine, no gatherings, sealed borders, frozen economies, state of

emergency) (Bremmer, 2021). By 10 April 2021, over 134 million people had been infected with SARS-CoV-2 worldwide, of which almost three million had died (WHO, 2021).

As a major challenge to public health, the pandemic has also contributed to the economic contraction, higher poverty, and food insecurity, thus affecting the quality of life of millions of people (Chricaden, 2020). In 2020, global production fell three times more than during the 2009 global financial slowdown, which marks the sharpest decline since the Great Depression. Approximately 114 million jobs have been lost (UN Inter-agency Task Force on Financing for Development, 2021), which caused an extra 131 million people to be trapped in poverty in 2020 (UNDESA, 2021).

Nearly 500 sustainability professionals in 75 countries agreed that progress on SD broadly and the SDGs specifically has been inadequate (the proportion of experts who say progress on SD has been poor has increased from 49% in 2019 to 54% in 2021). Almost 54% of experts believe COVID-19 and its economic impacts will slow society's progress toward achieving the SDGs over the coming decade but 36% of experts think that the pandemic will support acceleration of SDGs advancement (GlobeScan & The SustainAbility Institute by ERM, 2021).

When diagnosing the short-term impacts of COVID-19 on the SDGs, the authors of all-embracing Sustainable Development Report 2020 (Sachs et al., 2020) identified five SDGs (related to poverty, hunger, good health and well-being, decent work and economic growth, and inequalities) as mostly exposed to risks posed by the pandemic, and other eight SDGs (related to education, gender equality, clean water and sanitation, clean and accessible energy, industry, innovation and infrastructure, sustainable cities and communities, peace, justice and strong institutions, and partnerships for the goals) as exposed to mixed or moderately negative impact. The most prevalent belief is that the pandemic will have the greatest adverse impact on the SDGs related to poverty, good health and well-being, decent work and economic growth, as well as inequalities. However, for other SDGs, experts differ in opinions (Shulla et al., 2021; UNSDG, 2020).

Partnerships with business are of key importance in the implementation of SD (business generates many significant problems, but it has the power to make the difference in the modern world), which was confirmed by involving business in the process of designing SDGs and making it one of their addressees (Pedersen, 2018). The latest Edelman Trust Barometer (2021) reveals that people have more trust in business than in other institutions (61% of respondents). This also entails greater responsibility as 68% of respondents say that CEOs should step in when the government does not fix societal problems (Edelman, 2021).

The SDGs, with their 169 specific targets and indicators, have become a signpost for business activities in (corporate) social responsibility (CSR).

The ISO 26000 standard defines CSR as responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that inter alia contributes to sustainable development. Impact is interpreted as a positive or negative change to society, economy, or the environment, wholly or partially resulting from an organization's past as well as present decisions and activities. At the same time, standard stresses that the overarching goal of CSR is to maximize the company's contribution to SD (PKN, 2012, pp. 7, 14, 21). Companies' growing interest in SD also stems from the dawning awareness that global environmental threats have become one of the key global risks faced by business (WEF, 2021). The unprecedented COVID-19 pandemic, which has made problems tackled by the SDGs even more pressing, raises concerns that companies concentrated on survival will return to a close-minded and purely economic thinking about business activity while an ever more intensive pro-SD effort is expected.

The SD paradigm and the SDGs that help achieve it are dovetailed with a new approach in public management, in which public value is understood as a value shared by all stakeholders in society and stems from decisions on resource allocation made by them (Botterman et al., 2008). This approach has also been adopted by businesses. The concept of creating shared value proposed by Porter and Kramer (2011) is rested on creating economic value in a way that creates social value at the same time by addressing the needs and problems of the society. With the same end in view, J. Hausner (2019) uses the term "economy of value", that represents economy that does not put profit first but is ready to assume responsibility, as well as appreciates non-material values and relies on the concept of the person who is not a self-centered and rational *homo oeconomicus*.

Values are generally approached either in terms of individual attitudes and choices or as something to hold onto. Besides the individual, values can also be referred to organizations. Briefly enough, G. Hofstede considers them inclinations to make a particular choice (Lipińska, 2010), and the French Institute of Economics Poland defines them very pragmatically as "...the criteria for choice- and decision-making" (FIG Polska, 2020). Again, J. Hausner (2019) points out that values do exist because they are "created" in the course of human activity, which is a social process anyway. Economy of values implies departure from focusing on holding onto pecuniary values only at the expense, or even to the detriment of, existential ones. Therefore, the meaning of values can be twofold: on the one hand, they can be relevant to organizations as they enable them to exert a positive influence on the business setting (first meaning); in consequence, they lead to the generation of values for all stakeholders (the other meaning). Sustainable development can therefore be both an organizational value and a derivative value created for stakeholders.

In this chapter, value is understood as a value for all stakeholders, created by businesses owing to their positive influence. Considering the foregoing, the purpose of this chapter is an attempt to assess how companies ranked among SD/CSR leaders work toward creating value for stakeholders by exerting a positive impact on SD during the COVID-19 pandemic.

Methods

Research held for this study was performed in two stages. The original intent was to assess the impact of companies ranked as SD/CSR leaders, both in Poland and globally, on implementing SD during the COVID-19 pandemic. For this purpose, the qualitative research approach was followed, coupled with a critical semi-systematic review of research conducted by other scholars. Besides, the latest reports of organizations evaluating the implementation of SD by enterprises in Poland and abroad were reviewed. This stage of the research provided a comparative background for stage two in which an original quantitative survey was performed. It aimed to gather selected Polish CSR leaders' feedback on their approach to the implementation of SD in the time of the pandemic, thus, to show how they created shared value.

The selected Polish CSR leaders were 30 enterprises which have participated in at least seven editions of the Ranking Odpowiedzialnych Firm (ROF) since 2013. ROF is the oldest and most acknowledged Polish CSR ranking designed by Prof. Bolesław Rok, the greatest advocate and pioneer of Polish CSR. The ranking started in 2009, and its scope has been evolving along with the development of CSR in Poland (Kozmiński Business Hub, 2020). Today's ranking measures companies' performance in the following areas: ethical organizational culture, sustainable management, positive impact, and selected responsibility indicators. Responses provided by the ranking participants are verified by the audit firm Deloitte.

The original survey was held between 20 and 30 October 2020, using the online questionnaire solution (www.webankieta.pl). The survey contained no more than 12 closed questions. It was completed by individuals in charge of SD/CSR in the company. The researchs sought answers to the following questions:

How do CSR leaders in Poland understand SD?

What are the current SD priorities of CSR leaders in Poland and has the COVID-19 pandemic changed them?

What motivates them to implement SD?

What value of implementing SD do they observe in the time of the pandemic?

Results

The impact of companies ranked as SD/CSR leaders on implementing SD during the COVID-19 pandemic

Exhaustive research on SD implementation by SD/CSR leaders throughout the pandemic is rare. Many cross-sectional studies conducted in 2020 fail to provide the full picture of the impact of the pandemic as they are based on data from the previous year.

According to the latest UN Global Compact report (2020) announcing the results of a survey conducted among 615 signatories of the initiative from 107 countries, 84% of companies report taking specific action to advance the SDGs. Most companies report strong focus on SDG 8 (decent work and economic growth), SDG 9 (industry, innovation, and infrastructure), SDG 12 (responsible consumption and production), SDG 13 (climate action) and SDG 3 (good health and well-being). Evidently, they prioritize those SDGs that during the pandemic deliver such key values to stakeholders as quality of life and decent work. Moreover, participants recognize the business potential of the SDGs, with 61% developing products and/or services that contribute to them. But only 46% are embedding the SDGs in their core business, and only 37% are designing business models that contribute to the SDGs. Only 39% of companies say that they have targets which they believe are sufficiently ambitious to deliver Agenda 2030, are science-based and/or align with societal needs (UN Global Compact, 2020, pp. 18–19). So, while companies perceive the SD's potential to create shared value; they still fail to exploit it sufficiently.

BSR and GlobeScan research held in 2020 among 102 senior sustainability professionals representing some of the largest worldwide companies of the BSR member network showed that during the pandemic, companies had primarily focused on protecting workforce (90.2% of responses) followed by philanthropic efforts (41.2%), i.e., on actions conducive to creating value for stakeholders. Almost 44.1% of companies think that COVID-19 crisis is exerting a significant impact on the day-to-day work of their company's sustainability efforts, and 46% predict that the budget for their company's sustainability initiatives over the next 12 months will decrease (BSR and GlobeScan, 2020). This pessimistic view seems to be misaligned with the results of a PwC study conducted among 5,050 CEOs in 2021. In the study, sustainability and ESG initiatives ranked sixth among long-term investment planning over the next three years as a result of the COVID-19 crisis. Approximately 23% of respondents said that they would increase them significantly (by 10% or more), and 37% that they would increase them moderately (by 3–9%) (PwC, 2021), which makes the positive impact of SD likely to be sustainable.

McKinsey Global Survey 2020 questioned 2,475 companies representing the full range of regions, industries, and sizes (McKinsey, 2021). It shows that 22% of respondents – companies that generate value from their sustainability programs – are more likely than others to make sustainability a strategic priority (aligning with goals, missions, and corporate values); to pursue specific aspirations and targets; to make sustainability ingrained in their corporate culture. Compared with those at other companies, more respondents from value-creating businesses say that they adjust product portfolios to be more sustainable, and account for sustainability factors when selecting and evaluating suppliers. Looking five years ahead, about two in five respondents to the survey say that they expect their companies to generate value from sustainability. As to the drivers behind engaging in sustainability, the respondents as value creators are significantly more often of the opinion that their organizations address sustainability themes to make a tangible and positive impact.

In Poland, in December 2020, the Responsible Business Forum (Forum Odpowiedzialnego Biznesu – FOB) surveyed 38 CEOs and board members. The respondents admitted that over the last five years, SD/CSR had significantly altered not only the way of doing business (68% of responses) but even the company's business profile (8%), and the SD/CSR considerations played a fundamental role in corporate decision-making (76% of responses) (FOB, 2021b).

Similar conclusions can be drawn from another FOB's study, CSR Managers 2020, which surveyed 54 managers and SD/CSR specialists in Poland, mainly from large enterprises. Approximately 87% of them said (44% "definitely yes") that CSR in Poland had influenced the way in which businesses operate, and 78% admitted that SD/CSR had been tightly integrated with business activities. At the same time, 48% of the surveyed managers found that due to the COVID-19 pandemic the role of SD/CSR had become more instrumental ("definitely" said 17%), and 46% admitted that the role had not changed; only 6% expressed an opinion that it had decreased (FOB, 2020).

Best practice examples submitted to the latest FOB's report, published as part of the Responsible Business in Poland. Best Practices series, offer a reliable picture of the approach of enterprises in Poland to SD/CSR matters in the time of the pandemic. As regards the 2020 edition of the publication, the number of submitted long-term practices spanning several years decreased (by 3.9%), and the number of new practices launched for the first time in 2020 increased by 42.3%. The greatest number of examples of best practices reported by companies concerned community involvement and local community development (32.3% of all) and work-related practices (26.8%). Another major set of best practices sought to contribute to the implementation of SDG 3 – good health and well-being (29.3% of all). This is clear evidence that in the

pandemic, companies have been truly ready to address the expectations of the most needy groups (FOB, 2021a).

According to the highlighted study, both globally and in Poland, businesses of the pandemic era continue to implement SD/CSR, focusing primarily on SDG 8 and SDG 3 (most vulnerable to the effects of the pandemic), thus maximizing their positive impact on and around these goals and creating shared value. At present, SD is still not sufficiently embedded in the core business, although its awareness and importance among businesses is growing.

CSR leaders in Poland on SD in the pandemic era

The author's original survey covered ten large enterprises (with over 250 employees), which accounted for 33% of the target sample.

The vast majority of companies (70%) interpret SD in accordance with the definition adopted in Agenda 2030 as “eradicating poverty in all its forms and dimensions, combating inequality within and among countries, preserving the planet, creating sustained, inclusive and sustainable economic growth and fostering social inclusion” (UN, 2015, p. 5). Almost 10% of the surveyed companies referred to the definition from Brundtland's report and another 10% explained that SD was “a socio-economic development respecting the natural environment”. Around 10% returned an incorrect definition of SD as “business development respecting the interests of the immediate environment, including the natural environment”. Evidently, the surveyed companies are familiar with Agenda 2030, as demonstrated by their keen interests in the SDGs, and are expected to undertake guided action toward SD.

The priorities most frequently chosen by companies in 2020, i.e., during the COVID-19 pandemic, were decent work, partnerships/cooperation for SD and responsible consumption (40% of responses each). These responses confirm the research results discussed earlier. Apart from decent work, the importance of which has clearly grown, the priorities named by the surveyed companies have not generally changed during the pandemic compared to previous years. The only difference is much fewer SD priorities indicated by the companies, which translates into a less positive influence and a reduced added value for stakeholders.

When requested to point to the stimuli driving SD-related initiatives, the surveyed CSR leaders unanimously agreed that they intended to respond to global threats. The second most frequently stated reason for acting was the desire to increase employee involvement and interest of potential job candidates (90% of responses), which testifies to the companies' understanding of the growing societal awareness in the field of SD, especially among the young generation entering the labor market. Another motive was the personal conviction of managers (80%), which is a good prognosis for a strategic approach to SD in the surveyed

companies, so instrumental to the maximization of positive impact and shared value creation. Responding to stakeholders' expectations is the third of the most frequently named stimuli for taking pro-SD actions (80%), what should be expected from companies attempting to respond to the pandemic.

The surveyed CSR leaders point to the following value (40% of responses) of implementing SD during the COVID-19 pandemic: better relations with stakeholders and an increased level of stakeholders' trust (regarded as an effect of responding to stakeholders' expectations indicated by the respondents earlier as an SD/CSR initiative driver). This, in turn, enables the development of a brand of a responsible/sustainable organization (a similar benefit was indicated by the participants of the FOB's survey) as well as helping implement new and innovative solutions, which is deemed one of the key remedies during the pandemic (Fig. 9.1).

According to the surveyed CSR leaders in Poland, there are several SD priorities that will be gaining in importance over the next two years. One of them is innovation (80% of the respondents say that this area will be "very important"), which is not surprising given that the current crisis and the implementation of SD requires a revolutionary and systemic shift that cannot be produced without innovation. The other priorities include decent work (as in the FOB's study) and good health (certainly linked to the uncertainty as to the end of the pandemic and its long-term consequences), responsible consumption, climate and stable infrastructure (which is to be expected given that the climate crisis is now widely regarded as a fundamental challenge and its consequences pose a threat to infrastructure and life on Earth in general).

Discussion

SDGs address focus areas necessary to achieve SD and inarguably represent some of the most urgent and universal needs of the world today, and facing them requires improved collaboration and behavioral changes of all stakeholders, including business. If SD is to be effectively implemented, creating value both for companies and societies, changes in the business should be radical and strategic, concerning the core business rather than side activities, such as community engagement, which in the era of the pandemic were clearly noticed, though also natural, being a direct response to emerging needs. Redefining business models will maximize the positive impact of the business on all stakeholders ensuring that the shared value created will be long-term and permanent.

A review of studies on the impact of companies ranked as SD/CSR leaders on implementing SD during the COVID-19 pandemic leads to a conclusion that business operating in Poland and globally continue to implement SD, focusing primarily on SDG 8 and SDG 3, the goals

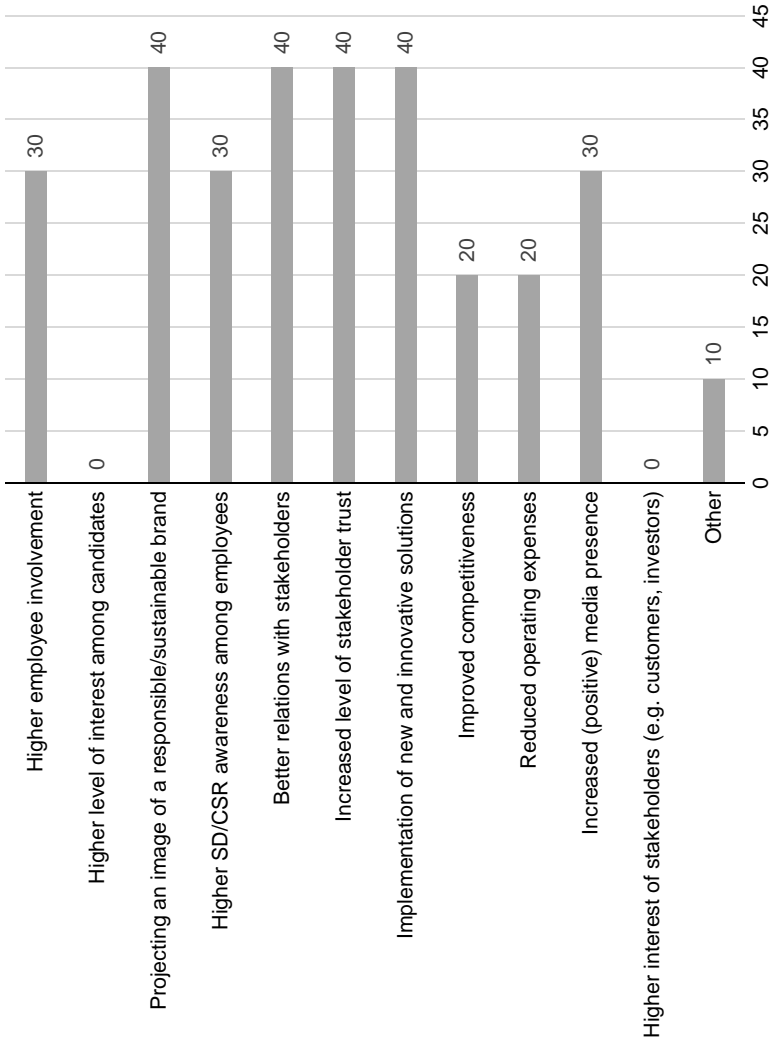


Figure 9.1 Values of implementing SD during the COVID-19 pandemic reported by CSR leaders in Poland (%). Source: Elaboration based on own research.

most affected by the outbreak of COVID-19, while exerting a positive influence and creating shared value where they are in greatest demand. Although SD has not yet fully made its way into business models, its importance among businesses is steadily growing. For sure however companies perceive the SD's potential to create shared value, they still fail to exploit it sufficiently.

The research performed among SD/CSR leaders also exposed a significant research gap. The research effort is insufficient and usually covers small research samples, which may be explained by the limited resources of companies (understaffing and time constraints) during the pandemic, on the one hand, and, on the other, by the multitude of challenges that companies are facing. The widely held view that the pandemic is likely to limit pro-SD activities in business also needs to be revisited: it was confirmed in part in only one of the referred studies. Certainly, the question of the positive impact of business on SD requires comprehensive research. This is due to the occurrence of the feedback effect in economics, also having regard to the creation of shared value, not only for business but also for stakeholders.

The survey conducted by the author among selected CSR leaders in Poland generally confirm conclusions drawn from other studies, which testifies to the universal nature of the discussion held. On the other hand, their originality is in drawing attention to the existence of a relationship between the positive impact of business on SD, particularly desired during the pandemic, and the creation of shared value for stakeholders. Since the research was not representative, it should be regarded as a modest contribution to other research in the field and suggests that extra effort be invested in follow-up studies.

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10 Safety and health at work as an important interest of employees from the perspective of corporate social responsibility

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Introduction

People are the most important element of any organization in a systemic approach. Occupational safety and health (OSH) activities undertaken in companies help ensure appropriate working conditions for employees and minimize occupational risk. A concern for working conditions fits within the social dimension of the concept of corporate social responsibility (CSR), a concept that is increasingly common among entrepreneurs and which is based on ethical behavior toward all stakeholders of the organization.

The chapter's main aims correspond to the issues referred to above. The first goal is to identify the relationship between CSR and the creation of safe and healthy working conditions in an enterprise. Because this lies in the interest of internal stakeholders (here: employees), this chapter also intends to determine the place in the hierarchy of interests they give to the subject matter of designing safe and healthy working conditions.

The following research questions have been identified to drive this discussion:

- 1 What interests associated with providing work are especially important to employees?
- 2 Is the provision of safe and healthy working conditions one of organizations' basic values?
- 3 Are employee interests associated with ensuring safe and healthy working conditions respected by employers?
- 4 How is the respect for employee interests related to safe and healthy working conditions manifested?
- 5 How does the provision of safe and healthy working conditions to internal stakeholders affect the operation of socially responsible organizations?

In order to answer the questions asked just before, the authors reached for relevant literature and conducted empirical research involving a survey and a case study.

The objectives of this chapter determine its layout. The discussion has an exploratory nature; it is based on the literature and supported by examples from the economic practice.

Occupational safety and health as a value of a socially responsible organization—theoretical background

The interest of organizations and of their stakeholders in the CSR concept is growing year by year. There are various definitions of the term “corporate social responsibility” in the literature (Dahlsrud, 2008; Sarkar & Searcy, 2016).

The authors assume that CSR is a strategic concept, according to which the organization cares for the financial aspect (multiplying company profit), the social aspect (which concerns both external and internal stakeholders) and environmental protection, alike. It is manifested in ethical and transparent treatment inclusive of internal and external stakeholders’ needs and interests (including respect for human rights, labor law, social determinants of economic and social development, and their limitations).

We must flag up here that it is the employees, who are key internal stakeholders, who have the greatest impact on how the organization’s ethical activity is evaluated (cf. Ketola, 2010; Macassa et al., 2017). Only those companies that emphasize observance of employee ethics achieve the highest levels of employee motivation and employee identification with the organization (Bechert & Gorynia-Pfeffer, 2008).

The fundamental prerequisite for managing OSH consists in arranging working conditions by means of an analysis and assessment of work environment risk and by taking steps that reduce or eliminate professional risk (Nagata et al., 2017).

Following the arguments of Zwetsloot and Starren (2003), we can assume that OSH is an essential element of the social dimension of CSR (as quoted in Cockburn, 2006; cf. Larrieta-Rubín de Celis et al., 2017).

Ensuring safe working conditions and a concern for employees’ good health are organizations’ social responsibilities. They are perceived as activities that support the implementation of social responsibility principles, i.e., those included in the ISO 26000 standard (Mazur-Wierzbicka, 2021) and they are even considered CSR’s integral part (Koskela, 2014; Tsalis et al., 2018).

Employee safety is also one of the criteria considered when measuring companies’ progress in implementing the CSR concept (Nagata et al., 2017). As seen in research results of the European Agency for Safety and Health at Work, CSR-practicing companies have an interest in OSH.

In turn, Pawłowska's (2009) research demonstrates that, generally, the higher regard is given to OSH management, the greater the degree of implementation of socially responsible activities.

A responsible business practice, determined by ethical relations with employees, is gaining importance today as a practice that cares for employees, while investment in them is the basis for a company's development (cf. Lewicka, 2021). In planning and implementing ethical activities, the management should consider the needs, values and expectations of their key stakeholders – employees. The sense of safety (not only financial), protection of health, appropriate (safe) working conditions, and fair personal relations (including employee law) in a workplace are especially important for them. Meeting these needs, expectations, and values is possible through, i.e., the creation of safe and healthy working conditions in an organization.

Thereby, ensuring safe and healthy working conditions is a crucial area of socially responsible actions implemented for the benefit of the organization's staff (cf. Macassa et al., 2021; Ruiz-Frutos et al., 2019).

An important manifestation of this responsibility involves informing employees about hazards in a workplace that is about the presence of harmful substances, their negative impact on employees' health (this relates in particular to industrial undertakings), about existing dangers in a workplace, and about existing hazards associated with the work performed (e.g., work at a height). Employees' increased awareness of hazards in their work environment often encourages them to master prevention measures in their everyday workplace. OSH-related training delivered by companies, in particular on employee safety and health, on working conditions and standards, and on human rights, also plays a significant role.

Arranging working conditions so that they provide a suitable level of safety and health to the staff is directly associated with matters related to their health, both physical and mental (du Plessis, 2017; Eurofound, 2015). The improvement of working conditions also requires the improvement of the psychological work environment (Kusiak, 2021). It is envisaged that it will deteriorate in the coming years mainly due to the effect of increased stress levels associated with the work performed (Eurofound, 2016). It is mainly a consequence of work overload and a fear of losing a job or being made redundant. Companies engaged in helping their employees cope with stress are more likely to avoid the costs of absences, medical leaves, or decreased work efficiency and quality (Rossi et al., 2014).

Employees' expectations toward the importance of OSH in the operation of companies often require businesses to adopt solutions that go beyond the legal framework (Granerud, 2011; Montero et al., 2009). Socially responsible organizations which make an effort to ensure an appropriate level of employee protection against threats, may ensure OSH-related progress and achieve the desired standards of employee

health by, e.g., reducing the number of accidents at work or enhancing the so-called sense of a work safety climate and thus the work safety culture (cf. Dekker, 2018).

Compliance with occupational safety standards brings measurable benefits to employees and entrepreneurs alike (i.e., it boosts job satisfaction and in consequence – motivation and involvement). It greatly contributes to undisturbed development, which is conducive to operating a business. Therefore, companies must undertake educational activities and activities that help employees realize that occupational health and safety is equally important as work productivity or product quality and that it is all employees and the management staff that have the greatest influence on workplace safety (Dixon et al., 2019).

Summing up, employees' health and occupational health and safety are values that are of a particular concern to socially responsible entrepreneurs. Several actions taken by them are obligatory as they result from labor law regulations. However, employers who are aware of how the implementation of these values affects the functioning of an organization and its stakeholders (especially internal ones) take additional measures. Such activities may consist in extending the obligations resulting from the laws or they may be completely different initiatives that contribute to the improvement of the health of employees and thus also to the improvement of society's general welfare. This, in turn, may contribute to employees' better and more effective work and to being active on the labor market for longer. Examples of such activities include guaranteeing additional, gratuitous health care services to employees, attributing greater significance to employees' opinions on health and safety at work and meeting their expectations also when they exceed the minimum OSH level that the employer is legally obliged to ensure.

Encouraged by the observations made in the theoretical part, the authors formulated five research questions presented in the introduction.

Methods

In search for an answer to the research questions, the authors conducted an empirical investigation that comprised two stages:

- Stage I A pilot study to short-list potential employee interests
- Stage II The main research to identify interests that are most important to employees and to assign rank to health and safety at work within these interests. At the same time, it is about determining how companies that declare CSR implementation manifest their respect for these values

Employee interests are constantly changing. They may have different underlying reasons (Baker, 1996). The authors decided it would be best

to first draw up a dedicated list of employee interests to search for answers to the research questions formulated just before.¹ In an attempt to draft such a list to be used in empirical research, the authors reached for available relevant literature.

As a result, the investigators devised a proprietary survey including 17 employee interests and revised it during the pilot study²: remuneration adequate to responsibilities; safe and healthy working conditions; permanent employment; clear criteria for the assessment of task completion; employment protection; appropriate information flow; health care services paid by the employer; protection of social benefits; transparent rules of promotion; training paid by the employer; help from superiors and co-workers; impact on the organization of work time; impact on the selection of co-workers; formal procedures for expressing opinion; assistance in layoffs; establishing trade unions; establishing employee councils.

A look at this list shows that it also includes six other CSR areas that do not relate to occupational health and safety. This may mean that employees value the underlying CSR principles.

The empirical research period covered the years 2009–2018.³

Stage I A pilot study in early 2009

Stage II Divided into two periods, i.e., period one (2009–2011)⁴ and period two (2011–2018)

The technique of an online survey (CAWI, computer-assisted web interviews) was applied. The questions were asked via telephone, and they were displayed on screen at the same time. This was to help minimize the number of potential errors that might have resulted from respondents' incomplete perception if they engaged only one of the senses – hearing or sight. Additionally, the authors used the case study method, which is defined in various ways. As proposed by Dul and Hak (2008), the authors assume that it is a study in which one *case* or a small number of *cases* in their real-life context are selected and analyzed in a qualitative manner. The investigators identify a few circumstances in which the use of a *case study* is substantiated. They include a search for answers to how and why a given phenomenon occurs, which is particularly important here (Yin, 2014).

A total of 640 respondents took part in the survey. They came from close to 300 companies located in Poland, mainly in the territory of the Lower Silesia region. Non-probability sampling was employed, which allowed cross-sectional differentiation of companies and employee structures. The authors selected only those enterprises in which the management declared that they applied the principles of the CSR concept.⁵ At the same time, the authors assumed that a minimum of two respondents (employees) would be included in the research in each of these companies.

Close to 40% of respondents held managerial functions, while the others worked in implementing roles. However, it needs to be highlighted

that both groups of respondents were treated as employees, whereby their interests as interests of persons performing work were examined. Almost 70% of all respondents were employed for an indefinite period. The remaining respondents were employed under a fixed term contract, under a mandate contract, a specific work contract or as contractors. Respondents who took part in the survey mainly represented small- and medium-sized enterprises (41% and 58% of respondents, respectively) when it comes to the number of staff employed. Limited liability companies were the dominant legal form of these enterprises. The research pool also included some cooperatives. The activity of most units investigated had a cross-regional reach, mainly national and international. Companies with a Polish capital dominated in the research pool. The investigation involved a survey and was supplemented by an in-depth interview (free interview) conducted in selected companies.

The case study method was used to analyze one company surveyed in stage II (2011–2018). The company was a beneficiary of the PARP program “Enhancement of regional competitiveness through Corporate Social Responsibility measures”. This scheme was one of the most essential projects run in Poland for the popularization of CSR in existing companies in the country. It was implemented under the Swiss-Polish Cooperation Program aimed at promoting socially responsible entrepreneurs and encouraging them to implement the CSR concept through pilot projects.

The authors used the example of a company that participated in this program because they wanted to show certain models and at the same time transparent solutions in examining health and safety at work as key CSR areas (key value).

OSH as a category of employee interests and an area of CSR implementation in the light of empirical research results

Around 75% of respondents assigned top priority to the working conditions in question among the interests investigated in the authors’ research performed in 2009–2018. It is worth adding that health and safety at work was the second most important category out of a catalogue of 17 interests. Remuneration adequate to responsibilities came first (78% responses) and employment for an indefinite period ranked third (67% of responses). Clear criteria for the assessment of task completion came fourth (50% of responses). It is worth adding that the authors assume that interests (values) pointed to by a minimum of 50% of employees are the most important to them. We must note though that the establishment of trade unions (14% of responses) and the establishment of employee councils (11% of responses) were the least valued by employees and came second to last and last, respectively.

The results of the research also prove that by attributing priority to safe and healthy working conditions, respondents – employees in essence identify their sense of work safety with this category.

Moreover, the research showed that material and physical components of substantive working conditions were attributed special importance and so were the matters of the organization of work time. Workers increasingly find it important that mental comfort of performing one's work be ensured. Respondents pointed to excessive workload, unjustified extension of working time, failure to respect breaks at work, failure to have machines and equipment adjusted to OSH-related legal requirements, bad atmosphere at work, or excessive psychological burden, including mobbing, etc.

Also, it was concluded that the delivery of conditions for safe and healthy work is important, that is, as respondents put it: "work that does not pose risks to their health and life now and in the future, given long-term consequences". What they meant here is the likelihood of a detrimental long-term impact on their health caused by, e.g., chemical components of substantive working conditions. Awareness that laws in force have a certain impact on constructing this safety was also noted. However, the research showed (40% of respondents – persons performing work) that compliance with these laws is often only confined to declarations or to acting "on the edge of the law". Comments coming from employees on their ideas on improving working conditions were also noticeable. It seems that some of them could easily provide a springboard for innovative solutions in the discussed area and at the same time be a manifestation of the implementation of the CSR concept.

In the course of the research that explored employee interests, the investigators identified companies in which respondents pointed to employers' concern for ensuring the sense of safe working conditions and to their thinking in CSR categories. One such enterprise (events industry) in particular seems interesting from the point of view of the discussion conducted here (the management did not agree for the company's name to be revealed).

When establishing relationships with employees in the CSR context, owners and employees of this company emphasized in particular the great importance of creating safe and healthy working conditions. They listed the following CSR initiatives that were undertaken in the company investigated:

- Concern for ensuring safe and healthy working conditions, including the psychological work aspects
- Improving work safety in terms of substantive working conditions, such as modernization of workstations
- Concern for ensuring a stable working environment, conditions for development, or support for employees in reconciling private and professional life

- Inclusion of employees in decision-making processes (employee participation), also those that relate to arranging working conditions

It is worth adding that there were no injuries or occupational diseases in 2014–2015 in this company. It is one of the main strategic goals in people management. Ongoing monitoring of the OSH status is also worth mentioning, which allows all incidents to be prevented. One cannot disregard here the company owners' initiative to combat stress. They decided to implement a special coaching program and training schemes for a newly employed staff so that they could function better within the realities and procedures that are new to them.

Conclusion

In the theoretical approach, perceiving working conditions as an essential area of implementation of the CSR concept is already well-founded, as seen in the arguments presented herein. As revealed in the course of the empirical research, working conditions along with the related OSH take a high rank in the hierarchy of interests of persons who perform work in the companies investigated.

Therefore, OSH is an element of contemporary economic reality without which it would be difficult to act efficiently. Given that the interests of internal stakeholders are a derivative of values outlined in a company, OSH should be perceived as a primary value. This is confirmed in results of the empirical research which show that safe and healthy working conditions were ranked third in the hierarchy of work-related interests (values) that the employer is expected to ensure. It is worth emphasizing that the recognition of health and safety at work as one of the prime values places the company in an ethical activities' canon important from the point of view of CSR.

The example of a company from the events industry presented here shows a positive approach to the application of social responsibility in terms of improving working conditions. It needs to be stressed that this company was a beneficiary of the PARP program. It showed a deliberate and intentional direction of its activities toward a joint approach to working conditions and the CSR concept. This was expressed in the impact these values had on the company's business and social outcomes. They included for example no injuries and no occupational diseases, as seen in lower employee absence rates and also fewer social insurance-related benefits paid by the employer. At the same time, the initiative to combat stress at work means that this company is seen as people-oriented, not only in the context of a workplace but also in the context of their functioning in a society: the company cares about their physical and mental health alike.

Given these research results, it seems that if employers fail to respect employee values (i.e., they do not create safe and healthy working conditions), it affects employee behaviors and attitudes toward the employer and the company. These attitudes and behaviors will, in turn, echo in the involvement or lack thereof in the performance of employees' responsibilities, their efficiency and implementation. Failure to satisfy employee interests (Ali, 2016), also those related to OSH, may mean that they will look for jobs elsewhere. If safe and healthy working conditions are not ensured, especially during the COVID-19 pandemic, this may mean that employees' work quality will suffer and in extreme cases they might be absent from work or decide to leave a given company altogether. Even though these research results do not refer to the pandemic, which is the study's limitation, as has been signaled above, the research has been further conducted since 2019. Its findings will be a basis for conclusions in future studies.

The discussion presented in this chapter certainly does not exhaust the subject matter of interrelations between CSR and the arrangement of working conditions. What is more, its shortcomings might be signaled, and their removal might constitute a goal for further research work.

Notes

- 1 Individual authors create "lists of employee interests" mainly for the needs of their research (see: Staggs, 2004).
- 2 Close to 30 companies were investigated in the study. Respondents were to identify interests they considered important. They could also provide other values than those pre-offered 17.
- 3 It is worth adding here that the research has been further continued since 2019. The next research stage is intended to close in 2023. The COVID-19 pandemic stood behind the decision to continue the study. It was assumed that the matter of ensuring safe and healthy working conditions is especially valued by employees in the time of the pandemic and its examination in the CSR context is not only substantiated but actually necessary.
- 4 In 2009–2011 the research enjoyed funding under the Ministry of Science and Higher Education research project no. NN115 134434.
- 5 It is worth noting here that the authors originally wanted to research a greater number of companies and respondents; however, the criterion of the management's declarations about applying CSR principles meant that the number of investigated companies was limited.

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11 The scope of employee pro-environmental behaviors in the workplace

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Introduction

Green behaviors constitute a significant and well-established thread in the literature on consumer behavior (e.g., Li et al., 2019). However, the pro-environmental activities of employees are rarely analyzed. Employee pro-environmental behaviors (EPEBs) are of a complex and multifaceted nature (Boiral et al., 2015). They are a manifestation of employees' individual values and pro-environmental principles shared by organizations present in CSR strategies. However, due to the fact that most of previous research has focused on the impact of CSR on external stakeholders, the effect of CSR practices on employee attitudes and behaviors is still under-researched. Afsar et al. (2020) showed that the perception of CSR can affect EPEBs. Thus, the analysis of EPEBs in the workplace is essential in management due to their impact on the effectiveness of organizations' pro-environmental performance (Peng et al., 2019). Shaping appropriate EPEBs requires not only an analysis of individual and organizational values but also demands insight into the scope and nature of green actions undertaken by employees in different environmental and cultural conditions. According to Yuriev et al. (2018), despite the importance of the issue, the majority of studies on EPEBs concern the USA, Canada, and the UK. Research on the green behavior of employees from Central and Eastern Europe is insufficient, which indicates the need to include further geographical markets in the analysis. Poland is one of the countries where this thread of research has not been treated with enough attention (e.g., Budzanowska-Drzewiecka & Tutko, 2021).

This chapter aims to bridge this research gap by identifying and classifying green behaviors of Polish employees in the workplace. The authors wanted to determine whether such activities were part of employee occupational duties imposed by the employer, or if they were voluntary initiatives on the part of employees. Additionally, to expand the interpretative context, the attitude of employees to EPEBs and their involvement in green activities in their private lives were examined. Consequently, three research questions were formulated.

- RQ1. What is the nature of employee pro-environmental behaviors in the workplace (voluntary vs. required)?
- RQ2. What specific pro-environmental activities are required of employees in the workplace, and which are voluntary?
- RQ3. What is the attitude of employees to undertaking pro-environmental activities in and outside the workplace?

The chapter is organized as follows. The research procedure is described in the methods and materials section. It is preceded by the theoretical section, which systematizes the basic definitions and categorizations of pro-environmental behaviors. Conclusions, implications, and limitations are formulated at the end of the chapter.

The concept of employee pro-environmental behaviors in the workplace: Definitions and categorizations

Employee pro-environmental behaviors

The pro-environmental behaviors of employees in the workplace (EPEBs) are deeply rooted in the green behaviors of individuals. They have been analyzed from two perspectives: environmental management (organizational level) and organizational psychology (individual level) (Boiral et al., 2015). From the perspective of organizational psychology, EPEBs refer to any employee actions that reduce negative environmental impacts (Tezel & Giritli, 2019) and are similar to consumer pro-environmental behavior. The distinct character of EPEBs is connected with the specific tasks entrusted to employees and their roles in organizations. Various definitions of EPEBs highlight diverse aspects of such behaviors. Some of them focus on their multidimensional character, defining EPEBs broadly as a set of various environment-friendly actions that change daily work practices (Graves et al., 2019).

Other definitions emphasize the connection between EPEBs and employees' duties at work as well as their discretionary and voluntary character. According to Ciocirlan (2017, p. 56), EPEBs are "work behaviors directed toward the protection or improvement of the natural environment, which may or may not generate value for the organization". Moreover, these behaviors can be performed by employees at any organizational level. The authors of the study adopted Ciocirlan's definition because of its universal character.

Categorization of employee pro-environmental behaviors in the workplace

There is no uniform way of classifying employee pro-environmental behaviors. One of the basic categorizations of EPEBs refers to the nature

of undertaken activities. A distinction can be made between required (in-role) behavior that is closely related to the performed work and expected by the employer, and employee voluntary (extra-role) behavior (organizational citizenship behavior) (Boiral et al., 2015). Norton et al. (2015) consider required EPEB to be green behavior adopted as part of employees' job duties which include, among others, adhering to organizational policies and creating sustainable products and processes. Employees may also choose to go beyond the organization's requirements and to engage in similar activities on a voluntary basis. These extra-role activities are regarded as green behavior requiring personal initiative that exceeds the organization's expectations (Norton et al., 2015). They include giving priority to environmental interests, initiating environmental programs, activism, and encouraging others. The literature also presents other proposals for cataloging EPEBs. These behaviors can be categorized in accordance with their complexity, resulting in basic and advanced EPEBs (Graves & Sarkis, 2018), as well as EPEBs with direct and indirect impact on the environment can be distinguished (Smith & O'Sullivan, 2012). Nevertheless, one of the most comprehensive taxonomies of EPEBs is the Green Five taxonomy developed by Ones and Dilchert (2012) (see Table 11.1).

This taxonomy draws on generalizing the behaviors adopted by employees from various industries, organizations, or positions (Ones et al., 2018). EPEBs are divided into 16 subcategories assigned to five main domains, i.e., *conserving, avoiding harm, transforming, influencing others, and taking initiative*. The subcategories systematize the manifestations of wide types of pro-environmental behavior so that the categorization caters for the complexity of environmental activities.

Materials and methods

Methods and procedure

The explorative character of this study affected the research procedure and data analysis. To collect the data, the self-administered questionnaire was used. The questionnaire contained open- and closed-ended questions with elements of scaling. A group of open-ended questions referred to the identification of EPEBs. The respondents were asked to provide a detailed list of voluntary and mandatory pro-environmental actions they undertook on a daily basis. The closed-ended question section included, among others, items taken from the International Social Survey Program entitled 'Environment' (University of Warsaw, 1993). Additionally, questions concerning the attitude of employees to EPEBs in the workplace were added.

The qualitative data obtained from the open-ended questions required coding. For this purpose, the deductive, concept-driven technique was used. Data coding relied on the theoretical framework based on the Green Five

Table 11.1 The Green Five taxonomy of employee pro-environmental behaviors

<i>General green performance</i>	<i>Domains</i>	<i>Subcategories</i>	<i>Examples of behaviors</i>
Direct impact	Conserving	<ul style="list-style-type: none"> • Recycling • Reuse of resources • Repurposing • Reducing use 	<ul style="list-style-type: none"> • Recovery of materials from which new products can be made • Multiple use of the same materials for the same purpose • Multiple uses of materials for new purposes • Economical use of water
		Avoiding harm	<ul style="list-style-type: none"> • Pollution prevention • Monitoring environmental impact • Strengthening ecosystems
	Transforming	<ul style="list-style-type: none"> • Choosing responsible alternatives • Changing how work is done • Creating sustainable products and processes • Embracing innovation 	<ul style="list-style-type: none"> • Environment-friendly shopping • Change in work processes to make them more sustainable • Modifications to existing products • Development and implementation of new processes
Indirect impact	Influencing others	<ul style="list-style-type: none"> • Educating and training for sustainability • Encouraging and supporting others 	<ul style="list-style-type: none"> • Helping others to enhance their environmental awareness • Encouraging others to change their habits to protect the environment
Instrumental behavior	Taking initiative	<ul style="list-style-type: none"> • Initiating programs and policies • Lobbying and activism • Putting environmental interests first 	<ul style="list-style-type: none"> • Introduction of new environmental programs • Fighting for environmental objectives • Behavior that helps the environment at the expense of individuals

Source: Based on Ones and Dilchert (2012) and Francoeur et al. (2021).

taxonomy by Ones and Dilchert (2012). The coding was done by two independent researchers. Next, the coding compliance was compared.

Participants

The data was collected from 324 employees in Poland in early 2020. After the rejection of questionnaires that contained missing data as well as questionnaires filled in by respondents with characteristics different from those assumed (e.g., business owners), 304 questionnaire copies were finally approved for further analysis. The sample was heterogeneous in terms of socio-demographic characteristics. The respondents were employed in enterprises of diverse sizes and locations, although the majority were employees working in large organizations (140 participants; 46%) in cities with over 250,000 inhabitants (189 participants; 62%). Despite their different positions, all participants were white-collar workers. Moreover, women constituted the majority of the sample (234 participants; 77%). The respondents were also relatively young employees ($m = 26$ years, $d = 24$; min. 18 years; max. 58 years), which was related to the predominant participation in the sample of employees holding frontline positions (235 participants, 77%) with relatively short work experience ($m = 4$ years; $d = 2$ years; min. 1 year, max. 34 years).

Results

Attitudes of employees toward pro-environmental behaviors in and outside the workplace

Prior to the examination of EPEBs, employees' approach to undertaking pro-environmental behaviors in the workplace and beyond was verified. The obtained results indicate that undertaking EPEBs is perceived by the respondents as an important issue ($m = 4.00$; $sd = 0.98$, five-point scale; 1 – *definitely not important*). What is more, most of them even consider green behavior to be very important ($d = 114$). Very few respondents consider this issue to be of marginal importance (21 participants, 7%). The respondents' answers in this respect are homogeneous. They are shared by the employees of both genders, regardless of their position or the size of the company they work for. In all cases, the relationships between variables were statistically insignificant. It is worth mentioning that the employees' approach to undertaking green behavior in the workplace differentiates their propensity to involve in voluntary EPEBs. The respondents who consider such actions as an important issue engaged in voluntary EPEBs, while those less convinced to undertake EPEBs do not initiate these actions in the workplace on a voluntary basis ($p = 0.00$).

When it comes to respondents' involvement in the environmental actions in their private lives, the results show that they are rather passive.

They are not enthusiastic about spending extra money or time on taking care of the environment ($m = 3.18$; $d = 3$; and $m = 3.14$; $d = 3$, respectively; five-point scale, 1 – *definitely not*). Moreover, only 62 participants (20%) supported environmental protection activities financially, and eight respondents (3%) declared membership in organizations whose main goal is environmental protection. For the employees who are members of such organizations, taking pro-environmental actions in the workplace is more important than for other respondents ($p = 0.03$). Despite the fact that a small number of people are involved in pro-environmental activities in their private lives, the results indicate potential links between pro-environmental behavior in and outside the workplace. However, they do not explain the nature of such relations.

Nature of employee pro-environmental behaviors in the workplace

The results indicate that the employees undertake voluntary and required EPEBs in the workplace; however, the latter are less frequent. The vast majority of the respondents voluntarily engaged in EPEBs (246 participants; 81%). Only 118 (39%) participants declared that EPEBs were part of their formal job duties. The majority of the respondents admitted that the employer did not impose on them any pro-environmental solutions concerning their everyday activities in the workplace (185 participants, 61%). Their employers did not encourage pro-environmental behaviors (171 participants, 56%) either. Some respondents even felt limited in this respect. In addition, most respondents (166 participants, 55%) were not aware of any potential obligations arising from environmental management systems. They were unable to determine whether their employer had implemented an environmental management system. A total of 72 (24%) respondents declared that there was no environmental management system in their workplace. Despite this fact, the respondents expected a proactive attitude on the part of their employers in initiating pro-environmental activities. The majority of respondents shared the opinion that such activities should be initiated by both employees and employers (244 participants, 80%), and 55 (18%) of them even indicated that they should be rooted in corporate policies.

Types of employee pro-environmental behaviors in the workplace

The achieved results show that the identified EPEBs belong to all five main domains from Ones and Dilchert's taxonomy. However, the range of specific activities in particular categories is rather narrow, which indicates the relatively low involvement of Polish employees in EPEBs.

Among the required EPEBs, there were activities that can be categorized into three domains: conserving, taking initiative, and avoiding harm behaviors (multiple choice question; n cases = 178). In the conserving behaviors category, waste segregation (104 responses) and reducing resource consumption (e.g., reducing: paper consumption – 22 responses; plastic consumption – 20 responses; and energy consumption – 11 responses) are undertaken most frequently whereas recycling is rare. No activities from the changing the intended purpose of materials subcategory within the conserving behaviors domain were identified. The data indicate that very few other types of EPEBs are required by organizations. Some activities representing taking initiative and avoiding harm categories were found. In the taking initiative category (five responses), green activities include the participation of employees in the pro-environmental campaigns launched by organizations (e.g., joint planting of trees, collecting second-hand goods or granting rewards for using public transport). Chemical waste disposal was recognized as avoiding harm behavior (two responses).

Undertaking voluntary EPEBs is more frequent among respondents (multiple choice question; n cases = 635). Just as in the case of required EPEBs, voluntary green actions are also mainly conserving behaviors. Mostly, the respondents engage on a voluntary basis in segregation of waste (190 responses), reuse of resources, and reduction of their consumption (e.g., reducing: energy consumption – 111 responses; plastic consumption – 104 responses; paper consumption – 78 responses; and water consumption – 72 responses). Among voluntary EPEBs, the activities referred to as influencing others (three responses) and transforming (four responses) categories were also identified. It is worth noting that behaviors from these domains were found only in the case of voluntary EPEBs. Furthermore, in the influencing others category, there appeared voluntary activities related to encouraging and supporting others subcategory. A few of these activities were involved raising environmental awareness (e.g., ecological activism); however, the respondents seldom took actions that required greater involvement than participation in pro-environmental campaigns (eight responses). With regard to the transforming behaviors category, the undertaken actions mostly fall into the selection of responsible options subcategory (e.g., purchase of high-quality equipment – three responses; or use of public transport – 30 responses). Interestingly, employee efforts to maintain a balanced diet at work were included in this category (four responses).

The comparison of the scope of required and voluntary EPEBs is presented in Table 11.2.

Not every main behavioral category from the Green Five taxonomy is represented in the voluntary and required groups. As mentioned above, regardless of their character (required vs. voluntary), EPEBs belong mainly to the conserving behavior category, which represents actions directly affecting the environment. Among green behaviors directly influencing

Table 11.2 Employee pro-environmental behavior in the workplace – comparison

General green performance	Domains	Employee pro-environmental behavior in the workplace	
		Required	Voluntary
Direct impact	Conserving	XXX	XXX
	Avoiding harm	X	–
	Transforming	–	XX
Indirect impact	Influencing others	–	X
	Instrumental behavior	X	X

*The number of X marks indicates the intensity of behavior.

the environment, the avoiding harm category was represented only in the case of required EPEBs. In contrast, the transforming behavior category was identified solely in the voluntary EPEBs group. In addition, only in the case of voluntary EPEBs, it was possible to identify activities with an indirect influence on environmental protection (influencing others category). In both voluntary and required EPEBs, it was possible to identify behaviors categorized as taking initiative, which represent the instrumental behavior category. They were included in a small percentage of responses and were primarily activities in the field of green activism.

Discussion and conclusion

Despite the fact that environmental protection is one of the key current issues, the obtained results indicate relatively low involvement of Polish employees in pro-environmental behaviors in the workplace. EPEBs identified in the study cover a variety of specific required and voluntary green activities undertaken by employees working in various positions, organizations, and industries. This variety confirms the complex nature of EPEBs and the universal character of the Green Five taxonomy adopted as a framework for their categorization. The EPEBs discussed in the study belong to all five main domains from Ones and Dilchert's (2012) taxonomy. Nevertheless, they do not cover all subcategories. The most commonly undertaken EPEBs fall into the *conserving* category, and they are predominantly examples of green office activities. What is more, the scope of EPEBs undertaken on a voluntary basis apparently is driven by employees' individual values and attitudes toward the environment. For instance, activities aimed at maintaining a balanced diet at work may be considered as a peculiar manifestation of green consumption rooted in the personal beliefs and norms of individuals. The role of individual values is emphasized by Dumont et al. (2017) who claim that employees' green values could amplify extra-role green behavior.

The results show an attitude-behavior gap in employee green behavior, which refers to the lack of consistency between the declared opinions and EPEBs undertaken. A similar gap has been identified in the area of consumer pro-environmental behavior (e.g., Nguyen et al., 2019). This phenomenon is related to the theory of planned behavior (Ajzen, 1991). A positive attitude is a starting point for stimulating sustainable behavior, but it often does not lead to actual performance. As EPEBs are not only driven by individual employee principles, but are themselves a value to the green organization, the organizations must reinforce environment-friendly behaviors in their employees. Especially when employees are young people who are characterized by cognitive and emotional immaturity.

Practical implications

The study contributes to the discussion on enhancing pro-environmental attitudes and behaviors of employees in the workplace. CSR and green human resource management (GHRM) practices are assumed to affect both in-role and extra-role EPEBs (Ansari et al., 2021; Dumont et al., 2017). It is important to understand the role of CSR and GHRM in shaping these behaviors and developing employee environmental awareness. On the one hand, green behaviors are rooted in employees' private lives and their environmental values. On the other hand, EPEBs are simultaneously influenced by the organizational context (Lu et al., 2019). Thus, for the implementation of corporate green practices, establishing congruence between the organization and employee values is essential. Supervisors may play a vital role in aligning green values as they can directly promote and stimulate EPEBs in the workplace. What is more, CSR and GHRM practices implemented by organizations may contribute to bridging the attitude-behavior gap in employee behaviors. Beck-Krala and Klimkiewicz (2017) claim that enterprises more and more often decide to implement green employee reward programs, which are considered to be critical elements in shaping pro-ecological behavior in the workplace. Surprisingly, the obtained results show a different picture. Although employees expect that their employers will exhibit a proactive attitude and create the climate supporting such activities, many respondents are not encouraged by their superiors to take such actions. Moreover, most respondents are unaware of the existence of any organizational environmental programs or formal policies in their workplace. Therefore, supporting EPEBs in the workplace is of utmost importance, although it appears to be a neglected area. Regardless of their size, specialization, and location, enterprises should create conditions for employees to undertake EPEBs at various levels in the organization. In addition, the effectiveness of internal communication with employees in this area ought to be improved.

Limitations and future research directions

Although this study is among the few that examine EPEBs from Central and Eastern Europe, it was subject to some limitations which must be addressed. The obtained results confirm the complex nature of employee pro-environmental behavior; however, drawing unambiguous conclusions about the scope of EPEBs from Central and Eastern Europe requires further extended research. The range of these activities seems to be linked to the idiosyncratic cultural and geographic conditions, which shows the need for further cross-country analysis.

Methodologically, like the majority of publications on this subject, this study is based on a quantitative approach, which facilitates description and categorization but prevents achieving an in-depth understanding of the phenomenon. Contrarily, qualitative research is mostly an inductive study of socially constructed reality, focusing on meanings, ideas, and practices. Such an approach could help to understand the variability of pro-environmental behaviors in occupational situations where they may be subject to different situational (e.g., organizational, team-based) conditions of a formal or informal nature. In addition, the holistic description of this phenomenon may contribute to explaining the identified attitude-behavior gap or redirect attention to the obstacles limiting EPEBs.

The current study used a convenience sampling in which the respondents were predominantly fairly young female white-collar employees with relatively short work experience. Such characteristics of the sample may have contributed to the overrepresentation of specific EPEBs (e.g., *conserving behavior* with the activities typical of office work), and the overestimation of the significance of the problem itself. It would be reasonable to establish a more diverse sample by including in future studies blue-collar workers or employees representing different age groups and length of employment. Another differentiating factor could include the economy sector which the respondents represent. Such a diverse sample would allow for a more complete description of EPEBs in the workplace.

Finally, it is important to analyze in greater depth the methods of shaping and supporting EPEBs. The voluntary character of EPEBs seems crucial; however, taking into consideration the low involvement of employees in such activities, examination of how organizations could encourage them is advisable. The aforementioned limitations indicate the need for further research into conditions in which employees undertake EPEBs in various cultural settings. These conditions can be shaped by considering and emphasizing pro-ecological aspects in CSR strategies of organizations.

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12 The impact of Industry 4.0 implementation on the importance of CSR values

Radosław Wolniak

Introduction

The Industry 4.0 implementation opens up the space for thought and actions in the area of corporate social responsibility. C. Domenico believes that there are close links between Industry 4.0 and CSR implementation (Domenico et al., 2019). For example, the digitalization of industrial production has a direct impact on employment and on CSR implementation (Domenico et al., 2019). The digitalization of industrial processes has a direct impact on employment and the whole society. In the future by 2028, about half of the industrial production will have been fully automated (Drozd & Wolniak, 2021).

The Fourth Industrial Revolution – Industry 4.0 – differs from its predecessors because it can be applied to all areas of life (Herceg et al., 2020). The concept also has an impact on actual trends like the dangerous phenomenon of an ageing population and the consequent decline in the workforce (Drozd & Wolniak, 2021; Miśkiewicz & Wolniak, 2020). This revolution is also connected with the fact that the opportunities for increasing the profit of industrial production are exhausted despite the use of the “lean” manufacturing concept and outsourcing (Beier et al., 2020; Longo et al., 2017; Wolniak et al., 2020). Industry 4.0 determines changes in production – from mass production to personalized production – which makes the production processes more flexible and provides the means to meet the individual needs of different customers more effectively (Biel & Glock, 2016; Zuehlke, 2010). The Fourth Industrial Revolution can create new value within the industrial systems and because of that it will have significant impact on our society (Herceg et al., 2020).

The business has evolved to improve in effectiveness and cost-efficiency to increase its value. Production systems should be customer-centric and should drive agility within the business (Zezulka et al., 2016). To meet these objectives, the implementation of Industry 4.0 is needed (Stverkova & Pohludka, 2018). The following reasons why the concept of Industry 4.0 is so important can be distinguished (Stverkova & Pohludka, 2018; Zezulka et al., 2016):

- Cost-efficiency
- Agility and flexibility of the production system
- Customer-centric production systems, with customization of products

The concept of corporate social responsibility (CSR) has been present in the scientific literature for many years, and an increasing impact of the concept and an increasing number of papers on the subject published in international databases can be noticed (Kuada & Hinson, 2012).

The view that an organization has a responsibility to maintain balance among claims of various types of stakeholders (e.g., employees, stockholders, and the whole public) has been a staple to understanding the business strategy of many existing firms. But despite the long application of the CSR concept, there are still differences between various values and approaches to the meaning of this concept. Some believe that CSR is connected with social investments in a company (Babarinde, 2009), others that it is a corporate image, goodwill, and branding. Also, there are differences regarding the impact of the concept on effectiveness of the organization (Irwin, 2003).

The corporate social responsibility concept is also incorporated into European Union law. The implementation of CSR concept and its values have significant impact on citizens' lives. As a consequence, policymakers face the question of whether companies should meet demands to prevent, identify, manage, and mitigate any possible negative impact that they may have on society as a whole (for example human rights, health, environment, and others). Such a process is known as corporate social responsibility. The European Union concept of CSR can be summarized as follows (Corporate social responsibility, 2020):

- Voluntary activities that go beyond those prescribed by law
- Internalizing or managing negative externalities, for example, a reduction of pollution
- Multiple stakeholder orientation and not only focusing on shareholders
- Alignment of social and economic responsibilities to maximize the company's profitability
- Practices and values
- More than philanthropy alone

In literature, many described CSR aspects and values are more or less important according to particular manufacturing or service sectors (Wolniak, 2017). Especially important aspects and values of CSR are connected with the following concerns (Olanipekun et al., 2019): community engagement, company policy, company size, CSR reporting, dichotomy between developed and developing economies, employee

concerns, environment, safety and health, governance, infrastructure provision, legitimacy and identity, long terms vs. short terms (strategic CSR), national culture, partnership, performance, and regulation.

It is worth investigating whether the Industrial 4.0 revolution, we are now facing, will have the impact on the CSR functioning within the organization. Some authors say that the Fourth Industrial Revolution can shake the social status quo (Rachmawati & Hendayani, 2020) and because of that we can suppose that it can have an impact on CSR values and their implementation. Robotization and automation of production processes, which now exist only in some factories, will not only replace many routine operators' work and low qualified labor but can have impact on 24/7 work without extra payment (Keremidchiev, 2019). Robotic systems will increase production flexibility and will create products that highly meet individual customer preferences. This could be achieved without additional marginal cost (Rifkin, 2014).

The implementation of Industry 4.0 is a challenge for organizations. It leads to the digitalization of processes, the Internet of Things, using autonomous manufacturing systems, customization of the product, robotization, implementation of architecture based on cyber-physical systems and widespread use of disruptive innovations. Industry 4.0 is nowadays a very important concept used by many, especially industrial organizations. Today the industrial market is quickly changing and should be adapted to new conditions (Brzeski & Burk, 2015). Based on the specification of Industry 4.0 the author can refer to stakeholder theory. It is interesting to know how the values of corporate social responsibility concept will change during the Fourth Industrial Revolution times. The problem is very significant because many organizations implement corporate social responsibility, and this process is encouraged by the government.

The most sensitive social problem connected with Fourth Industrial Revolution is related to its impact on employment. There are some extreme predictions about it. One conception is that employment will be slightly affected by the increase of new technologies. Arguments in favor of this assumption are connected with historical factors and current development.

According to a WEF study conducted in 2016, the sectors with the highest loss of jobs are administration and office services, processing industry, construction and mining of mineral resources, art, design, sport, media, and legal services (WEF, 2016). The main activities and operations will be performed by robots and in this way, they will replace the low skilled personnel engaged with them now. But the Industry 4.0 will concern not only low qualified jobs but also intellectual tasks (Berger & Frey, 2016). Also, occupations and activities related to accounting, legal services, journalism, medicine, and design (Rifkin, 2014) can be done by artificial intelligence. Nevertheless, the demand for highly

qualified jobs will increase in the next years, but in the case of medium qualified and low qualified jobs, the rate of demand will be negative (Berger & Frey, 2016).

The chapter aims to analyze relations between selected values of corporate social responsibility practices and Industry 4.0 implementation and the impact of the implementation of Industry 4.0 on CSR practices.

The chapter is focused on the identification of what would change in the corporate social responsibility in the Industry 4.0 environment. It is interesting to investigate the changes in the corporate social responsibility implementation practices in times of Industry 4.0. In the chapter, there is a description of the main dimensions of Industry 4.0 and typical practices used in corporate social responsibility.

Material and methods

The chapter reviews the papers from the main international databases, i.e., SCOPUS and Web of Science and also papers from some Polish scientific databases (BazEkon, Ceon Biblioteka Nauki) to find publications about the situation in Poland. In the research process, the questionnaire was used to collect data. The author has collected 100 completed questionnaires from Polish medium-sized and big enterprises. The research was conducted in spring 2020. The survey was conducted in Polish organizations from Silesian voivodeship – the research was performed in five Silesian organizations from automotive and foundry industry. All organizations were industrial. The selection of the sample was purposive. The questionnaires were given to 50 managers from those organization (ten in every firm) and 50 questionnaires were distributed among workers (ten from every organization). The obtained questionnaires were correctly filled and could be used for the data analysis. Next, statistical methods were used to analyze the data. Standard deviation analysis and statistical tests (Mann-Whitney U test) were used in the data analysis process.

The opinions of organization representatives about the current and future influence of Industry 4.0 on the corporate social responsibility concept were analyzed.

The author established the following research questions:

- How Polish managers and workers perceive the impact of Industry 4.0 on corporate social responsibility values?
- What will be the impact of implementing Industry 4.0 on various values of corporate social responsibility according to managers and workers?
- What will be the impact of Industry 4.0 on the CSR benefits in organizations, according to managers and workers?

The research was conducted on the sample of Polish big and medium-sized industrial enterprises, which were engaged in the Industry 4.0 implementation process. The impact in this research was understood as an analysis of what will change in the implementation of CSR values in the organization after it introduces the principles of Industry 4.0.

The term CSR values was used according to *corporate social responsibility (CSR) and its implementation into EU Company law* (2020). This document defines CSR as a set of company values. Also, the authors of this book use the terms of CSR values and CSR practices interchangeably and these concepts have been used in this chapter.

The implementation of CSR strategy in the organization is connected with a specific system of values. Presented research attempts to determine whether the implementation of Industry 4.0 has an impact on these values and which values will be the most important after the implementation of this concept.

To analyze the problem, the following values connected with CSR were considered (based on corporate social responsibility, 2020): health issue, environmental issue, social welfare, safety issue, human rights, community development, education, and worker rights. In the case of each value, the question was asked about the impact of Industry 4.0 on the implementation of a particular value. A seven-point scale from 1 negative impact to 7 positive impacts was used.

The respondents were asked which of them can increase and which can decrease as a result of the Fourth Industrial Revolution. The analyzed benefits of CSR implementation also included increase in earnings, reduction in cost, improvement in company image, improvement in employee satisfaction, community peace, better development, and social welfare.

Respondents were asked what their opinion was about the impact of Industry 4.0 implementation on particular corporate social responsibility benefits. Each benefit was rated on a seven-point scale, from 1 negative impact to 7 positive impacts. Also, each respondent was asked about their opinion on the impact of introduction of Industry 4.0 on the implementation of CSR by their organization and about their opinion on the importance of CSR issues in Industry 4.0 conditions. In this case, a seven-point scale was also used. The following statements were used to interpret the results of the seven-point scale used:

- 1 Strongly negative impact
- 2 Negative impact
- 3 Slightly negative impact
- 4 Neutral impact
- 5 Slightly positive impact
- 6 Positive impact
- 7 Positive impact

All data were coded and then inserted into Excel sheet before analysis of their reliability. To analyze them, the statistical analysis STATISTICA 12 software were used.

Results

The results of the research show that both surveyed groups (managers and workers) believe that the issue of corporate social responsibility will be more important in the Industry 4.0 conditions (score 5.1 on a seven-point scale). In this case, the Mann-Whitney U test showed no statistically significant differences between the two groups at the level of statistical significance $\alpha = 0.05$. When assessing the overall impact of the implementation of Industry 4.0 on the organization, managers assess it as slightly positive (score 5.1), and workers as neutral (3.84 – there are statistically significant differences between both groups at the level of $\alpha = 0.05$).

Table 12.1 shows the results concerning the assessment of the impact of the implementation of Industry 4.0 in organizations on individual values connected with CSR, broken down into managers and workers. The presented data suggest that there are significant differences between the two groups in terms of assessing the impact of the introduction of Industry 4.0 on the implementation of individual values of social responsibility by the organization. The non-parametric Mann-Whitney U test was used to analyze the statistical significance of the differences. The p values for individual differences are presented in Table 12.1. The performed test shows that in the case of the analyzed eight values of CSR, for all of them there were statistically significant differences in the assessment between workers and managers at the level of statistical significance $\alpha = 0.05$.

Table 12.1 The impact of the implementation of Industry 4.0 on individual CSR values broken down into managers and workers

	<i>Managers</i>	<i>Standard deviation</i>	<i>Workers</i>	<i>Standard deviation</i>	<i>p</i>
Health issue	6.08	0.72	3.74	1.05	0.00000
Environmental issue	6.54	0.58	4.02	0.91	0.00000
Social welfare	5.56	0.86	2.98	1.29	0.00000
Safety issue	5.28	0.86	3.30	0.65	0.00000
Human rights	6.08	0.75	4.18	1.17	0.00000
Community development	6.28	0.70	5.72	0.73	0.00062
Education	6.46	0.71	5.98	0.59	0.00068
Worker right's	5.64	0.63	2.32	1.11	0.00000

Source: Author's own work.

Managers evaluate the analyzed values of CSR at a high level. In the case of five variables (health issue, environmental issue, human rights, community development, and education), they rate them at a level above 6, i.e., they believe that the implementation of Industry 4.0 will have a positive impact on these aspects of social responsibility. In the case of the remaining three values, they estimate the variables above 5, so they believe that this impact will be slightly positive.

Opinions of workers differ significantly. Workers estimated only the impact of Industry 4.0 on development and education as positive. In the case of the impact of Industry 4.0 on human rights, environmental issues, and health issues, they perceive it as neutral. In other areas, the assessment is below the neutral level. In particular, workers believe that Industry 4.0 will have a slightly negative impact on the safety issue and social welfare. Worker rights are the value assessed worst by workers. In the case of this value, they expect a negative impact of the implementation of the Industry 4.0 concept on their companies.

In the case of examining the impact of the introduction of Industry 4.0 on the benefits obtained from the implementation of CSR, the results were similar to those concerning the assessment of individual values of corporate social responsibility. Also, in this case, managers rate individual variables higher compared to workers. However, in the case of the benefit analysis, the differences between the assessment of both studied groups are smaller.

To analyze the differences between the two studied groups, the non-parametric Mann-Whitney U test was used. For most variables, there are statistically significant differences between the studied variables. No such differences were observed only in the case of a cost reduction. In the case of improvement in company image, the differences are at the level of statistical significance $\alpha = 0.05$, while they are not at the level of $\alpha = 0.01$.

Both variables, for which no major differences were observed, are equally highly rated by both managers and workers. Both of these groups believe that the implementation of Industry 4.0 will have a positive impact on the reduction of cost and improvement of company image.

For the remaining variables, managers believe Industry 4.0 will have a positive impact on the development, improvement in employee satisfaction, and community peace. In the case of social welfare and an increase in earnings, they believe the impact will be positive.

Workers believe that Industry 4.0 will have a slightly positive impact on better development and a neutral impact on social welfare and community peace. However, they are concerned that the implementation of Industry 4.0 may have a slightly negative impact on the increase of earnings and a negative impact on improvement in employee satisfaction.

On the basis of the research, it can be said that managers believe that the Fourth Industrial Revolution will have a positive impact on the

implementation of corporate social responsibility values in the organization. But workers have a different view in many cases. They are more afraid of Industry 4.0 implementation impact and think that in some cases, the effect of it on corporate social responsibility values could be harmful. This gap between workers and managers in the case of their view on Industry 4.0 impact on CSR values is the main finding of the chapter. Statistical tests were used to find in which specific problems (CSR values) there were statistically significant differences between managers and workers.

Discussion

In the chapter, there is a comparison of the achieved results with other authors' findings. In many papers, authors describe rather a positive impact of the Fourth Industrial Revolution on corporate social responsibility values. For example, Dau describes his research findings that corporate social responsibility allows to make the transition from a linear model to a circular model and because of that it can improve the healthcare sustainable supply chain (Dau et al. 2019).

But some authors think it can harm low qualified workers' employment and working conditions (Pajarinen & Rouvinen, 2014). Results presented in this chapter are in accordance with results obtained by Pajarinen and Rouvinen. In the presented research the results also show that workers had a negative opinion about the relations between Industry 4.0 and corporate social responsibility values.

The analysis of the collected results shows that low-skilled workers have a lot of concerns when implementing Industry 4.0 in their organizations. They fear that it may have negative impact on many aspects of corporate social responsibility values and their working conditions. The analysis of the results suggests that managers perceive the implementation of Industry 4.0 rather as an opportunity for their organization and their career in it, while workers see it rather as a threat.

Workers, in particular, are concerned that the progressive digitization, the replacement of human labor with artificial intelligence, and the tendency to work 24/7 may have negative impact on their work. They believe that Industry 4.0 can harm workers' rights. In the conditions of distributed network organizations or remote work, it will be more difficult to defend workers' rights and form trade unions. The analyzed workers fear that this may have a negative impact on such values as security, especially social security, and all matters relating to social welfare. They believe that Industry 4.0 can negatively affect their situation in the labor market and the well-being of their families. The workers' concerns identified in the research are consistent with numerous reports cited in the literature section. They indicate a reduction in the number of jobs especially jobs for low- and medium-skilled

workers as an impact of the Fourth Industrial Revolution (Bowles, 2014; Brzeski & Burk, 2015; Pajarinen & Rouvinen, 2014; WEF, 2016).

On the other hand, managers believe that Industry 4.0 will have a positive impact on individual values connected with social responsibility. Thanks to the improvement of the efficiency and competitiveness of the economy, it will be possible to take better care of social needs and meet the needs of all inhabitants in a given region and country.

Both managers and workers see the potential benefits of implementing Industry 4.0 on those values of social responsibility that are related to the organization. For example, both surveyed groups believe that Industry 4.0 will have a positive impact on reducing costs, improving the image of the organization as well as its development.

It is observed that there are differences between managers' and workers' opinions about those variables that directly relate to working conditions. In particular, workers believe that Industry 4.0 can negatively affect their earnings and job satisfaction. They believe that in the conditions of Industry 4.0, it will be much more difficult for them to find a permanent job that would provide stable support for the family. Identified workers' fears are confirmed by the research conducted by Berger and Frey (2016) or by Rifkin (2014). Currently, with the increase in digitization of the economy, it can be observed that a growing number of employees work in occasional jobs, and it is increasingly difficult to find a permanent job. This phenomenon is observed in all developed countries of the world. In addition, digitization leads to a situation where the employee is available to the employer all the time. This can have negative impact on increase of stress and frustration. Therefore, researched workers believe that Industry 4.0 can have a negative impact on their satisfaction at work.

At the same time, managers do not share such a negative view of the situation that workers have. They believe that highly qualified employees will cope with the new conditions. Nevertheless, it is worth noting that with a generally better assessment of these analyzed values by managers, the values regarding an increase in earnings and improvement in employee satisfaction were the worst assessed out of the seven values surveyed by managers. So, the greatest social anxiety in the case of the implementation of Industry 4.0 is connected with such values as worker earnings and their satisfaction. The results are in line with the results of the European Economic and Social Commission report. According to the report, digitalization transforms existing jobs and demands new skills to perform new tasks, which may imply that the current workforce should be retrained or replaced. Digitalization gives rise to new jobs but many other jobs especially for low qualified employees become redundant. The analysis suggests that digitalization can have impact on labor market polarization (Impact of Digitalization, 2017).

Conclusion

The main implication of the results and the gap in opinion between managers and workers about the impact of Industry 4.0 on CSR values makes it necessary to provide additional training to workers to prove them the importance of Industry 4.0 implementation. An organization should educate them, that in the future the working conditions and implementation of corporate social responsibility values will not worsen.

The research shows that to be able to implement Industry 4.0 in the economy and avoid serious social unrest, it is necessary to consider how to deal with potential dangers. In particular, attention should be paid to improving the level of education of the society, especially in terms of digital competencies, which will be necessary for the new model of economy. It is also important to find social solutions that will allow for obtaining a sufficient level of social security for the poorer groups with lower competencies. This could be achieved through training as well as possibly introducing a universal basic income in the future.

The conducted research showed the existing social concerns about Industry 4.0 impact on CSR values. Workers are especially concerned about the negative impact of Industry 4.0 on their working condition. Those concerns cannot be ignored when introducing new Industry 4.0 solutions.

The future research could attempt to analyze the problem of impact of Industry 4.0 implementation on CSR values on the example of bigger sample of organizations. It would be useful to analyze the problem in various industries and then compare them. It could give insight into differences in the approach to the CSR implementation and CSR values in various industries. Also, it can measure the level of Industry 4.0 maturity and relations between this maturity level as well as the changes in CSR values. It could provide information about the impact of Industry 4.0 maturity on CSR values. Also, in the future it could be worth analyzing what the impact of the changes in CSR values in Industry 4.0 condition is on social and economic initiatives undertaken by industrial organizations.

The main limitation of the chapter is the small sample of questionnaires on which the research is based. Because of that the results can provide an insight into researched relations but to achieve statistical reliability of data it needs more future research. Also, the limitation of the chapter is connected with variable operationalizations. It is possible to operationalize CSR value and CSR benefits in another way, which can be used in future research.

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Part III

**Communication and
reporting of values
and impact**



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13 The impact of the concept of human rights in business on CSR reporting

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Introduction

Over 70 years ago, the United Nations (1948) adopted the Universal Declaration of Human Rights as a “common standard of achievement” for all peoples and nations to serve as the foundation for the development of international law. However, the intersection between business and human rights was not recognized until 2008, when John Ruggie, the Special Representative of the Secretary-General, published two reports on the issue of human rights and transnational corporations, and other business enterprises (United Nations, 2008a, 2008b). Based on those, in 2011, the United Nations Human Rights Council introduced the Guiding Principles for Business and Human Rights (2011). Consequently, also business organizations have recognized that part of their social responsibility is to respect the human rights of those whom they come into contact with directly (employees or customers), or indirectly (workers and communities within the whole supply chain). This responsibility is also being widely acknowledged by the stakeholders, i.e., customers, civil society organizations, communities, governments, investors, employees, etc.

Given that a company can impact human rights in several diverse ways (positive and negative), it is not possible to present a simple set of rules. Business organizations must recognize respect for human rights as a key value and consider their responsibility to respect all human rights, which are set out in the International Bill of Human Rights (1966), consisting of the Universal Declaration of Human Rights (United Nations, 1948) and its two implementing instruments, the International Covenant on Civil and Political Rights (1966) and the International Covenant on Economic, Social, and Cultural Rights (1966). The International Bill of Rights, together with the International Labor Organization Declaration on Fundamental Principles and Rights at Work (International Labour Organisation, 1998), may also be the main international reference points on human rights. However, as stated in the 2020 Corporate Human Rights Benchmark, many companies are still at the beginning of their human rights’ reporting path. Even where such information is disclosed,

the quality and effectiveness of due diligence processes vary, and are difficult to assess. Thus, the role of internationally recognized CSR reporting standards and frameworks is crucial for transparency and proactivity in the area of counteracting human rights violations and implementation of the necessary measures to respect them (Hess, 2019).

Corporate social responsibility and CSR reporting

The EU Strategy 2011–2014 for corporate social responsibility defines CSR as “the responsibility of enterprises for their impacts on society”. CSR, therefore, means that businesses are responsible, not only for the economic consequences of their actions, but also for their social and environmental impact.

The phenomenon of reporting social responsibility has been developing for several dozen years. The first reports come from the 1970s and were published in the United States and Western Europe (Kolk, 2010; Owen et al., 2001). However, CSR reporting gained importance in the late 1980s and has been increasingly popular ever since. As recently as three decades ago, fewer than 100 companies published a CSR report, but currently 80% of companies worldwide report on CSR, and in North America, the figure is even 90% (KPMG, 2020).

There is a common belief that in order to assess how a corporation is doing in the context of social responsibility, publishing a report alone is not enough – its activity in this area should be measurable (Hess, 2019; Özdemir et al., 2011). This need has resulted in the development of Sustainability Reporting Tools (SRTs) such as frameworks, standards, ratings, and indices. Frameworks usually refer to policies, initiatives, or guidelines provided to companies, to support them in their sustainability activities. Standards perform a similar function, but they are more formalized and documented – they specify requirements, specifications, or metrics that can be used to ensure that sustainability efforts are consistently delivered (Siew, 2015). Examples include the general standards and frameworks, such as the Global Reporting Initiative (GRI) – a dominant global standard for sustainability reporting (KPMG, 2020); the UN Global Compact; OECD Guidelines for Multinational Enterprises; the AA1000 Standard; the ISO 26000 Standard; but also field specific ones, like the Carbon Disclosure Project (CDP); the Greenhouse Gas Protocol (GHG Protocol), or International Finance Corporation (IFC) principles. A growing number of companies are also adopting Sustainable Development Goals (SDGs). Ratings and indexes are a third-party assessment of a corporation’s sustainability or ESG performance (Siew, 2015). Their examples include the Dow Jones Sustainability Index (DJSI), the FTSE4Good index, the Asian Sustainability Rating (ASR), and the Bloomberg ESG Disclosure Scores.

The number and variety of SRTs is the result of increasing global social pressure, which is reflected in the scope and importance of reporting. In some cases, reporting is voluntary, and in other cases, it is now mandatory. In the European Union, obligatory sustainability reporting was introduced through the NFI Directive, aimed at the improvement of the quality, consistency, and transparency of NFI reporting in the whole EU (Directive 2014/95/EU). The NFI Directive applies to large public-interest entities (PIEs), with an average of 500 or more employees, and either – a balance sheet total exceeding EUR 20 million – or a net turnover exceeding EUR 40 million. Companies are obliged to disclose in their non-financial reports, information on environmental, social, and employee matters, respect for human rights, as well as anti-corruption and bribery matters. Reporting organizations must disclose, for each of the above matters, a description of the policies and their outcomes, the principal risks related to those matters, the way that risks are managed, and relevant non-financial key performance indicators. The reporting standards and frameworks are not defined, but companies are encouraged to rely on recognized ones, such as GRI's Sustainability Reporting Guidelines, the United Nations Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights, OECD Guidelines, the International Organization for Standardization (ISO) 26000, and others.

Human rights in business

While CSR has been gaining in global importance, the issues of human rights in business have been neglected (Čertanec, 2019). International attempts to regulate the conduct of multinational corporations, dating back to the 1970s, have not brought the expected results, and the catalogue of documented human rights abuses, such as sweatshops, displaced communities, child labor, forced and slave labor, have continued to expand. Global markets have expanded and deepened significantly, as a result of trade liberalization, privatization, deregulation, and offshoring production. The rights of multinationals to act globally have been legally enshrined in the broad expansion of bilateral investment treaties and investment chapters in bilateral and regional free trade agreements. One of the significant consequences of globalization is that around 80% of the world trade (in terms of gross exports) has been linked to the international production networks of multinational corporations (UNCTAD, 2013). As national economies became more open, an increasing share of production and trade was internalized, in a network of some 80,000 multinational companies and parties linked to them, through capital ties or contracts. Moreover, as many as one in seven jobs in the world is in the supply chains of multinational corporations, excluding informal work (ILO, 2016). What makes the issue

even more complicated, multinationals such as Adidas, Google, Coca-Cola, the Volkswagen Group, and Novartis are known as one company, operating under one global vision and strategy, optimizing operations around the world, in terms of efficiency, market share, and profit. However, they are not universally recognized as such under public law – the parent company has a separate legal personality and has limited liability for damages caused by its subsidiaries, even if it is their sole owner. Thus, human rights in the whole supply chain became an important item on the international agenda in the 1990s.

However, the intersection between business and human rights was not recognized until 2008, when John Ruggie, the Special Representative of the Secretary-General, published two reports on the issue of human rights and transnational corporations, and other business enterprises (United Nations, 2008a, 2008b; Wettstein et al., 2019). Based on that, in June 2011, the United Nations Human Rights Council unanimously endorsed the Guiding Principles for Business and Human Rights, making the framework the first corporate human rights responsibility initiative to be endorsed by the United Nations (2011). The UN High Commissioner for Human Rights, Zeid Ra’ad Al Hussein, defines the UNGP as “the global authoritative standard, providing a blueprint for the steps all states and businesses should take to uphold human rights”. The UNGPs are built on a three-pillar “Protect, Respect, and Remedy” framework, setting out the complementary roles of the private and public sectors, as follows:

- Pillar 1: States have a duty to protect, respect, and promote human rights
- Pillar 2: Companies have a responsibility to respect human rights
- Pillar 3: Victims of business-related harm should have access to remedies

Pillar 2 of the framework describes a fundamental responsibility of all business organizations, irrespective of their size, industry, or location, and what should be highlighted, irrespective of a local government’s ability to protect and support citizens’ rights. Enterprises have an independent responsibility to avoid violations of human rights, as a result of their activities or business relationships, and to deal with the damage that arises.

The UNGP Guidelines consist of 31 principles, each with commentary explaining its meaning and implications for law, policy, and practice. They encompass all internationally recognized rights, and apply to all states and all businesses. A fair and well-thought-out approach to reporting on them can be a huge driving force for every change in business.

Empirical research on human rights reporting is scarce and shows that human rights disclosures are generally low (Christ et al., 2019). Research also suggests that companies vary widely in the extent and accuracy of

disclosing human rights (Demir et al., 2019). However, their systematic growth is noticeable, mainly as a result of the development of standards and frameworks for reporting human rights, which shows their role and impact, and also makes human rights one of the core values of responsible business.

Materials and methods

In the chapter, a content analysis is conducted. According to Krippendorff (2013, p. 24), content analysis is “a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use”. This chapter is based on the analysis of the content of most current versions of the most popular and most frequently used CSR reporting frameworks and standards, namely: The Global Compact Principles, GRI frameworks, and ISO 26000, SA8000, the AA1000 Series Standards. The purpose of the chapter is to examine how the concept of human rights in business is covered within the framework and standards of corporate social responsibility reporting. The analysis will cover the scope of disclosure and compatibility with other SRTs.

Results

The reporting frameworks and standards form a set of independent tools, designed to help companies prepare disclosures, including those related to human rights. They enable all companies around the world to evaluate their impact in a given area, and to disclose the results in a structured, transparent, and comparable way. This section will analyze CSR and human rights reporting tools by framework and standard.

Frameworks

The Global Compact Principles

The UN Global Compact is a United Nations non-binding pact intended to encourage enterprises and companies around the world, to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is also a framework for enterprises that defines ten principles in the areas of human rights, labor, environment, and anti-corruption. The first two principles refer directly to human rights:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: Make sure that they are not complicit in human rights abuses

Reporting companies present their contributions in the form of the Communication on Progress (COP), which consists of three parts: human rights principles assessment, policy, and goals; implementation; measurement of outcomes.

The UN Global Compact is based on common consensus and is derived from: the Universal Declaration of Human Rights and Declaration of the International Labor Organization on Fundamental Principles and Rights at Work.

OECD Guidelines for Multinational Enterprises (2011 edition)

The OECD Guidelines for Multinational Enterprises are responsible business conduct recommendations, addressed by governments at multinational enterprises operating in, or from, the 49 acceding countries. The most recent version is from 2011, when Chapter IV on human rights was added, and the concept of due diligence was introduced.

OECD recommendations assume that enterprises, regardless of their size, sector of activity, operational context, ownership, and organizational structure or place of business, should absolutely respect human rights. The framework requires the timely and accurate disclosure of all material matters relating to the enterprise, including the financial condition, performance, ownership, and management of the company. Firms are expected to address any negative impacts caused by themselves, to which they have contributed, or to which they are directly related in a business relationship, such as a supplier. The tool to counteract these effects is due diligence, which, in accordance with the Guidelines, includes: (1) identification of actual and potential negative effects; (2) preventing or mitigating adverse effects; and (3) considering how the organization deals with negative impacts by tracking results and communicating about them.

The OECD human rights recommendations refer to the United Nations Framework for Business and Human Rights “Protect, Respect, and Remedy”, and are in line with the Guiding Principles for its Implementation.

The Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is an international, independent standards organization that helps companies, governments, and other bodies, understand and communicate their impact on issues, such as climate change, human rights, and corruption.

The topic standard GRI 412: Human Rights Assessment has been developed on key human rights issues, such as discrimination, forced labor, child labor, and the rights of indigenous peoples. The reporting company is required to cover disclosures on the management approach and topic-specific disclosures as follows:

- Disclosure 412-1: Operations that have been subject to human rights reviews or impact assessments
- Disclosure 412-2: Employee training on human rights policies or procedures
- Disclosure 412-3: Significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening

When reporting its management approach to human rights assessment, the reporting organization should explain its strategies for extending existing policies and procedures to external parties, such as joint ventures and subsidiaries, and the use of human rights criteria or clauses in contracts, including types of clauses, and types of agreements and arrangements in which they are commonly used, such as investments and joint ventures.

Disclosure on operations that have been subject to human rights reviews or impact assessments, assumes reporting on the total number and percentage of operations that have been subject to human rights reviews, or human rights impact assessments, by country. Disclosure on employee training on human rights policies or procedures, covers such metrics as (1) total number of hours in the reporting period, devoted to training on human rights policies or procedures, concerning aspects of human rights that are relevant to operations, and (2) percentage of employees trained during the reporting period, in human rights policies or procedures, concerning aspects of human rights that are relevant to operations. Disclosure on significant investment agreements and contracts, which include human rights clauses, or have undergone human rights screening, refers to such metrics as (1) total number and percentage of significant investment agreements and contracts that include human rights clauses, or have undergone human rights screening, and (2) the definition used for “significant investment agreements”.

Although independent, the GRI standards for evaluation and reporting have been developed based on the principles set out in the OECD Guidelines for Multinational Corporations and the United Nations Guidelines, and work with UNEP and the United Nations Global Compact. GRI is also committed to the European Commission’s sustainable corporate governance initiative to establish mandatory human rights and environmental due diligence legislation.

Standards

ISO 26000 Standard

“International Guidance Standard on Social Responsibility – ISO 26000” was published in November 2010, by the International Organization for Standardization (ISO). It is a voluntary international

standard, providing guidelines for companies and other bodies on social responsibility (SR) and sustainable development (SD).

ISO 26000 recognizes human rights as a fundamental element of CSR reporting and identifies various human rights issues which companies should consider in their operations. The chapter of the standard relating to human rights, is mainly based on the Universal Declaration of Human Rights, and is largely adapted to the expectations set out in UNGP, as it promotes a due diligence approach to discharging the corporate responsibility, contains substantive guidelines for respecting human rights, provides guidelines on how to take into account human rights, in the activities and practices of the organization, and how to deal with some key human rights issues. As a result, the implementation of ISO 26000 by organizations has a transformative impact on their practices in the field of human rights and contributes to the reduction of violations of these rights, related to business activities. ISO 2600 also relates well to UN Global Compact, GRI, and OECD Guidelines for Multinational Enterprises.

SA8000 Standard

The SA8000 Standard is a management system, based on ISO standards, for ensuring compliance with international human rights criteria, and national labor law regulations. It was developed in 1989, by the Social Accountability International, formerly the Council on Economic Priorities, by an advisory board composed of trade unions, NGOs, civil society organizations, and enterprises.

The nine main criteria covered by SA8000 have been developed from various industry and corporate codes to create a common standard for social welfare compliance. These are child labor, forced and compulsory labor, health and safety, freedom of association, and the right to collective bargaining, discrimination, disciplinary practices, working hours, remuneration, and management systems. The criteria require that bodies, seeking and maintaining certification, go beyond mere compliance with the standard. Potential certified facilities must take this into account in their management practices and demonstrate continued compliance with the standard. SA8000 is consistent with the conventions of the International Labor Organization, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights.

The AA1000 Series of Standards

The AA1000 series was developed in 1999, by the Account Ability to help companies, stakeholders, auditors, consultants, and standard setters. The AA1000 series includes three standards: AA1000APS Principles of Accountability, AA1000AS Assurance Standard, and the AA1000SES

Stakeholder Engagement Standard. The AA1000 can be used in two ways: on its own, or in conjunction with other corporate responsibility standards.

The AA1000 Standard provides a roadmap for businesses on key SD issues, explaining points of divergence, and convergence with other major standards. While the standards do not mention human rights as such, the AA1000 Principles are in line with the UN Global Compact, GRI, and ISO 26000. Thus, the AA1000 Assurance Standard can be used, for example, when auditing factories' compliance with labor standards and carbon emissions.

Discussion

Human rights are widely accepted as being generally agreed values, and exist to ensure human dignity and the fulfillment of basic human needs" (van der Ploeg & Vanclay, 2017, p. 35). Undoubtedly, the challenges related to ensuring and respecting human rights, including labor and environmental rights, are increasing with the growing social and economic role of multinational enterprises in the global economy. While the primary responsibility for enforcing international human rights standards remains with national governments, business organizations are increasingly recognizing human rights as a core value and taking steps to neutralize their negative impact in this area.

The analysis of the content of the key SRTs shows that human rights, to a greater or lesser extent, are included in the analyzed frameworks and standards, but their impact on the protection of human rights in business, is still negligible. Although legal regulations, such as the NFI Directive, enforce and extend the scope and depth of disclosure of human rights issues, business lacks the specific measures and tools that would increase the transparency and comparability of business activities in this area. According to the research by Hess (2019), human rights measures used in current CSR reporting standards and those dedicated exclusively to human rights, are often outdated or based on data that is easiest to collect, not the most important. As a result, reporting is burdened with selective disclosure, impression management, incomparable disclosures, and using disclosure as an end in itself (as opposed to a process that leads to organizational change). Therefore, CSR and human rights reporting has limited potential to have a significant impact on improving the quality, comparability and transparency of business activities in this area (Martin-Ortega & Hoekstra, 2019).

Despite the above weaknesses, development in the field of business and human rights has brought about a considerable change in the perception of corporate social responsibility and encouraged business organizations to report on human rights (Čertanec, 2019; Zagelmeyer, 2019). Recognizing the value and disclosing the impact of human rights activities became the first step on the road to socially responsible business (Humbert, 2019).

Moreover, the focus has shifted from the controversy regarding ex post liability for corporate violations to processes necessary to prevent the adverse effects of human rights (Bonnitcha & McCorquodale, 2017). Even though the scope and quality of reporting in most of the analyzed SRTs is not fully satisfying, the results of the research are optimistic, as they prove that human rights issues are present in most of the CSR reporting frameworks and standards, as well as they are increasingly detailed and measurable.

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14 From values to impact in social reporting: The effects of Non-financial Reporting Directive¹

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Introduction

The past two decades have witnessed widespread proliferation of sustainability reporting (SR) viewed as the major step toward corporate transparency and accountability. This has been accompanied by the development of global voluntary reporting frameworks, which has been crucial for strengthening the standardization and promoting performance metrics (Diouf & Boiral, 2017). While reporting has developed from narrative to more substantial, companies started to focus less on communicating their sustainability values and more on measuring and disclosing their impacts.

Nevertheless, despite standardization, SR quality still raises concerns (Milne & Gray, 2013). The literature shows that institutionalization of SR translates neither into report transparency (Matisoff et al., 2013) nor to usefulness in the assessment of organization sustainability performance (Archel et al., 2008). Some argue that it is the flexibility of the existing standards and their voluntary character that undermine credibility of SR (Kim & Lyon, 2011). Thus, researchers stress the need to complement them with mandatory requirements in combination with strong enforcement mechanisms (Braam et al., 2016; Clarkson et al., 2011; Frost, 2007). Mandatory reporting with minimum requirements is believed to ensure relative uniformity in disclosure practices (Moneva & Cuellar, 2009). However, the empirical evidence that regulation leads to higher quality of disclosure is still vague (Lock & Seele, 2016).

In this study we fill this literature gap by tracing the effect of 2014/95/UE on non-financial disclosure (Non-financial Reporting Directive) and on the quality of reports published in Poland. More specifically, we focus on reports' comparability – one of the crucial attributes determining informational quality (Chauvey et al., 2015). The first step toward enhancing disclosure comparability is the use of performance indicators that allow for tracking time dynamics and industry-wide comparison of companies' sustainability impact. Thus, our goal is to address the

question whether mandatory SR framework triggers shift from mere value communication to substantive impact disclosure by stimulating adoption of social reporting standards.

While a number of studies (Chelli et al., 2018; Marquis et al., 2016; Tang & Demeritt, 2018) examine the scope and quality of environmental reporting, we investigate whether NFRD shifts focus from values toward impact disclosure in regard to the understudied social dimension. We do so by analyzing the use of social performance metrics by the 30 largest companies listed on the Warsaw Stock Exchange (WSE) over the period 2015–2019.

Materials and methods

Strategic function of SR

Schaltegger et al. (2006) note that SR is not limited to external reporting on an organization's contribution to sustainable development (Williams et al., 2011), but also encompasses internal processes of collection, analysis and communication of sustainability-related information. It must contain qualitative and quantitative information about a company's progress on sustainability goals, as well as on their integration into business operations (Daub, 2007).

SR provides a starting point for planning organizational change for sustainability (Lozano et al., 2016). This strategic dimension of SR, often neglected by managers (Gond & Herrbach, 2006), points in fact to the ultimate goal of this practice. Understood as a control system, SR can serve either as a diagnostic tool whose goal is to make sure that the risks stemming from stakeholder demands are addressed or as a learning tool that supports opportunity identification and strategy formulation process (Gond & Herrbach, 2006). Further, SR gives importance to sustainability issues within the organization and motivates employees to deal with them in a serious manner (Herzig & Schaltegger, 2006). It increases awareness (Ceulemans et al., 2015) and “establishes routines for considering sustainability-related information to be part of business information” (Herzig & Schaltegger, 2006, p. 304). As such it has potential to shift corporate sustainability effort from value level toward actual impact, triggering strategic transition toward sustainable business (Hubbard, 2009).

With their promise to elevate “sustainability reporting practices to a level equivalent to that of financial reporting in rigor, comparability, auditability and general acceptance” (Willis, 2003, p. 234), voluntary reporting frameworks, especially the most widely used Global Reporting Initiative (GRI), play an essential role in strengthening the standardization in reports (Diouf & Boiral, 2017) and promoting their strategic importance. While the contribution of international standards to the progress

in SR is undeniable, the practice is still far from institutionalization. The quality of sustainability reports, including these GRI-based, raises significant concerns (Milne & Gray, 2013). There is growing empirical evidence on their shortcomings in regard to all of five information quality attributes (Chauvey et al., 2015): neutrality (Boiral, 2013; Macellari et al., 2021), materiality (Mio, 2010), reliability, clarity, and, most importantly from the perspective of this study, comparability (Boiral & Henri, 2017). In relation to the latter, studies show that companies lack experience in data collection (Diouf & Boiral, 2017). The GRI framework itself is considered complex, ambiguous, and too flexible (Ferreira Quilice et al., 2018), with some indicators too vague (Diouf & Boiral, 2017), all of which undermines comparability of reports and their effectiveness in managing sustainability impacts. Further, the flexibility of the framework allows for elastic conformity (Boiral & Henri, 2017). Companies tend to select and adapt GRI indicators according to their reporting motives and these are mostly dominated by impression management (Solomon et al., 2013).

From voluntary to mandatory reporting

Researchers address the limitations of current SR standards by stressing the need to complement them with mandatory requirements combined with strong enforcement mechanisms (Braam et al., 2016; Clarkson et al., 2011; Frost, 2007; Kim & Lyon, 2011). Yet, research on the impact of mandatory regimes on the reporting quality provides mixed results (Lock & Seele, 2016). Some studies link increase in total level of environmental disclosure with the introduction of respective legislation (Frost, 2007). Moneva and Cuellar (2009) find that since mandatory environmental disclosure ensures the relative disclosure uniformity and provides some minimum requirements, it has more useful information for investors than the voluntary framework. Chelli et al. (2014) show that the introduction of mandatory environmental reporting in France had a positive impact on quantity and quality of disclosures.

Other researchers remain more skeptical in regard to the effectiveness of reporting regulations. Stubbs et al. (2013) show that mandatory reporting encourages compliance culture with focus on keeping the institutional pressure down but separated from corporate decision-making. In the case of mandatory frameworks companies merely seek regulatory approval (Tang & Demeritt, 2018) and their reporting is limited to accomplishing minimal obligations (Gong et al., 2018). And even the minimal requirement might not be met in the absence of monitoring and enforcement. Vormedal and Ruud (2009) find that in Norway the compliance with legal requirements on the environmental and on social reporting is at the level of 10% and 50%, respectively. Finally, Chelli et al. (2018) find that parliamentary reporting regimes combined with

the application of voluntary standards are effective in triggering higher volumes of disclosure, but not quality (Chelli et al., 2018).

In summary, there is no empirical evidence that regulation *per se* leads to higher disclosure quality. Different legislation in different institutional environments (both at the national as well as sectoral level) may have different effects on organizations' disclosure practice (Lock & Seele, 2016). The question whether transnational regulation on SR, like the NFRD, can trigger such improvements, remains open. We address it in the next section of this chapter.

Research design

We intend to identify the effects of NFRD on the improvements in comparability of social reporting operationalized by the use of social performance indicators provided by GRI standards. Put differently, we intend to answer the question whether NFRD prompts a shift in SR moving the focus away from values toward impact disclosure with the use of well recognized and comparable indicators.

For our sample we select WSE listed companies which as for December 31, 2019, were included in WIG30. Overall, we obtained a sample of 149 firm-year observations. Two of our sample companies are not subject to NFRD regulation – we do not exclude them due to methodological rigor.

We use several variables which offer information on the characteristics of social reporting of sample companies, i.e., use of GRI standards, assurance by an independent external auditor and the type of the report distinguishing between information derived from annual report, stand-alone sustainability or CSR report and integrated report. Next, we collect data on disclosures on social performance, including human rights issues, community and customer relationships. We use GRI standards as a benchmark and focus on general disclosures related to the aforementioned aspects (GRI 102-9, 102-15, 102-42) and 25 topic-specific disclosures from 11 social standards (GRI 407, 408, 409, 412, 413, 414, 415, 416, 417, 418, 419) with respective management approach disclosures (GRI 103-2). Due to the word limit the list of indicators used for the analysis is not included in the chapter. It can be retrieved from the corresponding author upon request.

We use the binary variable (0–1) depicting absence or presence of information according to a given GRI disclosure. We employ two variables called the overall social reporting index – management approach disclosures (MAD Index) and the overall social reporting index – topic specific disclosures (TSD Index). MAD Index shows the average annual number of management approach disclosures per company with regard to selected GRI topic-specific standards with a minimum of 0 and maximum 11. TSD Index shows the average number of GRI metrics reported per a company in a given year with a minimum of 0 and maximum 25.

Results

Firstly, we analyze the use of GRI standards, assurance by an independent external auditor and the type of the report distinguishing between information derived from annual reports, specialized reports on corporate social responsibility, sustainable development or social report and integrated report. MAD Index and TSD Index show the dynamics of disclosure, while general disclosures show how reporting of contextual information relates with organization's social performance. These results are presented in Table 14.1.

Table 14.1 shows that adopting GRI standards gained more popularity amongst sample companies – while these standards were used by 13 companies in 2015, the number increased to 23 five years later. A worse record is noted for assurance – few companies employ an independent external auditor to verify their sustainability reports. Over the analyzed period the number of companies which decided to report sustainability impact via standard annual report decreased from 17 in 2015 to 12 in 2019, while the number of companies publishing a stand-alone sustainability report remained stable, integrated reporting gained more popularity with six companies in 2015 and 11 five years later. The analysis of general disclosures reveals improvement in this area with the largest growth noted for GRI 102–15. Finally, MAD Index increased from three in 2015 to nearly seven in 2019 and TSD Index from 1.28 in 2015 to 4.77 in 2019.

Table 14.1 Characteristics of the non-financial report (number of companies, n = 30)

<i>Characteristic</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
GRI	13*	13*	20	19*	23**
Assurance	5	2	5	7	8
Annual report	17	17	13	12	12
Stand-alone report	6	6	6	7*	7*
Integrated report	6	7	11	11	11
MAD Index	3.00	2.87	5.83	6.37	6.93
TSD Index	1.28	1.1	2.83	3.43	4.77
General disclosures					
102–9: Supply chain	24*	24*	27*	28*	28*
102–15: Key impacts, risks and opportunities	12	21*	27*	29*	30*
102–41: Percentage of employees covered by collective bargaining agreements	11	12	21	22	24

Source: Authors' calculation.

Notes

* Including one sample company not subject to NFRD regulation.

** Including two sample companies not subject to NFRD regulation.

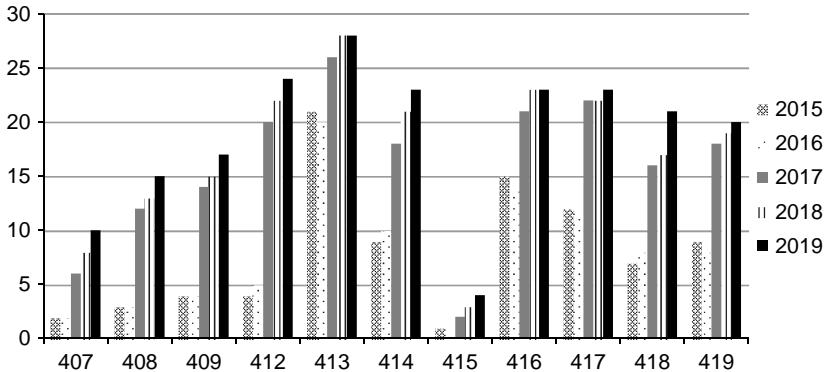


Figure 14.1 Management approach disclosures to selected topic-specific standards (number of companies, $n = 30$).

Source: Authors' calculation.

Next, we investigate the disclosure of management approach to the selected social standards and as presented in Figure 14.1 we find general increase in this area.

Figure 14.1 shows the largest growth between 2016 and 2017 which we attribute to the implementation of NFRD. The best disclosure is observed in the case of GRI 413, which refers to implemented local community engagements and identified potential negative impact on community. This improvement may result from stakeholder impact which is likely to engage in organized form of pressure, particularly risky for large companies from our research sample.

In the following steps, we study the disclosure of selected topics. The analysis reveals that disclosure on GRI 407: Freedom of association and collective bargaining, GRI 408: Child labor, GRI 409: Forced or compulsory labor, GRI 412: Human rights, and GRI 415: Political contribution remains rather marginal. Also, the level of disclosure on GRI 413: Local communities is modest; however, we note some improvement in this area.

The biggest positive change in the use of social metrics is observed in the area of customer health and safety (GRI 416), marketing and labeling (GRI 417), and customer privacy (GRI 418). For instance, the number of companies disclosing incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling (417-2), rose from two in 2015 to 14 in 2019. We interpret the increase of disclosure for GRI 416–418 as the growing awareness of customer power and the possible address to potential reputational risk associated with inadequate approach to health and safety incidents and complaints.

The number of companies providing information on significant fines and sanctions (419-1) also increased – from five companies in 2015 to 13

in 2019. Another improvement is observed in relation to one of the topic specific disclosure related to supplier social assessment (GRI 414). The number of companies disclosing the percentage of suppliers that were screened using social criteria (414-1) increased from one firm in 2015 to six in 2019. However, we note almost no or no change with respect to the level of other disclosures within this aspect, including information: on suppliers with identified negative social impact and the description of the negative impact identified in the supply chain (414-2a, b), and on the percentage of suppliers with negative impact with which improvements were agreed upon and the percentage of the suppliers with negative impact with which relationship was terminated (414-2c, d). In the case of two latter indicators disclosure is actually non-existent.

Discussion

In this chapter, we provide an answer to our research question whether the implementation of mandatory reporting, here exemplified by the NFRD, improves the quality of SR and moves this practice from mere values communication toward substantive impact disclosure. We address this question by analyzing the effect of NFRD on the use of social performance indicators. The research results provide observations on the evolution of SR before and after the enactment of NFRD.

According to the descriptive statistics there is improvement in disclosure with regards to selected standards. While overall disclosure of social GRI standards remains low, there is a positive trend on the use of social performance indicators by sample companies. There is growth in the general adoption of GRI standards and implementation of integrated reporting. We also observed strong improvement of both overall social reporting indexes. Between 2015 and 2019 MAD Index and TSD Index rose twofold and almost fourfold, respectively. In regard to specific disclosures, the best quality is noted in the area of general disclosures on supply chain and key impacts and risks. Also, a growing number of companies report information on the percentage of employees covered by collective bargaining agreements. The lowest disclosure is observed for GRI 407–409 and 412–413 related to various aspects of operations and suppliers, although a marginal improvement is also noted for these standards. The analysis also reveals improvement with regard to GRI 416–419, which may suggest companies' reaction to increasing institutional pressure or growing awareness of reputational risk related to community and customer relations. The strongest growth is noted between 2016 and 2017 which we attribute to the implementation of the NFRD. Thus, we argue that mandatory regulation by NFRD has a positive effect on the quality of SR, shifting its focus from values communication toward substantive disclosure of social impacts.

In sum, our study suggests a positive “from values to impact” effect of the NFRD in the first years of its implementation. Polish companies lag severely behind their EU peers in the area of SR in general, and social reporting in particular. The overall level of disclosure comparability remains low and social reporting is far from being institutionalized in WSE companies. Yet, the strong increase of the calculated social reporting indexes indicates that Polish companies respond to coercive pressure exerted by the mandatory framework. The comparable and indicator-based SR that is not limited to mere values communication is believed to be a strategic tool for managing sustainability impacts. Thus, our evidence indicates the effectiveness of mandatory regimes not only in stimulating more transparent sustainability disclosure, but also, more importantly, in supporting transition toward a sustainable economy.

Our study reveals some limitations. Firstly, we analyze a small sample of companies covered by the new legislation on mandatory reporting at the early stage. Possible further research should investigate a larger company population and analyze the regulation effect in the longitudinal study. The effect of disclosure improvement may not necessarily remain linear, and the strength of the legislation impact may change over time. Secondly, we focus on one country, Poland, known for its relatively early stage of the adoption of SR (Aluchna & Roszkowska-Menkes, 2019), short history of use of GRI standards and insufficiently developed institutional environment (World Bank, 2019). The effect of regulation on SR quality is likely to be different in countries characterized by a different institutional context and in companies with different organizational characteristics (Baldini et al., 2018; Garcia-Sanchez et al., 2016; Venturelli et al., 2017). New research could cover a larger sample of more diversified companies from countries of different social and economic development characteristics. While our study remains the very first attempt to describe the use of social GRI standards by listed companies, future studies could employ more advanced econometric methods. That would allow linking the regulatory effect with several organizational and institutional determinants over time. Thirdly, we investigate disclosure according to selected GRI standards without analyzing the dynamics of sustainability performance, which is the ultimate goal of SR. Thus, research exploring the relations between mandatory regulation and the effects of operational sustainability would address the question on the legislation impact upon organizational social and environmental performance.

Note

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15 Material ESG data disclosure by WIG-ESG index companies as the factor influencing the value of reporting

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Introduction

Reporting has a long tradition, especially in relation to the listed companies, which are covered by several reporting regulations. The publications that such companies were preparing used to cover most of all the financial results and were prepared to meet the shareholders' needs. Within the last two decades corporate sustainability reporting, as well as the importance of environmental, social, and governance (ESG) data for stakeholders and impact of these data on management and investment decisions has developed. ESG data, which was perceived as additional and with no value for business decisions, are now data with a significant impact on the assessment of the reporting entities' performance. As a result, for several years now, sustainability reporting has been treated as a well-established practice, especially among large organizations (Higgins & Larrinaga, 2014).

The development of sustainability reporting has led to an attempt to standardize this process. The main goal of sustainability reporting's standardization set by any of the reporting organizations is making reporting easier for reporting institutions, while data more useful, comparable, and relevant for readers. In the European Union (EU), recent regulations on non-financial data reporting have changed the landscape of sustainability reporting. The 2014 NFRD (Non-financial Reporting Directive, 2014) obliged certain companies to disclose non-financial data. Additional requirements for ESG data disclosure were imposed on financial market participants by sustainability-related disclosures in the financial services sector regulation (SFDR; Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, 2019). Even though the number of published reports is rising and regulations on non-financial data reporting are systematically covering more organizations, sustainability reporting remains immature, plagued by the lack of consistent definitions and approaches and the low quality of data disclosed. Their value for stakeholders is also different and depends on what values are key for the organization and what value it creates for the needs of stakeholders, mainly shareholders.

The development of reporting over many years has led to the situation that, despite the above-mentioned attempts to standardize this process, there is no single global standard or framework for sustainability reporting (Sustainability Accounting Standards Board, 2020), but there are many standards developed by various organizations and used by companies. Among many standards and guidelines available on the market, there are six that are globally recognized and used by companies worldwide for preparing non-financial and integrated reports. Even though there are a number of similarities between these standards, there are also many inconsistencies. Global Reporting Initiative (GRI) standards are the most known and widely used reporting standard (Etzion & Ferraro, 2010). Their main strengths are the guiding principles combined with a set of indicators, which jointly allow institutions to ensure the proper processing of data disclosure and the comparability of the data. A similarly detailed standard to GRI that also offers a set of indicators, defined as material for certain sectors, are Sustainability Accounting Standards Board's standards. "The Sustainability Accounting Standards Board (SASB) is an independent nonprofit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors" (Sustainability Accounting Standards Board, n.d.). The SASB approach is industry-based, so SASB developed standards for 77 industries. Each standard consists of several sustainability indicators – both quantitative and qualitative – defined as financially material for companies in the sector. The aim of the SASB is to support investors with data useful for decision-making. Thus, the SASB focuses on the identification of sustainability-related risks and opportunities that could affect companies' financial condition, operating performance, or risk profile. SASB standards consist of "accounting metrics – a set of quantitative and/or qualitative accounting metrics intended to measure performance on each topic" (Sustainability Accounting Standards Board, n.d.) in five categories: environment, social capital, human capital, business model and innovation, and leadership and governance.

The main differences between presented standards and guidelines concern:

- 1 The level of detail: There are detailed standards with a range of indicators, like the GRI Standards and Frameworks, which consist of guiding principles and content elements like the Integrated Reporting Framework
- 2 The thematic scope: Standards that cover all sustainability issues, like GRI standards versus thematic based standards or like Carbon Disclosure Standard Board (CDSB) or Task Force on Climate-Related Financial Disclosures (TCFD) that focus on climate change
- 3 The industry view: Standards that are industry-based like the SASB versus general guidelines like the United Nations Global Compact

The lack of one standard results in chaos in terminology, but also in chaos in measurement and disclosure of non-financial data. Even scholarship employs several names for non-financial data, e.g., sustainability data/report (e.g., Adams & Abhayawansa, 2021; Xiao & Shailer, 2021); CSR data/report (e.g., Chantziaras et al., 2020; Koseoglu et al., 2021); ESG data/disclosure/report (e.g., Mohammad & Wasiuzzaman, 2021; Olsen et al., 2021). Global organizations that set standards are aware of this fact. Therefore, in September 2020 five global organizations announced cooperation for building a shared vision on sustainability reporting (Step towards a Global Set of Reporting Standards, 2020). The main purpose was not only to standardize but also decide which information is material and should be disclosed.

To sum up, data inconsistency, its incomparability, and the lack of comparability among standards are perceived as the greatest challenge related to the current reporting practice by investors and executives.

Moreover, although it is important and required by sustainability standards and frameworks to disclose material data, a number of companies still believe that the more data they disclose the more positive impression they create among stakeholders (Alsaeed, 2006; Orazalin & Mahmood, 2018). On the other hand, managers fear disclosing information on sustainability activities and data as these may be perceived by investors as unduly costly and against their interests, hence the frequent non-disclosure of ESG data (Fatemi et al., 2018), which also applies to material data. The above considerations lead to the formulation of the following hypothesis:

H1. There is a discrepancy between the ESG data defined as material for the investors and the scope of data disclosed by the companies listed on the WIG-ESG index.

The activities of companies affect the natural environment or communities or society as a whole to a different extent. The strategic importance of individual companies and sectors for economies as a whole also varies. The differences between sectors also concern many other aspects, such as the scope of resources used, or obligations – also in the field of ESG reporting – resulting from regulations. As a result, differences in the quality of ESG data reporting (Hassani et al., 2021) and the scope of disclosed data (Tamimi & Sebastianelli, 2017) can be observed, depending on the sector in which reporting companies operate. In order to verify whether such a relation can also be observed among companies listed on the WIG-ESG index, the following hypothesis was formulated:

H2. The level of disclosure of material ESG data by the companies listed on the WIG-ESG index vary between sectors.

Materials and methods

In order to verify the hypotheses, a study was performed on a group of 60 companies. The analyzed group was exhaustive and represented 100% of the population of companies listed on the WIG-ESG index. The WIG-ESG companies were selected for the analysis to see what the level of disclosure of material data among the leaders is: biggest entities listed at Warsaw Stock Exchange, which are considered socially responsible and in majority are obliged to disclose non-financial data according to the NFRD. 2020 annual reports of the companies listed on the WIG-ESG, published for the year 2019 were the source of data. The aim of the content analysis was to recognize if the companies in each sector disclose the data defined by SASB standard as material for the relevant sector. The analyzed companies were assigned to sectors in accordance with the categorization proposed in SASB. Respective indicators were labeled as “reported” (1) and “not reported” (0). The formal verification of the H1 hypothesis was conducted using descriptive statistics. Their use is supported by the fact that analyzes are conducted on the basis of the general population and not a random sample. Thus, the conclusions can be generalized (Chybalski, 2017), while the formal verification of the H2 hypothesis was conducted using the Kruskal-Wallis test, using the formula:

$$H = \frac{12}{n(n+1)} \sum_{i=1}^L \frac{R_i^2}{n_i} - 3(n+1),$$

in which

n – number of observations

n_i – number of observations in each sector

R_i – the sum of ranks in each sector

$p = 0.01$

The Kruskal Wallis test is a non-parametric test, which determines whether there are statistically significant differences between two or more groups of independent variables.

Results

The value of ESG reports for stakeholders depends on the quality of data that are disclosed in such reports. The study results confirmed that there is a gap between the ESG data defined as material for the investors and the scope of data disclosed by the listed companies. The average percentage of material ESG data disclosed by companies from the WIG-ESG index was 48%. The analysis of average and distribution of responses indicates specific areas of interest of companies in reporting: the highest average disclosure of indicators was in environmental category (60%)

while the lowest in social capital category (32%). The highest average disclosure of environmental indicators was not surprising, considering the importance of environmental protection and climate change results in demands of such data from stakeholders, but also in the increasing number of regulations on environmental issues. Therefore, the studied companies measured and disclosed such data. Moreover, 10% of the companies listed on the WIG-ESG index are firms from the extractive and mineral processing industry, which has a high environmental impact and is required by law to disclose several environmental indicators.

On the opposite side there is the lowest average disclosed percentage of data which, surprisingly, is the social capital data. The data on customer privacy, customer welfare, product safety, product quality, or data security are the data with a possibly very high impact on a company's financial performance. It may be caused by the fact that while environmental data are known to companies and some must be disclosed according to regulations, the data in the social capital category are relatively new, often not covered by regulations, and not measured by companies that view such data as non-measurable. These data are connected with digitalization and the recent changes in society and economy.

The analysis verifies the hypothesis H1 that there is a discrepancy between the ESG data defined as material for the investors and the scope of data disclosed by the companies listed on the WIG-ESG index.

For the hypothesis H2, which reads as follows: the level of disclosure of material ESG data by the companies listed on the WIG-ESG index vary between sectors, Kruskal-Wallis test results for the adopted significance level were: $\chi^2 = 21,666$, $H = 35,793$. At the 1% significance level, H_0 (the level of disclosure of material ESG data by the companies listed on the WIG-ESG index does not vary between sectors) can be rejected in favor of an alternative hypothesis H2.

Resource transformation was the sector with the highest average number of disclosed indicators (82%), whereas the one with the lowest average ESG data disclosed was technology and communication (26%).

Sectors differing in terms of resource usage were found on opposite edges. Companies from the sector with a high degree of resource dependence – that strongly impact the environment – disclosed a high average number of ESG data for investors. The knowledge industries, meaning the information technology sector, disclosed the lowest average percentage of material ESG data.

This may be the result of the fact that companies know how to measure and value material resources and their usage, while there is still a discussion on the approach to the valuation and measurement of intangible assets which are becoming more important. That was also noticed by the EFRAG Project Task Force announced to prepare the recommendations for the potential EU standard for non-financial reporting. One of the recommendations in the final report prepared by this

group was that: “The standard-setter should consider intangibles as a key dimension of sustainable business development and therefore of sustainability reporting” (European Reporting Lab, 2021, p. 7), while intangibles are important in the value creation process and are not properly reflected in financial reporting.

The material environmental data in SASB standards were disclosed by most companies from sectors with high negative impact on the environment (resource transformation – 100%, transportation – 100%), which confirmed that environmental protection and fight with climate change are high on the corporate agenda of these companies. They are more aware of the risks associated with the negative environmental impact and expectations of stakeholders on the transparency and disclosure of this kind of data.

Social capital data are the category with the lowest average material data disclosed out of all five categories defined in SASB standards (32%). Out of ten sectors for which social capital data were defined as material, none achieved 100% disclosures and the average disclosure in two sectors (health care and transportation) was 0%. As the material data in this category consist of important data concerning product, customers and data safety, with a strong focus on digital aspects, it was surprising that the financial sector companies disclose such a low average number of data (30%), which was even below the average disclosure of material data in this category.

The material data in the human capital category in SASB standards show that although the average number of disclosures in this category was higher than in social capital (35%), there were huge differences between the level of disclosure between sectors. There was one sector with 100% (resource transformation) and two sectors with 75% average material data disclosure (extractives and mineral processing, infrastructure), while on the other hand, there were four sectors with 0% of average material data disclosure (financial, health care, services, transportation).

The sectors with the highest level of data disclosure were those in which health and safety are an important issue, which is also an issue regulated by the Polish law. Three out of four sectors on the other edge were sectors strongly based on intellectual capital (financial, health care, services), which is also an intangible asset that is hard to measure and disclose.

The material data in the business and innovation category in SASB standards reflect not only an organization’s sustainability but also its sustainability in the supply chain. Access to that data, together with a still low level of company responsibility in supply chains may be the reason for such a low level of disclosure in the transportation or infrastructure sectors (20% and 25%, respectively). These two are sectors in which suppliers are important stakeholders. The technology and communication sector was the only one with the 100% average of material data disclosure in this category.

The average disclosure of data in the leadership and governance category in SASB standards was 49%, which was the second highest result within all five categories. It was a very positive sign that companies understand the role of good governance in overall company performance, including risk management or business ethics. Resource transformation was the only sector with 100% average material data disclosure, whereas health care was the one with no disclosure in this category.

The results of the study confirm H2 that there is a gap between the expectations of data disclosure and the data that are disclosed by companies operating in various sectors.

Discussion

Non-financial data reporting is a well-researched topic. The relation between motivations for non-financial data disclosures as well as the scope and quality of data disclosed has already been an object of several studies (Cho & Patten, 2007; Stanek-Kowalczyk 2020). The results of these studies show that an increase in the number of sustainability reports published does translate into an increase in the quality of such reports (Simnett et al., 2009). Although materiality is a basis for sustainability reporting, precisely defined in every global sustainability reporting standard or framework, the material data are still missing. Higgins et al. (2020) find limitations in the clarity and accuracy of the data disclosed in sustainability reports, which may in turn impact on how readers understand the conveyed information. The low quality of data can lead to misunderstanding and misinterpretation of the disclosed data, which further negatively impacts the overall perception of the sustainability reporting and value of ESG data for company and stakeholders. Reports are perceived as a “greenwashing” and tool for the legitimization of company activities (Deegan, 2002) and as such are not of high value for stakeholders. As a result of the above conclusions, there is no consensus among researchers regarding the benefits companies receive from non-financial data reporting. There are several promoters of such a reporting and its value for reporting companies (e.g., Idowu & Pappasolomou, 2007; Diouf & Boiral, 2017; Thorne et al., 2014), but there are also opponents who argue that the reporting brings no benefits to the company or its stakeholders (e.g., Milne & Gray, 2013; Yu et al., 2013).

The aim of the study was to verify whether the ESG data disclosed by the companies listed on the WIG-ESG index are material. The results of the study confirmed that the majority of material ESG data are not disclosed. The lack of disclosure of material data can have equally negative impact on the decisions made based on the ESG data, as low quality of data. Insufficient transparency is perceived as a problem and barrier to identifying areas of potential opportunity. This leads to ill-informed decisions, based on incomplete ESG data, as such making it

impossible to properly estimate ESG impact (Auer & Schuhmacher, 2016). There is a need for high quality, comparable, and credible ESG data, as its lack is and will be a barrier to proper ESG-based decisions.

To sum up, the narrow reputation-based approach to sustainability reporting harms both the reporting organization and the readers, while sustainability reporting “contributes to the management of sustainability risks and improves access to capital markets” (Kanbaty et al., 2020, p. 1). At the same time, however, ESG data has an increasing impact on decisions made by stakeholders, especially financial market participants. The high-quality ESG data disclosure is necessary for the proper assessment of the company performance and prospects, but also for proper assessment of company risks. The lack of such data may result in the development of high risk sectors, in terms of environmental and social aspects (Masliza et al., 2021). The low quality of ESG data and non-reporting of material data makes the reports of little value to stakeholders, especially the financial market participants.

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16 Communicating on ESG impacts: The case of the largest European construction industry companies

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Introduction

Impact

Every decision of the company may exert an impact on the economy, local community, and wider society. Moreover, the company culture and values have an impact on employees' working conditions, wealthfare, and as a consequence, their satisfaction. Many investors and other stakeholders, while evaluating the performance of the companies, do not limit themselves exclusively to the financial outcomes but also consider the impact created by the companies. Companies are under increasing pressure not only to generate profits for shareholders but also to show that they make a positive contribution to society, local community, employees, and environment. Focusing on the standalone financials is no longer enough. Nowadays, stakeholders notice that the value analysis should be enhanced by the focus on the understanding and measurement of the impact that the company has. A better understanding of value creation not only helps investors improve the alignment of decision-making with organizational goals, but also improves engagement and communication with stakeholders. It is important to communicate an appropriate value for money invested in the business. However, it is also critical to deliver the information on the impact to ensure that the companies are transparent and accountable to those they serve. Investors, customers, and other stakeholders increasingly expect from companies to manage their impact and apply sustainable practices (Dembek & York, 2019).

These expectations are being verified by the researchers that check whether sustainable practices are bringing any short-term or long-term value added in financial terms. A vast literature tackles the topic of impact of corporate social performance (CSP) on corporate financial performance (CFP).

Although the scientific research investigating CSP-CFP relationship is quite well developed (e.g., Fijałkowska et al., 2018; Daszyńska-Żygadło et al., 2016, 2021; Friede et al., 2015; Galant & Cadez, 2017), the results are not unequivocal.

In our research we focus on the communication through the narrative parts of CSR disclosure that relate to the impact that they exert on the three pillars of ESG. For the purpose of our study, we selected the construction industry as one of the business sectors that directly affects people and the planet, both positively but also negatively.

Importance of the construction industry and its role in the economy

The construction industry (CI) is large and fundamental worldwide. This industry is defined as a group of firms with closely related activities involved in the construction of real estate, buildings, and infrastructure (Lange & Mills, 1979). Construction projects often involve “large inputs”, which include sizable investments of money, time, and resources; a long industrial chain; a considerable number of practitioners; and various stakeholders (Li et al., 2019).

The CI is a hugely important industry in scope and scale (Pearce, 2003). It has been agreed that the CI productivity improvement correlates with advances in a nation’s economy (Fulford, 2019, p. 779) and with the development of the country (Giang & Sui Pheng, 2011). Infrastructure that is created by CI, bridges distance, improves productivity, and forms the basis of a nation’s economic competitiveness (Underhill, 2010). The infrastructure serves to enhance the health, as well as economic, social, and cultural aspects of humanity (Xiong et al., 2016). The CI also plays a vital role in transforming the aspirations and needs of people into reality by physically implementing various construction development projects (Ibrahim et al., 2010). Finally, there is a significant, positive impact of the CI on other industries before a construction project, during the project, and after its completion (Squicciarini & Asikainen, 2011); the CI makes a substantial contribution to the socio-economic improvement of other sectors through a complex system of linkages (Ruddock & Ruddock, 2009).

Negative impact of the construction industry

Construction is neither an environmentally nor a socially friendly process by nature. Building construction and operations have a massive direct and indirect effect on the environment (Levin, 1997). One of the main negative impacts of this industry is the use of a considerable amount of resources, including natural resources, such as energy, land, materials, and water, with severe consequences for the environment

(Araújo et al., 2020; Li et al., 2010; Shen et al., 2005). Moreover, the CI, compared with other industries, is the main source of environmental pollution (Li et al., 2010; Shen et al., 2005). The construction sector contributes to about half of the total energy consumption of high-income countries and is responsible for a major share of greenhouse gas emissions also in developing nations (Asif et al., 2007; Emmanuel, 2004). Construction processes are likewise related to the demolition of existing structures, which generates considerable dust pollution, and construction and demolition waste of materials such as bricks, metals, plastics, wood and timber, gypsum, stones, sanitary ware, and concrete that may be a burden for the environment (Ginga et al., 2020).

Apart from the negative impact on the environment, this sector also influences society. It is argued that the industry is prone to unethical practices such as bribery and corruption (Sohail & Cavill, 2008). The impact of unethical behavior may have significant consequences such as overpriced construction projects, poor quality, abandoned projects, collapsed buildings, and lost opportunities for local communities (Zulu & Muleya, 2019).

The working conditions in the CI negatively impact society. The construction industry is characterized by high rates of work-related accidents (Arndt et al., 2005). The CI has been seen to have one of the highest rates of work-related illnesses across occupational groups (Brenner & Ahern, 2000; Hanna & Markham, 2019).

In this context, considering both the importance of the CI and its negative impacts, understandably, this industry is facing increased scrutiny from the civil society (NGOs, advocacy and pressure groups), the media, potential investors, and clients (Evangelinos et al., 2016). One of the tools of accountability and transparency that may be applied by this sector is communication with stakeholders via non-financial disclosure.

Non-financial disclosure in the construction industry

Despite the high importance of the CI for the economy and human lives and, at the same time, the potential significant adverse impact of companies from this industry on the environment, there are not many companies that disclose non-financial information (Harymawan et al., 2020). According to the latest available KPMG study on CSR reporting (KPMG, 2020), 72% of the companies from the construction and materials sector disclose non-financial information in their reports. Even though it seems to be a good result, actually it is the third-worst score among all the 15 sectors analyzed by KPMG. Similarly, very little sector-specific research on non-financial information disclosure of this industry exists so far. There are very few studies, which typically concentrate on a one-country analysis of these sectors' reporting practices that comprise the research of Myers (2005), Lu et al. (2015), Evangelinos et al. (2016), and Watts et al. (2019). These studies generally conclude that the

majority of companies struggle to report fully on financial matters, let alone social and environmental issues. Based on the literature review we formulate our research question (RQ) as follow:

What do construction industry companies communicate about their impact in non-financial disclosure?

The growing societal pressure on construction companies to account for their activities is unlikely to abate; therefore, Glass (2012, p. 100), when analyzing the state of non-financial reporting in the construction sector, emphasizes that there is a need to make progress against an appropriate research and development agenda, such that companies can participate in sustainability reporting in a consistent, comparable, and accessible way which has enduring value for both themselves and a diverse set of stakeholders, who are yet to be positively engaged in reporting processes and outcomes. Our study contributes to filling in this research gap.

Materials and methods

To answer our research question, we performed the analysis in several steps. First, we created a list of CI companies present in the Thomson Reuters Refinitiv Database that were granted ESG Score. These companies were included in the Construction and Engineering Industry Group according to Thomson Reuters Business Classifications (TRBC – Industry Group). We focused only on companies with headquarters based in Europe. We limited the sample to European companies to reduce the potential bias in results driven by regulatory differences in various regions of the world. Second, we downloaded reports for 2019 of each company that presented the non-financial disclosure (NFD) (in annual and integrated reports). Third, from each NFD, we manually extracted text segments that contained words with the root *impact*. In our sample, only one NFD was without any words with the root *impact*; consequently, our final corpus (set of documents) consisted of 45 documents. Finally, we conducted latent Dirichlet allocation (LDA), which is an unsupervised Bayesian machine-learning analysis, to find hidden topics related to the impact and each of ESG pillars in CI companies' NFD. We used Multilingual Topic Modeling (MTM) – one of the tools developed within CLARIN – PL (Walkowiak & Malak, 2018), which is a section of pan-European research infrastructure – Common Language Resources and Technology Infrastructure (CLARIN).¹

Results

As the result of topic modeling, we obtained 20 hidden topics existing in our corpus. All of them are related to impact. For each topic, LDA

analysis assigned 20 most frequently co-occurring words within this topic. Additionally, topic shares within our corpus were provided (detailed results are presented in Table 16.1). Our analysis of topic modeling results shows various approaches used by CI companies while communicating about their impact.

The word order is compliant with their frequency of appearance in a topic. Topic share represents the percentage of each topic in the entire corpus.

To verify the correspondence of the CI companies communication about the impact with the crucial areas indicated in the literature we matched keywords occurring in other studies with keywords assigned to topics. Table 16.2 presents impact's exemplification of CI indicated in the literature in correspondence to the topics related to impact in our sample companies' NFD. Within our topics we selected the words that express directly or closely the meaning indicated in the literature. The frequency of topics indicates that CI companies mainly disclose information about resources, emissions, sustainability and health while talking significantly less about circularity, waste, incidents, corruption and safety. At the same time, the companies omit to communicate about social issues related to well-being, accidents, illnesses and various stressors concerning work in CI.

Figure 16.1 is a visualization of LDA analysis and represents an Intertopic Distance Map. Two-dimensional graphical presentation of LDA analysis was achieved using multidimensional scaling – Principal Component Analysis (PCA). Grey circles represent topics with given numbers, which are their identification numbers. The closer the topics are placed, the more words they have in common. The size of a circle demonstrates the marginal topic distribution, which means the share of a topic in the entire corpus. Most salient terms are words (terms) with the highest overall frequency in a corpus.²

On the LHS the graph represents an Intertopic Distance Map via multidimensional scaling and with marginal topic distribution. Numbers inside circles are the identification numbers (IDs) of topics generated by the MDM CLARIN-PL. The size of each circle corresponds to the proportion of each topic in the corpus. The PC 1 axis represents the first principal direction and the PC 2 the second most important direction resulting from PCA. On the RHS the graph represents the overall frequency of 30 most salient terms (words) in the corpus.

The top six words that are mostly used while communicating about impact are *environmental*, *climate*, *business*, *reduce*, *activity*, and *environment*. It indicates that environmental issues are those that are most often tackled in NFD by CI companies. On the contrary, words that appear the least frequently include *carbon*, *water*, *measure*, *economic*, and *financial*. Based on the literature review, we identified that the majority of issues related to the impact of CI are connected with environmental and

Table 16.1 LDA topics with the ten most frequent words

<i>Topic no.</i>	<i>Ten most frequent words</i>	<i>Topic share (%)</i>
1	Financial, COVID-19, market, industry, year, carbon, significant, decision, order, forecast	2.49
2	Impact, area, limit, management, main, reduce, monitor, control, development, ecosystem	4.76
3	Activity, environment, environmental, issue, safety, direct, project, human, responsibility, aim	5.09
4	Climate, impact, change, energy, environmental, society, management, negative, emission, positive	6.48
5	Impact, economic, infrastructure, change, project, opportunity, investment, term, include, asset	5.72
6	Environmental, impact, energy, reduce, improve, waste, footprint, sustainable, %, solution	7.39
7	Impact, work, business, reduce, customer, emission, operation, chain, employee, product	9.36
8	Impact, contract, %, profit, experience, revenue, adverse, day, include, report	3.61
9	Increase, risk, performance, design, make, event, global, key, improve, significant	3.77
10	Impact, business, stakeholder, activity, goal, topic, materiality, group, priority, sustainable	5.70
11	Social, local, water, case, community, conduct, generate, biodiversity, supplier, specie	2.99
12	Develop, manage, positive, aim, increase, provide, contribute, global, ensure, future	4.55
13	Impact, measure, project, control, management, water, protection, consumption, economy, life	4.71
14	Climate, community, environmental, responsible, program, contribution, work, job, awareness, chain	2.98
15	Impact, risk, cost, business, financial, result, cash, plan, development, positive	4.11
16	Activity, potential, risk, significant, process, mitigate, associate, company, assessment, ensure	4.52
17	Reduce, construction, carbon, building, resource, material, activity, process, high, order	4.63
18	Impact, environmental, environment, construction, minimize, natural, site, area, avoid, production	6.90
19	Business, company, risk, operate, negative, operation, affect, management, financial, waste	4.10
20	Impact, project, client, create, positive, level, social, community, potential, local	6.05

Source: Own elaboration.

Table 16.2 Comparison of reported and imbedded impacts of construction industry companies

	<i>Impact in literature</i>	<i>Literature sources</i>	<i>LDA research results (topics)</i>
Environmental	Use of resources – natural resources: energy, land, materials and water	Araujo et al. (2020), Li et al. (2010), Shen et al. (2005)	Energy (4, 6), renewable (4, 6), fuel (6), wind (6), water (11, 13, 18), land (11, 12), material (17), sustainable/sustainability (6, 7, 10, 20)
	Environmental pollution: noise, air pollution, solid and liquid waste, water pollution, harmful gases, and dust	Li et al. (2010), Shen et al. (2005), Lam et al. (2011), Chen et al. (2004), Glick (2020), Zolfagharian et al. (2012)	Reduce (2, 6, 7, 14, 17), noise (13), pollution (11), air (11), gas (4)
	Greenhouse gas emissions	Asif et al. (2007), Cole (1999), Emmanuel (2004)	Emission (4, 7, 9, 13)
	Environmental incidents	Glick (2020)	Incident (8, 14)
Social	Demolition, demolition waste of materials such as bricks, metals, plastics, wood and timber, gypsum, stones, sanitary ware, and concrete	Ginga et al. (2020)	Waste (6, 19), circular (6, 14)
	Unethical practices such as bribery and corruption, economic crime	Sohail and Cavill (2008)	Corruption (3)
	Societal well-being	Lu et al. (2015)	n/a
	Health and safety	Lu et al. (2015)	Health (2, 3, 7, 11), safety (3)
	Work-related accidents	Arndt et al. (2005)	n/a
	Work-related illnesses	Hanna and Markham (2019), Brenner and Ahern (2000), Nwaogu et al. (2019)	n/a
	Psychological and physical well-being	Love et al. (2010)	n/a
Stressors of mental health, mental distress, stress disorder, anxiety, depression and suicide ideation	Burki (2018), Boschman et al. (2013), Gullestrup et al. (2011), Heller et al. (2007), McIntosh et al. (2016), Nwaogu et al. (2019), Bowen et al. (2013), Beswick et al. (2007)	n/a	

Source: Own elaboration.

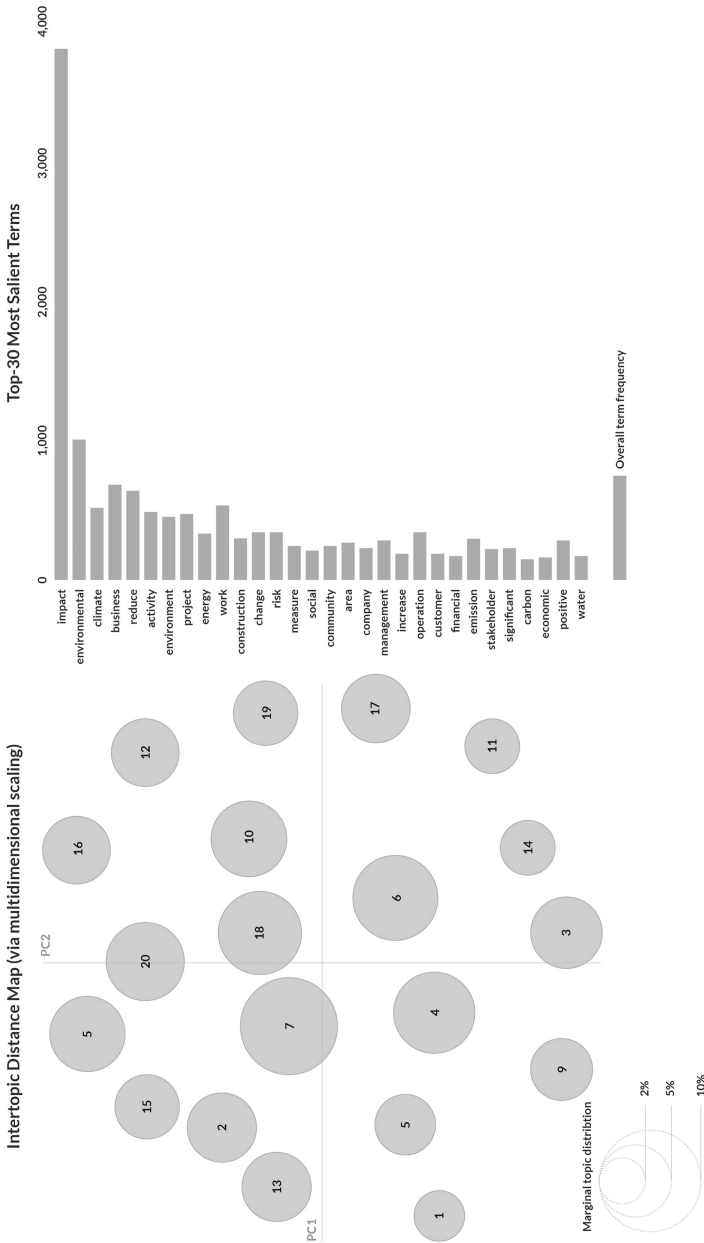


Figure 16.1 LDA topic analysis visualization with multilingual topic modeling CLARIN-PL. Twenty topics in NFI disclosure companies and top – 30 most salient terms.

Source: Own elaboration with CLARIN tools.

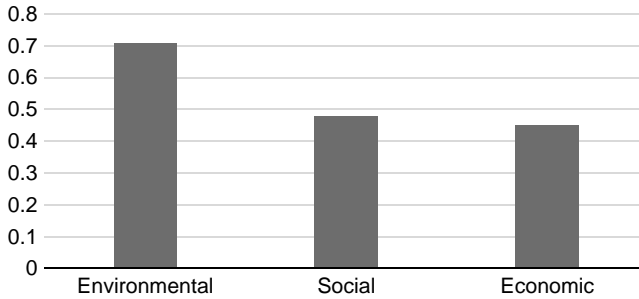


Figure 16.2 Distribution of topics among environmental, social, and economic pillars.

Source: Own elaboration based on results obtained with CLARIN tools.

social issues, followed by economic pillar, which is reflected in the shares of topics in our corpus. We grouped the topics from our analysis accordingly. Looking at the most salient words we distributed the 20 topics throughout the thematic pillars. Results of our study confirm lack of information relevance related to the impact of the governance pillar (Figure 16.2). Although economic topics are in the minority, we investigated in detail how much of the discussion in the reports is dedicated to financial performance.

The vocabulary used in reference to environmental topics indicating the impact shows that companies are reporting on actions undertaken to demonstrate progress (Topic 6), such as reduce, effort, improve, solution, development, disruption, decrease. The second observable co-occurrence of words is connected to energy and renewable resources (renewable, fuel, wind, farm, power), followed by the third one on waste and circularity. This is a positive signal, but at the same time we can clearly see that the narration omits the key burning issues such as pollution, use of resources or demolition waste.

Among topics that are included in all three pillars (7 and 8) we observed co-occurrence of financial expressions (profit, loss, margin, revenue) and sustainability. Additionally, the progress related terms can be spotted in words such as continue, progress, reduction, achieve, focus, deliver, change, monitor.

In the topic that was identified exclusively for social pillar (topic 20), expressions such as *give*, understand, achieve, address, support, and deliver indicate efforts of the companies toward achieving social impact and social goals. It seems that companies from CI care about stakeholders, clients, people, and community, as these words co-occurred with impact. At the same time, they hardly address the issues related to the negative impact that CI has on societal aspects that we indicated in

our literature review findings. Companies do not communicate in their NFD about physical and psychological well-being or stressors of mental health and illnesses. They do not report about accidents, either. They seldom talk about corruption. It is only mentioned in the third topic, whose standalone share in our total corpus is small. It also indicates that not many companies disclose that type of information.

It is noteworthy that a commonly discussed issue which co-occurred in many topics (2, 3, 7, 11) is health. Safety appears only in topic number 3. Considering that compliance with health and safety regulations is obligatory in all types of business organizations, and especially in CI it is crucial due to magnitude of accidents probability at the construction sites, dedicating space in NFD to those issues does not indicate any additional effort that companies are making in order to face their societal challenges.

ESG activities and sustainability should support realization of financial goals and shareholders' interest. In the light of comprehensive literature dedicated to the relationship between corporate social performance (CSP) and financial performance (CFP), we checked how CI companies talk about financial results in correspondence to the impact of their ESG activities. Even though we cannot identify whether CSP has any positive impact on CFP using LDA methodology, we can still observe the co-occurrence of words and the narration used by the analyzed companies to talk about impact of their ESG activities on financial performance (Topic 15 and 19). Companies often talk about *risk*, they mention business development, positive cash flows, and profitability.

In one of the topics, we managed to capture the urgency of current times and operational, societal, and financial risks related to the issue of COVID-19 pandemic (Topic 1). The co-occurrence of words related to impact in this topic indicates that companies in our sample not only acknowledge the risk related to pandemic, but they talk about it in the context of financial results, mitigation, compromise, uncertainty, and collaboration.

Conclusion

Today, in many sectors, organizations' positive impact on people and the planet can determine their future success. The impact that the companies exert is always of greater interest to investors and all other business entities' stakeholders. Therefore, it should be monitored, measured, managed from the internal perspective, and it is expected to be communicated externally. This is a prerequisite of the accountability and transparency obligation of companies toward stakeholders.

The reporting that shows impact brings both internal and external benefits; it leads to better management of outcomes as it helps to keep performance and goals concerning impact as "top of mind". Externally, reporting focused on impacts helps build relationships with stakeholders,

inspiring trust and confidence with current and future advocates, customers, and investors. It promotes transparency and serves as an accountability tool. Transparency is an invitation to collaborate. It attracts new customers that may help a company survive and thrive, new investors that can help a company scale, and it appeals to value-aligned suppliers who may support a company's growth.

Our findings show that companies from CI refer only to selected issues posing high impact on the environment and society. They mainly disclose their positive impact concerning the matters that are easily tackled. At the same time, they omit to report on highly relevant and impactful issues that are significantly harmful, both in the environmental pillar (such as demolition waste and environmental incidents) and social pillar (such as physical and psychological well-being and mental distress).

The results of our study give new insights for financial market participants and stakeholders to put more pressure on companies to report in a more transparent and accountable way. It is relevant for many dimensions concerning non-financial disclosure regarding topic selectiveness, lack of impact measures, limited data of financial and economic consequences.

Future studies could concentrate on whether companies' characteristics influence patterns and significant differences in impact communication and could expand to other harmful industries. The results might help indicate the directions of developing the regulations of non-financial reporting and of promoting good quality of sustainable matters' communication.

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Notes

- 1 MTM is available at <http://clarin-pl.eu>
- 2 Additionally, we were able to draw conclusions about the significance of co-occurrence of words in topics based on word cloud graphs prepared in CLARIN. They are not provided in the text, but they are available at any time for interested readers on demand.

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17 The impact of green marketing on sustainable consumption behavior

Aleksandra Radziszewska

Introduction

Environmental problems and depletion of natural resources forced both companies and consumers to focus on environmentally responsible consumption.

Creating more sustainable consumption patterns proves to be imperative for mitigating climate change and supporting a more viable future of the society. Consumers' favorable attitudes do not always translate into actual consumption behavior. Therefore, a significant role of contemporary companies is the responsibility to educate and inform customers, because a high level of environmental knowledge is connected with successful implementation of sustainable consumption patterns.

Sustainable consumption is associated with people's awareness of the long-term consequences of their consumption for the nature or society (Buerke et al., 2017). Due to the current environmental crisis, sustainable consumption and its drivers have gained significant attention among researchers, because many of today's environmental problems are direct consequences of human consumption.

Green marketing is one of the most significant activities of companies that can influence real consumption behavior. Therefore, there is a need to indicate the most significant drivers that influence sustainable consumption and green purchase motivation.

The aim of the study is to examine the influence of eco-labeling, green advertising and green product quality on consumer environmental awareness and sustainable consumption behavior. The study attempts to explore the consumers' perception of green marketing and measure the correlation between consumer purchase behavior and green marketing tools.

The study applies the following research methods: review of scientific literature with a focus on green marketing and sustainable consumption, questionnaire survey and regression analysis.

The chapter is structured as follows: after the introduction, review of relevant literature with discussions of the research model is presented in order to develop research hypotheses. Afterward, research methodology

is described. Then research findings are outlined and discussed. In the last section, the study results are summarized, and managerial implications, limitation, and future research directions are presented.

Theoretical background

Marketing involves more than just promoting and selling a good or service. It aims to educate, communicate, and influence society. It comprises the marketing of goods and services that are considered to be eco-friendly and promotes the protection of the environment in a sustainable way (Govender & Govender, 2016). Green marketing refers to management process responsible for identifying and meeting the needs of consumers and companies in an efficient and sustainable way. Green marketing activities include modification of product lines, improvement in packaging and labeling, as well as transforming advertising (Dangelico & Vocalelli, 2017).

One of the significant green marketing tools used is the eco-label on environmentally friendly products. Environmental labels are used in marketing to promote the identification of green products. Eco-labeling informs consumers about the green characteristics of the product and motivates them to purchase green products (Young et al., 2010). Sammer and Wüstenhagen (2006) identify the eco-label as a useful tool to allocated asymmetry information between sellers and buyers. They also state that labels are a signal to accomplish two main functions for consumers: an information function that informs them about intangible product characteristics, such as product quality and a value function, which provides a value in themselves. Rex and Baumann (2007) define eco-labels as a tool for consumers to facilitate making a decision to select environmental-friendly products; it also enables them to know how products are made. Many of the studies on eco-labels look for the ways to make them effective in consumers' purchase behavior and environmentally safe products (D'Souza et al., 2006; Sammer & Wüstenhagen, 2006).

Advertising is the next form of influencing customers' choices, purchase behavior and consumption patterns. The objective of green advertising is influencing consumers' purchase behavior by encouraging them to buy products that do not harm the environment, and direct their attention to the positive consequences of their purchase behavior (Rahbar & Wahid, 2011). Green advertising aims at developing consumers' understanding and increasing their knowledge toward sustainable lifestyle while offering the product. It plays a major role in raising public awareness about sustainability issues (Yang et al., 2015).

Studies found that product attributes positively influenced purchase of green products (Chen & Lobo, 2012; Young et al., 2010). Also, consumers prefer functional attributes of the product that meet personal needs and desires, over its ethical characteristics (Chen & Lobo, 2012).

Studies reported that product quality significantly influenced consumer green purchase intention and behavior (Mondelaers et al., 2009; Smith & Paladino, 2010). Perceived high quality of green products has a positive influence, whereas perceived low quality of green products has a negative influence on consumer green purchase intention (Aertsens et al., 2011). Therefore, functional and sustainable characteristics of products combined with high product quality positively influence consumers' green purchase behavior.

Based on the literature review, the following hypotheses for the causal relationship between green marketing tools and their resulting consumer environmental awareness and sustainable consumption behavior have been proposed:

H1 Eco-labeling increases consumer environmental awareness and sustainable consumption behavior.

H2 Green advertising increases consumer environmental awareness and sustainable consumption behavior.

H3 Attributes and quality of green product increase consumer environmental awareness and sustainable consumption behavior.

Understanding values related to sustainable consumption is important to environmental protection, because there is an increasing concern toward environmental issues due to the fact that environment is suffering from a lot of challenges connected with the problem of overconsumption Othmane & del-Mar Pàmies-Pallisé (2019).

According to Otto and Pensini (2017), individuals must know what type of actions to take in order to behave in a more environmentally friendly manner. A complete set of human values converge with the achievement of the imperatives of sustainability imposed by the environmental issues, and can contribute largely to sustainable consumption behavior (Khan et al., 2020). Consumption values can explain the underlying motivation and reason for purchase decision. Therefore, a better understanding of human values, the way they relate to sustainability values, and their influence on consumer behavior is a necessary undertaking in order to study and promote sustainable consumption.

Individual values can be changed by consumer education and information communicated through the marketing activity such as advertising or eco-labeling, by community or other social pressure, or by a scientific understanding of processes and risks. A combination of these change mechanisms will be even more effective in modifying values (Inkpen & Baily, 2020).

Personal values are in a direct and indirect relationship with various aspects of consumer behavior (Ünal et al., 2018). Studies confirm the relationships between personal values and ecological awareness. Fraj and Martinez (2017) indicate the relationship between consumer personal

values and their reactions to environmental issues, such as recycling and buying ecological products. They conclude that certain values and lifestyle determine the level of consumers' environmental concern.

Although sustainability has become a main trend in contemporary society, individual consumers' unsustainable patterns of consumption are still a major barrier to sustainable development. At the same time, an increasing number of consumers has become more responsive to sustainable consumption idea.

Materials and methods

The research consisted of three main stages. In the first stage, scientific literature with a focus on green marketing and sustainable consumption has been reviewed. In the second stage, research assumptions and research hypotheses have been formulated. The third stage was a statistical verification of hypotheses and formulation of conclusions.

In order to verify the hypotheses, an online questionnaire survey was conducted to collect empirical data. The research was conducted from January to March 2021 on a sample of 500 respondents aged over 19 and living in Poland. A total of 274 of collected questionnaires were covered by the analysis, because not all questionnaires were completed and correctly filled in. Each participant of the study was asked to answer the survey questions connected with green marketing tools, increasing environmental awareness and sustainable consumption behavior. The online questionnaire applied in this study included two sections. The first section collected demographic information about respondents, their shopping habits, behaviors, and attitudes toward sustainability. The second part collected the information required for the main analyses, related to all independent variables: eco-labeling, green advertising, green product attributes and quality. The main content of the questionnaire comprises questions based on five-point Likert scale, ranging from 1 (very unimportant) to 5 (very important):

- 1 Eco-labeling encourages my intention of green product purchase
- 2 Green advertising increases my environmental awareness and sustainable consumption behavior
- 3 Perceived high quality of green products has a positive influence on my purchase intention

Cronbach's alpha was the applied reliability test. For all research variables values were higher than 0,8. Cronbach's alpha for eco-labeling was 0,857, green advertising 0,876, attributes and quality of green product 0,842, consumer environmental awareness and sustainable consumption behavior 0,823. Cronbach's alpha showed high internal consistency, which implies that the measures are reliable, and the evaluation instrument is appropriate to be used in the research.

The respondents included 47% males and 53% females. Around 38% of the respondents were aged 19–35, 43% were aged 36–50, and 19% were aged 51–70.

Almost all of them (98%) indicate that they are interested in sustainability and aware that their consumption behaviors and purchase decisions have influence on environment and society. They confirmed that they were more likely to buy environment-friendly and sustainable products (84%) and products with eco-labeling (71%), and they declare positive attitudes toward companies that respect social and environmental responsibility standards (91%).

Results

Multiple regressions were used to identify the relationship between the independent variables (eco-labeling, green advertising, green product attributes and quality) and dependent variable-consumer environmental awareness and sustainable consumption behavior. The results of the regression analysis are shown in Table 17.1.

The results show that R-square was 0,836, which demonstrates that independent variables explain 83,6% of the variance in customer knowledge of sustainable consumption. The linear relationship between sustainability promotion in social media and increasing customer environmental knowledge is significant with an F-value of 29,761 at the 0,01 significance level. Therefore, the model is appropriate for this study.

Eco-labeling influences positive attitudes toward environmental and social aspects of consumption and encourages green product choice. Thus, the following hypothesis is formulated:

H1 Eco-labeling increases consumer environmental awareness and sustainable consumption behavior.

Table 17.1 The results of regression analysis

<i>Independent variables</i>	<i>Standardized coefficients Beta</i>	<i>t</i>	<i>Significance level</i>
Eco-labeling	0,341	4,262	0,000
Green advertising	0,426	4,351	0,000
Attributes and quality of green product	0,473	4,128	0,000

Dependent variable: Consumer environmental awareness and sustainable consumption behavior
 $R^2 = 0,836$, $F = 29,761$, Significance level = 0,000.

Source: Own research.

Since the significance level of eco-labeling with consumer environmental awareness and sustainable consumption behavior was 0,000, which is less than 0,05. Therefore hypothesis 1 is verified. Eco-labeling has a significant positive influence on customers' sustainability awareness and sustainable consumption behavior (beta = 0,341). Eco-labeling influences and changes consumer behavior and encourages more sustainable consumption' patterns. Eco-labeling can generate a change toward more eco-friendly consumption patterns by providing consumers with information about the environmental effects of their consumption. By informing consumers, eco-labels help them internalize environmental characteristics and purchase high-quality products. The idea of eco-labeling is relevant to several important aspects of sustainability. On the one hand, customers are provided with additional, although not legally required, information on products, and on the other hand, it boosts the promotion of eco-friendly products, which is beneficial to the natural environment. Moreover, eco-labeling contributes to improving the standards of market competition. Eco-labeling can, therefore, become a sort of marketing strategy aimed at the promotion of sustainable consumption based on green products whose manufacturing is consistent with the principles of sustainable development. Furthermore, eco-labels are a marketing tool which can be used to stimulate the development of green product market.

Consumers can intentionally prefer products with eco-label, because social and symbolic value is important for consumers to express themselves in the society. In addition, products with eco-label reflect also functional values, because they are often considered superior compared to conventional products since they are healthier and provide more benefit.

Also, green advertisement can be an effective tool of sustainable consumption promotion, while influencing customers' sustainability awareness and increasing environmental knowledge. Hence, the following hypothesis is formulated:

H2 Green advertising increases consumer environmental awareness and sustainable consumption behavior.

The significance level of green advertising with consumer environmental awareness and sustainable consumption behavior was 0,000, therefore, H2 is verified. The beta value for this variable was 0,426. Therefore, green advertising has a significant positive effect on customers' sustainability awareness and can influence purchase behavior and consumption patterns. Advertising connected with sustainability idea, news and information updates has a great potential in promotion of socially responsible consumption. This variable has considerable impact on increasing customer knowledge of sustainable consumption, green product attributes, and sustainable consumption patterns.

Advertisements are very effective in enhancing consumers' knowledge about the environment and green products, thus, helping them to make informed decisions about the products they consume and their impact on the environment. Therefore, environmental advertisements can help to enhance motivation toward buying green products. These promotional tactics, if implemented, will attract consumers and will, most likely, influence green purchase decisions by consumers.

Consumers value green products and brands that are trustworthy, affordable, healthy, and environmentally beneficial. If such values are expressed in green advertisements, consumers are generally more willing to make green purchases.

Green product attributes and quality positively influence purchase of green products, because consumers prefer functional attributes of the product over its ethical and pro-environmental characteristics. Thus, the following hypothesis is formulated:

H3 Attributes and quality of green product increase consumer environmental awareness and sustainable consumption behavior.

Significance level of green product attributes and quality with consumer environmental awareness and sustainable consumption behavior was 0,000; hence, H3 is verified. The beta value for this variable was 0,473.

The test also showed that this variable had the highest coefficients (beta = 0,473) compared to others. In other words, this variable has the highest impact on increasing of customer environmental awareness and sustainable consumption behavior. Consumers are aware of the ecological benefits and features of products, therefore the ecological value of green products is positively related to the buying attitude. If the consumer has intention for sustainable consumption then green and fair-traded products are preferred. The perceived safety and quality value of such product refers to the degree to which the consumers feel that the consumption of the product is harmless, free from synthetic chemicals and safe. Functional and sustainable characteristics of products combined with high product quality positively influence consumers' green purchase behavior.

In the study, consumers indicate a high importance of the functional value when they decide to purchase environmental-friendly products; therefore, functional value becomes an important aspect to be carefully considered.

Using green marketing tools supports green consumption, increases consumers' knowledge and awareness connected with environmental and social problems, and enhances acceptance level of sustainable consumption patterns and green product purchase.

The results provide new insights into determinants of sustainable consumption and indicate the impact of consumers' personal values on intentions, behavior, and experience with buying sustainable products.

Furthermore, the results highlight the importance of green marketing as a moderating factor in the relationship between personal values and sustainable consumption.

Discussion

Consumer behavior is evolving toward new trends perceived as changes in preferences and consumption patterns. Responsible and sustainable consumption is defined by the consumer's pro-ecological values and attitudes that build environmental awareness and lead to ecologically and socially responsible purchase decisions.

Consumption values can explain the underlying motivation and reason for purchase decision. Functional value is related to product attributes, its performance, and perceived quality. As consumers nowadays are becoming more value-oriented and willing to pay more for product that is superior over others, they will be more inclined to pay more for green products or sustainable products that are not harmful for the environment.

Social value is important for consumers to express themselves in the society as consumers present a purchase behavior in accordance with their roles in the society. Thus, product with higher signaling potential, e.g., environmental-friendly product with eco-label, will likely be consumed by those consumers who desire to obtain certain social value. In this case, consumers may intentionally consume environmentally friendly products in order to show pro-environmental attitudes. Consumers are aware that environmentally friendly products affect their consumption value, specifically emotional value, since they enable the consumers to make choices regarding their consumption, e.g., preference for product that enables them to live a healthier lifestyle. A product or service is considered to have a rational value when it creates new experience to the consumers. Consumers' behavior toward purchasing environmental-friendly product is positively influenced by their willingness to acquire knowledge about the product. The results of the study show that sustainable consumption behavior can be explained by rationality and cognition, such as product attributes and benefits represented by functional value.

Consumers are increasingly becoming mindful about the environment, as well as socially responsible (Sawant, 2015). They are aware of the fact that their individual consumption behavior has impact on the environment (Dagher & Itani, 2014). Furthermore, the positive attitude of consumers toward the environment is evident in their shopping habits, such as their concern regarding sustainable products (Ansar, 2013).

In this context, consumption is a process involving many stages, including recognition of the need, evaluation of alternatives and post-purchase and post-use behavior that may challenge environmental and social sustainability aspirations. Sustainable consumption is based on a

decision-making process that takes the consumer's responsibility into account in addition to individual needs, values, and wants.

There is a positive correlation between environmental, social, and ethical values of consumers and their purchase behavior toward green products (Chen & Chang, 2012; Eze & Ndubisi, 2013; Wang et al., 2014; Young et al., 2010). Personal values positively affect the intention of green product purchase and sustainable consumption behavior. Especially individualistic values such as health and safety, and hedonistic values such as pleasure or satisfaction positively affect purchase behavior of green products. Moral and personal norms are also found to have a considerable influence on sustainable consumption behavior (Gleim et al., 2013). It can thus be said that the environmental, social, and ethical values observed by consumers along with their individualistic values have a positive influence on green purchase behavior (Pagiaslis & Krontalis, 2014). Consumers are now changing their behavior to integrate environmental considerations into lifestyle and consumption choices. This change includes consumers' purchasing decisions based upon how well products satisfy their needs and how these products affect the natural environment.

Companies increasingly recognize consumers' expectations regarding sustainability because contemporary consumers expect to participate in sustainable development creation. The concept of green marketing covers activities and trends, including the modification of products attributes, packaging, and labeling, as well as advertising strategies. Green marketing tools such as eco-label, green products, and environmental advertisement change perception and awareness of green products attributes and characteristics, consequently guiding consumer into more sustainable behavior. Applying these tools plays an essential role in changing consumers' actual purchasing behavior into buying environmentally friendly products, therefore, reducing the negative impact of unsustainable consumption on the environment.

Conclusion

The role of consumers is essential in achieving sustainability. Consumers can contribute a significant impact in sustainable development through their choices and behaviors as the purchasers and main end-users.

The results confirm a significant positive association between companies' green marketing and sustainable consumers' behavior. The results highlight that green marketing can increase consumers' environmental concerns which in turn determine a positive attitude toward green products. Results also show that green marketing has multiple impacts on consumption behavior formation. It plays a significant role in the formation of consumers' attitude and subjective norms and values, and there is an indirect effect between green marketing and purchase intention toward green products

and more sustainable consumption patterns. Furthermore, green marketing has a significant impact on consumers' motivations and can influence consumers' environmental concerns, for instance in the motivation to buy products which are less harmful to the environment.

This study has significant managerial implications. It informs marketing managers about the key predictors of consumers' green purchase behavior. Marketers would do well to understand these drivers and barriers to green purchase behavior as this understanding will enable them to tailor their product offer and formulate marketing strategies to encourage green buying behavior. For manufacturers, the findings imply that consumers prefer a green product with favorable functional attributes. They should not only focus on the green characteristics of the product, but also on functional attributes. Companies need to introduce innovative products which combine green and functional attributes. Furthermore, producers and marketers should not only introduce products with eco-labels, but also make efforts to develop consumer trust in the eco-label. To this end, marketers can run campaigns to promote public awareness of sustainable consumption and environmental-friendly products, inform consumers about the meaning and availability of the eco-labels, and the benefits of using green products.

This study has also limitations because it focuses on a limited number of consumers. Therefore, the findings need to be further validated with a broader analysis for the effectiveness of green marketing.

Future research can also be expanded while considering the concept of environmental sustainability and should include some qualitative techniques to evaluate green marketing and its effect, specifically in terms of business performance. In addition, the research context can be extended toward businesses for better strategic comparisons regarding green marketing and consumer perceptions toward the environment.

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Part IV

Where are we heading?



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18 Future perspectives of values and impact in the context of corporate social responsibility and sustainability

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Introduction

Every organization operates on the basis of values, even if they are not conscious and publicly declared. Values influence people's perception of the world and, consequently, their decisions and actions. They play a significant role in business, which is particularly emphasized by the concepts of corporate social responsibility (CSR) and sustainability. They create a coherent and ordered system of attitudes and behaviors that allow the company to stand out from the competitors. By creating value for stakeholders, organizations actually create value for themselves in the long term and this value building can be approached from both a strategic and sustainable perspective (Chapters 1 and 3).

Considering the individual groups of stakeholders affected by organizations (positively or negatively), it can be noticed that each of them has specific expectations toward the role of business. These expectations will be growing in the coming years, as a reaction to irresponsible actions or too little commitment to building the common good. Crises of large corporations, e.g., Enron, Volkswagen, Cambridge Analytica, (...), the global crisis of 2008, as well as controversy related to social media and privacy protection, cause that many companies and governments are warned against the consequences that may be brought by allowing violation of values.

Stakeholders' expectations will concern various issues – creating value for local communities, strengthening relationships with business partners, responsible management of human and social capital in organizations, as well as environmental impact. In particular, strengthening core and protected values will force organizations to adopt policies that take into account to a greater extent such social and employee needs as

creating jobs, women empowerment, managing diversity and inclusiveness, preventing mobbing, as well as introducing transparency policies in the area of hiring or employee evaluation. Although we do not deal with these issues directly in the monograph, it should be noted that they are reflected in the part on reporting (part III). Enterprises that prepare and publish non-financial data (voluntarily or in accordance with applicable regulations) must evaluate these aspects and then describe their state of implementation in reports. Taking into account internal stakeholders, organizations can cherish multiple benefits by combining business operations with employee values skillfully. Among those advantages we can name happiness, sense of purpose and satisfaction from performing activities and tasks, increased motivation to work and increased attractiveness of a workplace that results in attracting external talents.

When discussing the expectations of stakeholders toward enterprises, the need to strengthen the responsible attitude of citizens as consumers should also be strongly emphasized. Many consumers now expect companies to pay more attention to how their actions affect the environment and society. This is manifested, among others, in preferring products with ecological values in terms of composition or packaging (Chapter 17) or produced from raw materials derived from sustainable crops or breeding. But it is also a question of responsible choices and purchasing, as well as of avoiding over-consumption. The attitude of consumer awareness and responsibility is promoted and supported by other stakeholder groups, which include various social movements and non-governmental organizations.

Setting the compass of moral conduct is not enough if actions do not follow declarations. That is why the idea of impact measurement gets traction and evokes heated discussions both in the academic and practitioner circles. In Chapter 2, we discuss how complex and multi-dimensional the concept of impact is and how it may be difficult for organizations to establish what impact is, and then, what to measure and how to measure it. We provide a few definitions of impact for consideration, but we also argue that what counts is the scope of influence and timespan of results. In case of impact, it provides sustained significant change that will be cherished by communities, populations, or ecosystems.

Another issue significantly influencing the development and diffusion of values between organizations and their environment is the changing globalization and progressing digitization. Phenomena that not so long ago were perceived in terms of futurology and science fiction are becoming reality today, creating both new opportunities for business and humanity, as well as causing uncertainties and threats.

To sum up, in this book, the issue of values and impact is raised to open discussion on the present situation and future direction of corporate social responsibility and sustainability concepts. In order to address

this challenge, a wide range of scholars and researchers from different countries and with various backgrounds contributed a total of 18 chapters to this monograph. Our goal was to offer readers a unique insight and various perspectives on values-impact relations in the context of corporate social responsibility and sustainability.

Searching the literature databases with “corporate social responsibility” and “future trends” as the keywords (and limiting the review to publications in the area of social sciences, management, and economics due to the thematic scope of the book), we obtained a similar quantitative result for Scopus and Web of Science, 182 and 181 publications, respectively. Considering the number of publications based on the Scopus database, an increase in publications can be noticed after 2016 (see Figure 18.1). In 2021, still before the end of the fourth quarter, there were 34 publications.

The analysis of the issues discussed in the 182 indicated publications allows for stating that there are five segments (clusters) within which the research is conducted, with the CSR or sustainable development as the keywords. These two concepts overlap, but at the same time each of them additionally distinguishes separate areas of research (Figure 18.2). The conducted assessment also suggests further conclusions. The range of the issues raised by researchers is very broad. The researched publications in the area of sustainable development concern such issues as: economic and social effects, corporate social responsibility, competition, supply chain management, and mining. On the other hand, publications in the area of CSR are associated with such keywords as future prospect, knowledge, research work, Scopus perception, and financial system. The next leading area of research is focused on environmental issues (environmental impact, industrial ecology, standardization, pollution control, industrial research, supply chain management). Another cluster

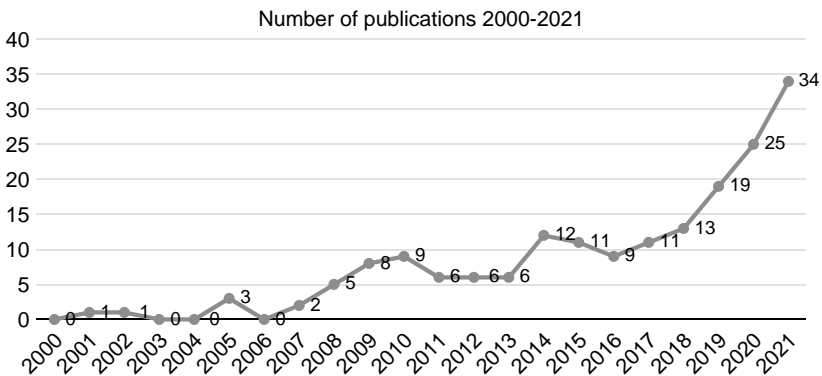


Figure 18.1 Number of publications on CSR and future trends.

Source: Scopus, from PUEB library, access 4.11.2021.

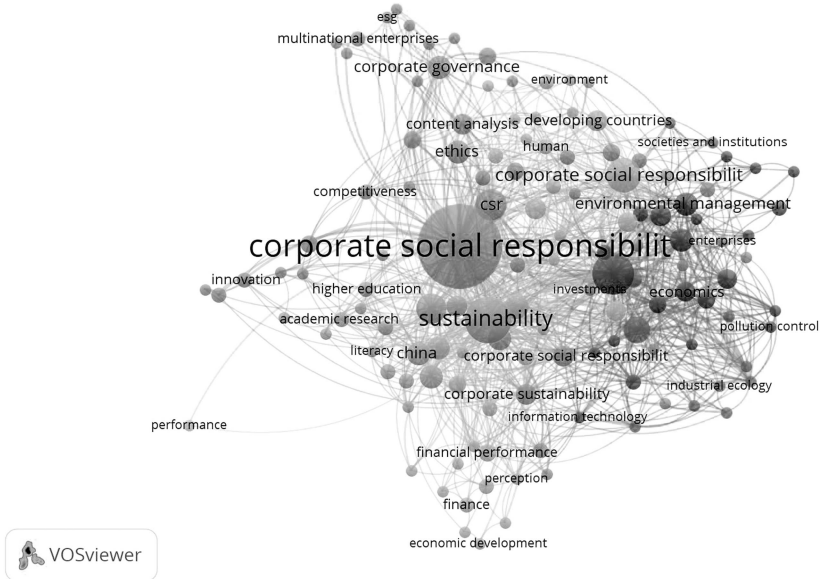


Figure 18.2 A network of relations between the concepts of CSR and SD.

Source: Own work based on Scopus, from PUEB library, access 4.11.2021.

includes research that highlights social issues, including social aspects, social and environmental impact, risk management, human, developing countries, health, and accident prevention. Research methods, i.e., literature review, detection method, academic search form yet another segment. This observation confirms the complexity and multidimensionality of the issues discussed.

Future perspectives and conclusions of values and impact in CSR concept

Sustainable development and corporate social responsibility (CSR) are the response to the challenges of the modern world. The global scope of the ongoing health crisis caused by the COVID-19 pandemic, as well as forecasted climate catastrophe and still unresolved social problems, such as hunger or inequality, draw attention to the increasingly urgent need to close ranks and implement joint actions to regenerate the natural environment, address global societal challenges, and care for the health and well-being of societies. Stephen Hawking, one of the most powerful minds of the 20th and early 21st centuries, was calling repeatedly for humans to begin the process of permanently settling other planets. Although his vision of a mass exodus of people from Earth will still be

impossible to fulfill for decades, it should be noted that it resulted from a deep concern about the future of our planet and the ability to live on it for future generations. Therefore, considering the fact that business plays a key role in achieving or disrupting sustainable development, corporate social responsibility is no longer a set of selected activities, but a coherent concept of running a business based on the values important to the organization and its environment.

We would like to notice that writing about the future is quite risky; however, when considering the example of Visser forecasts, many have happened over the last decade and we believe that many of the above-mentioned trends will be even stronger and more dynamic. In 2012, Visser published his vision of future trends in CSR. Among them he listed: reporting according to standards, cross-sector partnerships, creating and following best practices, presenting full product life cycle from the scratch, implementing obligatory reporting, and finally corporate transparency in the form of publicly available sets of mandatory disclosed social, environmental, and governance data and CSR diversified into its specialist disciplines and functions (Visser, 2012). Many of his forecasts have come true; however, several areas still need improvement.

The changes that we have observed in the second decade of the 21st century evoke both hope and concern about the fate of future generations. Hope results primarily from changes in people's awareness and their willingness to take actions aimed at solving or reducing problems (e.g., in the form of social or impact enterprises). The Z and Alpha Generations grow up with the awareness that the world is in danger caused by irresponsible behavior of previous generations, i.e., decision makers, managers, people influencing economic and political decisions. Young people know that they have to take control of the situation, and believe that "One child, one teacher, one pen and one book can change the world" (Yousafzai, 2013). Those represented by Malal Yousafzai, the youngest Nobel Peace Prize winner in history, fight for women's rights, or demand to be more active in combating climate change by collaborating within the "Fridays for Future" initiative which is a global climate strike movement initiated by teenage Greta Thunberg. Enterprises cannot remain indifferent to these voices. Business is a powerful force that co-shapes human lives and the environment, so it is both part of the problem and the solution (Melissen & Moratis, 2016, p. 9). The considerations in individual chapters show how various initiatives and tools are implemented in order to conduct business responsibly and to make enterprises citizens of society.

Our concern, however, is caused by the slow pace of changes in the sphere of managerial decisions and the lack of consistency in the implementation of institutional solutions to stop climate change and improve the broadly perceived quality of life and the values it brings. The lack of agreement between the stakeholders as to actions for climate protection,

irresponsible decisions made for the benefit of selected beneficiaries and not the whole of humanity, constitute a significant barrier. Our concern seems justified if we look through the prism of current experiences – the lack of solidarity among citizens, e.g., with respect to protection against COVID-19, and the inequalities at the global level resulting from the lack of access of the poorest countries in the world to vaccines. The growing social divisions and the lack of solidarity in providing aid and solving problems related to the growing migration crisis are equally visible. Problems in the form of subsequent pandemics, civilization diseases, increased frequency and intensity of extreme weather phenomena will accompany us in the coming decades. We can expect every person to take responsible actions and shape responsible consumption, but it should be remembered that organizations have greater power of impact and agency in the creation of common value. In other words, the company must create value for itself and the environment (Abad-Segura et al., 2019).

In the face of the above changes, business cannot remain indifferent. It is business that should set the directions of activities and good practices in the area of social responsibility and sustainability. So, what will be the immediate future of CSR? According to Andrzejczyk-Briks (2019), it cannot be fully predicted, however it is possible to get prepared for its diverse options thanks to the fact that ... they will be considered. Trend analysis is a great tool to do this. The trend means “turn, change of direction” of values and needs, whereas the dynamics of these changes is related to the “spirit of the era” (Andrzejczyk-Briks, 2019). Although the very values do not change, they are arranged in various hierarchies, e.g., depending on whether the times are calm and stable, or full of threats and anxiety. Mapping trends and designing CSR strategies in a relevant way is a small step toward ensuring a better, more sustainable world (Yosy, 2021).

Today’s trends and innovations in the field of CSR and sustainability suggest that these concepts will play an increasingly significant role in the organization’s approach to business and the environment (Barrio-Fraile & Enrique-Jiménez, 2021). Based on the analysis presented in various chapters, we would like to draw the reader’s attention toward the following challenges that, in our view, must be addressed within CSR strategy of organizations:

- 1 Strategic approach to CSR – integrating the sustainable development policy and ethical culture with the management in the organization. These actions must be promoted from the company’s highest authority, and it must be ensured that they are implemented throughout its value chain (Barrio-Fraile & Enrique-Jiménez, 2021). Starting from the core, protected and creative values, it can be stated that they will be increasingly exposed in the organization’s strategies and respected by them, and that voluntary or obligatory

reporting will encourage organizations to avoid the risks associated with violating these values. In conclusion, we believe that the expectations of stakeholders will require a much more explicit inclusion of CSR and sustainability both in general and functional strategies of enterprises. Certainly, it depends on the approval of the management of enterprises to what extent and with what effect the organization will implement CSR strategies. As Chapter 8 refers, CSR activities undertaken without managers' involvement are detached from the enterprise's core business, which makes them less effective. However, it should be remembered that a number of valuable initiatives for the implementation of social responsibility come from people directly related to local communities – i.e., from employees. Employees are also one of the most important, although often neglected groups of stakeholders responsible for the effective implementation of CSR and sustainability initiatives, as well as influencing the company's competitive position. Chapter 7 shows how appropriate implementation of management by values (MBV) and socially responsible human resource management (SRHRM) impacts a company's performance in the time of the COVID-19 crisis.

- 2 Developing a CSR strategy in relation to real and urgent socio-ecological and economic challenges. We agree that “action over words and impact not outcome should be the cornerstone of a sound and authentic CSR strategy” (Hamadi, 2021). As agents of change, enterprises have a huge role to play in building a fairer world. UN Sustainable Development Goals constitute the map of the most important challenges. These goals have been defined for the period until 2030 with a view to their implementation in the form of regulations encouraging individual countries and organizations. As it is claimed in Chapter 9, to implement SD effectively, changes in the business should be radical and strategic, concerning the core business rather than side activities in order to create value both for companies and societies. Chapter 17 examines the impact of green marketing tools on consumer environmental awareness and sustainable consumption behavior.
- 3 Providing value for companies in order to be more credible. The public needs to understand that implementing CSR is an act of real commitment by the company toward society (Barrio-Fraile & Enrique-Jiménez, 2021). It is worth referring here to the experiences of consumers, whose awareness and sensitivity to ethical as well as irresponsible activities provoke reactions in the form of preferring the product and the company, or boycotting brands in the event of violating values. In Chapters 5 and 6 on consumers' trust in companies and consumers' perception of irresponsible practices, attention should be paid to the fact that consumers will no longer be only vassals of enterprises, but sovereigns, and any violations of

- values will cause their reaction. Thus, enterprises must behave more responsibly and also take initiatives for the benefit of a broadly defined group of stakeholders much more often than ever in the past.
- 4 Measuring the impact of CSR not only on enterprises, but primarily from the point of view of society and the natural environment. Identifying and assessing the impact of CSR initiatives remains one of the most difficult and important challenges. Measuring the impact of CSR allows organizations to find areas that need improvement and innovation, and to better define future goals. While there are differences between impact measurement tools they share a purpose of demonstrating and communicating progress toward social, economic and environmental objectives. They share focus on illustrating immediate results of organizations' activities and outputs, as well as on measuring organizations' outcomes and impact. A natural consequence of efforts to measure and describe the impact is communicating it, for example through reporting, which is an essential part of this book (Chapters 13, 14, 15, and 16). In these chapters, it can be seen that companies report their CSR activities to a much greater extent. Moreover, these reports are becoming more comprehensive and more precise, and reporting entities have at their disposal a number of methods and tools supporting the process of their preparation. The importance of non-financial reporting is growing, which indicates the shift of stakeholders' expectations toward communicating core and protected values, not just the created ones. It is worth adding that the same upward trend in non-financial reporting can be observed for individual countries around the world. For example, a comparative analysis performed by KPMG (2020) shows how the national rate of sustainability reporting between 2017 and 2020 changed. For example, in Poland that rate changed from 77% to 90%, in Thailand from 67% to 84%. In some countries, however, it decreased even though it is still high (in Norway from 89% drop to 77%, in Singapore drop from 84% to 81%).
 - 5 Transparency, especially in terms of communication. The prevailing asymmetry in the flow of information between organization and stakeholders causes that companies use, and often abuse, consumer trust. Values such as credibility, trust, and transparency in relations with stakeholders (Chapters 5 and 6) build the reputation of the organization. As Chapter 16 refers, transparency can also be understood as an invitation to collaborate. CSR reporting standards can support building credibility and transparency. For a long time, there has been a significant increase in interest in these standards and the growth of importance of reporting on the impact of ESG as a determinant of a modern company. Nowadays there is a rapid and large-scale adoption of ESG criteria by institutional investors,

analysts, rating agencies and regulators (Bhaskaran et al., 2021; UNDP & GRI, 2016). According to investors, ESG is nowadays a mainstream investing philosophy (MSCI, 2021, p. 11). The advancement of ESG investing has led to the evolution of ESG research, ratings, indexes and regulations. There is a whole “ESG ecosystem” built by various institutions that develop their methodologies and tools for measurement and assessment. In conclusion, reporting, as well as other areas and tools for dialogue with stakeholders must therefore be based on transparency and explaining what the company is really doing in terms of CSR and sustainability.

- 6 Expanding areas of activity, prioritizing challenges related to human capital. This challenge has gained momentum, especially in the post-COVID-19 era. Issues such as support for society and local communities, or the health and safety of employees have become a priority. As it is claimed in Chapter 10, the creation of safe and healthy working conditions is one of the fundamental values of organizations (especially those that are socially responsible). Actions undertaken to this end have a positive impact especially on the social and economic dimension of organizations’ operation. The issues discussed in Chapter 10 are confirmed by the results of empirical research presented in Chapter 9, presenting the key directions of activities implemented by enterprises, and presented through the prism of SDG. It can be noticed that in the face of crisis situations, SDG 8 and SDG 3 have become a priority (decent work and economic growth; good health and well-being, respectively). Chapter 11 additionally emphasizes that there is a need to develop environmental awareness in the workplace and to support green actions through CSR programs. Human Social Responsibility (HSR), which is the shift in focus from Corporate Social Responsibility (CSR) to a more people and community centric effort, will be an implementation of this idea. MBV (management by values) presented in Chapter 7 can be the next step. By shifting from a corporate focus to a human focus, barriers are broken down with regard to who is at the heart of an organization and who gets a seat at the decision-making table (Triple Pundit, 2016).
- 7 Actively counteracting social irresponsibility. As the research presented in Chapter 4 shows, apart from the basic socio-political and economic determinants that condition the implementation of the plans, it is also important not to create grounds for being accused of social irresponsibility. The effects of socially irresponsible activities most often affect employees, consumers, and representatives of state and local administration. Such a perspective allows for paying even more attention to the necessity of conducting business activity taking into account the key values. In addition, looking further ahead, it is good to predict, create and then strive to implement such social impact that will form the potential for further development,

both for individual entities, as well as societies and economies, both locally and globally, in accordance with the idea of sustainable development.

- 8 Perceiving new technologies as an opportunity to better manage various areas of CSR (Chapter 12), because they will have an impact on our daily life and the future of our way of working. New technological solutions may support sustainable development, but may also become a source of increasing risk and new inequalities (e.g., in access to technology and information). For example, new technologies supporting optimization of food production and distribution can play a positive role in alleviating extreme poverty in the least developed countries. However, it is important to use them in such a way that will support access and inclusive development and will not contribute to the emergence of further social disproportions (Beniak, 2019). As Łukasiak (2021) states: “Progressive automation, digitization and robotization are deeply dehumanizing the world of human work. Social activity becomes an important space for cultivating such attitudes and values as: humanism, solidarity, empathy, cooperation with the environment and local communities to fight social exclusion and poverty, or support for environmental protection and fight against climate change”. An interesting vision of the future of the world, business and humans, integrated with SD Goals was presented by the Japan Business Federation (JBF – Keidanren). Keidanren drew attention to the development of Society 5.0 in the context of the Industrial Revolution 4.0. The concept presented in the document combines many different ideas in the field of technology, infrastructure, and environment. In accordance with the goals of sustainable development, it recommends the trends of development. Such terms as Internet of Things (IoT), artificial intelligence (AI), and robots bring new challenges – opportunities and threats. Hence, in January 2016, the Society 5.0 project was announced in Japan. The plan defines Society 5.0 as a society that can be expected to facilitate human prosperity: a smart society not threatened by the decrease of population; a society in which every individual can actively participate; a safe and secure society both in cyber and physical spaces; a society that contributes to the solution of global environmental issues. These issues have been defined as “precious values in our future” (Nagasato et al., 2018). This vision of society of the future is founded and decisively dependent on organizations as the most influential institutions of modern society.

Such a vision of the future in the area of CSR and sustainability, considering many of the above determinants, requires moving in the maze of adversities and conflicting interests. From the perspective of values and

impact in the area of CSR, deciding on the strategic goals (and thus the values) which the company will pursue seems to be crucial. Will it be the abovementioned profit (created value) and a ruthless race in pursuit of its implementation, or will it be taking into account other, especially pro-social and pro-ecological goals (core and protected values)? It is worth emphasizing here that short-sighted approach not only limits the set of potential values that should be considered important, but also significantly narrows the area of the company's potential impact on the environment, and in the opposite direction. Summing up, the core, protected, or created values mentioned in the monograph are certainly easy to indicate, and much more difficult to implement in everyday activities.

Without looking too far into the future, the pragmatic approach allows for stating that guidelines for the organization on how to act responsibly and sustainably have already been established. The expected impact in the form of value creation and enhancement will depend on the pace of implementation and enforcement of these guidelines.

The contributors to this monograph, as well as the editors, call for a new discussion, which would address all management aspects of an integrated and engaged approach to CSR and sustainable development. Such a collaborative approach entails both restrictions and limitations, as well as opportunities and challenges, which require a joint institutional and individual approach.

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