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## BENEFITS OF INCORPORATING THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY INTO THE STRATEGY OF TRANSPORT SECTOR COMPANIES

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**ABSTRACT:** Economy is subject to constant change, and business models and strategies of enterprises often become obsolete before they are implemented. Such circumstances of the modern world force entrepreneurs to use creative thinking and non-standard solutions. Change is present in almost all business areas – starting from production, through distribution, marketing and sales, to operational management. It is a commonly accepted permanent standard of the current times. The contemporary course of socio-economic development on the international arena is outlined by Agenda 2030, adopted in 2015, where the core is the idea of sustainable development. One of the tools for implementing sustainable development is the concept of corporate social responsibility (CSR). The aim of the article is to identify the benefits of incorporating CSR strategies into the business model of transport sector companies – from visions and missions, through strategic objectives, policies and programmes, and ending with procedures. It is supposed to improve efficiency and bring stable results, which will become a source of competitive advantage in the transport sector.

**KEY WORDS:** corporate social responsibility, sea port, sustainable development, business model

## Introduction

Processes taking place in the economy are subject to constant changes which is the reason why business models, plans and strategies often become obsolete still before they are implemented. These conditions in the modern world force entrepreneurs and managers to think creatively, use non-standard solutions, and continuously search for tools to navigate in the multitude of data and information. Hence, it is extremely difficult to see all the risks that an enterprise may encounter in its operations.

In a globalized world, the subjects of a socio-economic life exert a diverse impact on the surrounding reality, which results in reciprocal coupling which is essential for the quality of life and well-being of society (EC, 2016). Contemporary directions of socio-economic development on the international arena are set by Agenda 2030, adopted in 2015 (UN, 2015). The implementation of the Agenda goals is a complex, multi-threaded process. Active participation of enterprises is required to accomplish these goals. Companies can effectively contribute to sustainable development by implementing appropriate strategies and measuring the results (Bekker, 2016, p. 8).

Porter and Kramer, representatives of the concept of creating a shared socio-economic value, claim that the socio-economic value comprises procedures and operational practices that increase the competitiveness of enterprises, and at the same time, have a positive impact on the economic and social conditions of life of the people among whom the company operates (Porter, Kramer, 2011).

The aim of the article is to identify the benefits of incorporating CSR strategies into the business model of transport sector companies – from visions and missions, through strategic objectives, policies and programmes, to procedures. Bearing the foregoing in mind, a review of the literature on the approach to the CSR objectives are made, then the role of CSR in the business model of a company and the benefits to be gained by the company implementing the CSR principles in its strategy is identified. The subsequent section of the article contains an overview of CSR activities on the example of sea ports and an assessment of these activities in the context of including CSR objectives in business strategies.

## Corporate social responsibility as a tool for sustainable development – literature review

One of the tools for implementing sustainable development is the idea of CSR. The concept has many definitions, however, primarily it means strategic actions of an enterprise aimed at achieving market success while actively contributing to improve the situation of various stakeholder groups (including the natural environment) (Smith, Lennsen, 2009, p. 26). This term refers to the mechanisms on which the coexistence of business and social and natural environment is based (Buglewicz, 2017, p. 13).

Different interpretations of this concept are adopted both in the literature on the subject and in practice, and they are constantly evolving (Bartkowiak, 2011, p. 20; Wysokińska; Witkowska, 2016, pp. 97-100), undergoing subsequent transformations. The best known definitions are those formulated by the International Organization for Standardization in ISO 26000, Guidance on social responsibility (ISO 26000, 12/09/2018) and the United Nations Global Compact initiative (UN, 12.09.2018). It is also the European Commission in its renewed strategy that proposes a definition whereby CSR is “the responsibility of enterprises for their impacts on society” (EC, 2011, p. 7).

Many definitions and dimensions of CSR are presented in the scientific analysis of by McWilliams, Siegel and Wright (2006, p. 1), assessing its impact on strategic management. At the same time, the authors note that the ambiguity and complexity of the issue makes it difficult to develop the theory and assess its effectiveness. According to them, CSR occurs when the company goes beyond mere activities aimed at pursuing its own interest and complying with the laws, engaging in ventures aimed at social welfare. On the other hand, Husted and De Jesus Salazar (2006, p. 80) present CSR from the perspective of analysis of costs and benefits underlying three scenarios: altruism (the desire to be socially responsible regardless of costs), forced selfishness (willingness to be responsible to the extent determined by law) and strategic use (including CSR activities in the company’s strategy).

According to Visser (2012, p. 234), it is now possible to talk about CSR 3.0. Crespin – theoretician and practitioner, co-managing an association formed around the CSR idea – explains the differences between the three stages in the following way: CSR 1.0 was “do good because it is good,” and CSR 2.0 was “shared value – do good in alignment with your business strategy,” then CSR 3.0 is “networked value – do good in alignment with your business strategy and tap into the power of your value chain and social network” (Crespin, 2013).

Carroll’s pyramid, defines four levels of corporate social responsibility referring to Maslow’s pyramid: the economic, legal, ethical and discretionary

levels (later referred to as philanthropic). These levels reflect the expectations of the society towards the organization at a given time. The analogy to Maslow's pyramid comes from the fact that also in this case, the transition to ever higher levels of responsibility is conditioned by the fulfilment of obligations from the lower dimensions (Caroll, Shabana, accessed: 20-08-2018).

### Corporate social responsibility as business model element

The increasing global awareness, the rising public expectations and the growing popularity of the CSR concept itself have been the reason why more and more companies started to transfer the CSR principles from the operational level to the strategic one, choosing to develop their own CSR strategies. A very important issue is incorporating the CSR strategy into the business model – from visions, missions and key values, through strategic objectives, policies and programmes, to procedures. It is possible in this way only to ensure that corporate social responsibility procedures are consistent and that they will contribute to sustainable development in the long term. Furthermore, they will produce permanent effects by promoting optimum social and business efficiency, thus becoming a source of competitive advantage (Wierciński, 2011, p. 65).

Figure 1. CSR implementation stages based on the Deming cycle



Source: author's own work.

There is no doubt that although the key to the effectiveness of each strategy are the objectives formulated by managers, its implementation is not possible without participation of the company's employees (Andrejczuk et al., 2016, p. 26), while involving other stakeholders – suppliers and customers – is crucial for a responsible business model to succeed.

The process of implementing corporate social responsibility into the company's strategy is continuous and dynamic (figure 1). The implementation of CSR principles can be based on the Deming Cycle (P-D-C-A). P-D-C-A is the acronym derived from the first letters of the English words: Plan-Do-Check-Act. The Deming Cycle is a system algorithm of work on improving quality. It has many forms, depending on the purpose of the planned improvements and the number of participants in the improvement process. The Deming Cycle has become a basic method of work aimed at improving quality. The Deming Cycle assumes a cyclical implementation of the above mentioned stages, based on the management concept presenting a mechanism of continuous improvement.

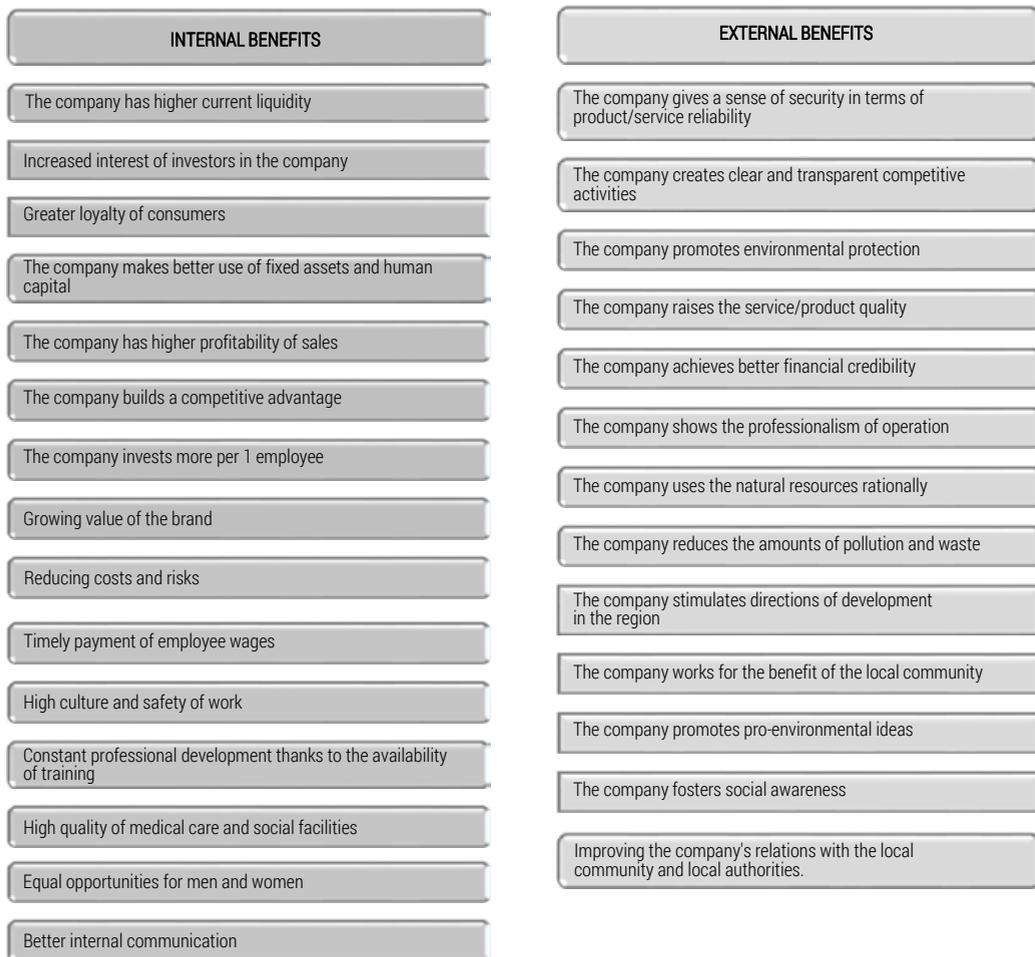
### Benefits from implementation of the corporate social responsibility concept

Being a socially responsible company means investing in human resources, environmental protection, relations with the environment and informing about these activities, which contributes to enhancing the company's competitiveness and creating conditions for sustainable socioeconomic development. The benefits of applying the principles of corporate social responsibility can be divided into two groups: benefits for the company (internal benefits) and social benefits (external benefits) (Rok, 2004, p. 54). Figure 2 shows a list of the most frequently mentioned benefits from implementing CSR in an enterprise.

Internal benefits are derived directly from actions taken to meet the expectations and needs of the enterprise's internal stakeholders (owners, investors, shareholders, managers, employees, trade unions). One of the basic benefits gained by the company from implementing corporate social responsibility is the growing interest of investors. Companies that include the social dimension in their strategy can get easier access to financing. Both investors and lenders are more interested in cooperating with enterprises that responsibly build their image and good relations with the environment.

Another benefit often mentioned is the growing loyalty of consumers and stakeholders. Market research, especially in highly developed countries, shows that increasingly more customers choose products of socially engaged companies.

Figure 2. Most frequently mentioned benefits from implementation of CSR



Source: author's own work based on publications and reports posted on the CSR Forum website.

On the other hand, external benefits arise from actions taken to meet the expectations and needs of external stakeholders. Corporate social responsibility contributes to raising the standards of conduct towards stakeholders, which leads to forming the organization's culture based on transparency and trust.

## Corporate social responsibility in the transport sector on the example of Polish sea ports

CSR is gaining growing popularity and understanding among Polish enterprises. 115 enterprises participated in a survey on corporate social responsibility and sustainable development conducted by POLITYKA Weekly and Deloitte in 2018. The largest number of questionnaires were completed by companies representing the pharmaceutical, cosmetic, food and finance industries (approx. 40%). The fewest answers were sent by companies from the trade, raw material, fuel, metal, timber and paper industries (Rudzki, 2018). The number of companies from the transport sector is unfortunately low. As few as 7 companies only published their CSR reports in the library of reports.

The companies declaring to have a CSR strategy include two of the three sea ports: the Port of Gdańsk and the Port of Gdynia. The authorities of both these ports declare that CSR has an important place in the port development strategies. Table 1 summarizes the areas and objectives included in the corporate social responsibility strategies of the authorities of both these ports.

Both ports have based their thematic areas on PN-ISO 26000 in order to properly develop the corporate social responsibility policy. They declare that they treat CSR as a permanent component of the strategy as a way to achieve business goals and ensure a balance between effectiveness, profitability and public interest. In the opinion of the port authorities, owing to this approach it is possible to balance the economic, environmental and social dimensions of operation and implement successive development of companies, taking business ethics into account. This direction of activities undertaken by the port authorities has been recently gaining momentum.

Analysing the results of the survey conducted in the period 28.06-30.07.2018 with the main objective to determine the level of awareness of representatives of the ports of Gdańsk, Gdynia and Szczecin-Świnoujście of the green ports concept, it can be seen that the objectives and tools declared in the CSR strategies are in place. According to the survey respondents, the most frequently mentioned activities in the implementation of the green port concept are: minimizing the Port's negative impact on the local environment, community and economy (89% of responses), then including representatives of local communities in decision making processes, caring for the quality of air and water (78%). The benefits for the local community – not only profits, but also better working conditions, access to knowledge and technology, and noise reduction – were ranked third (67%). At a similar level the respondents indicated the rational utilization of resources (11%). This was followed by lower energy consumption (50%), including the local community interest in

the port development strategy (33%) and reduction of water pollution by vessels (11%). A broader description of the survey results can be found in the article presented at the InfoGlob conference held in the period 18-19.09.2018 (Oniszczyk-Jastrząbek et. al., 2018).

**Table 1.** Areas and objectives included in corporate social responsibility strategies of Gdańsk Port Authority and Gdynia Port Authority

CSR areas	Port of Gdansk	Port of Gdynia
Corporate governance and employee issues	<ul style="list-style-type: none"> <li>• Ensure sustainable management of human resources,</li> <li>• Take care of employees, their well-being in the workplace,</li> <li>• Take care of improving employee qualifications,</li> <li>• Develop the human capital.</li> </ul>	<ul style="list-style-type: none"> <li>• Manage relations with employees,</li> <li>• Ensure social security of employees,</li> <li>• Ensure employee development,</li> <li>• Create a friendly environment,</li> <li>• Work by creating clear rules for managing employee relations.</li> </ul>
Business partners, and social development.	<ul style="list-style-type: none"> <li>• Ensure a dialogue with stakeholders by properly forming relations with port stakeholders,</li> <li>• Carry out activities for the benefit of the local community.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement an open port strategy,</li> <li>• Conduct a dialogue with the local community,</li> <li>• Show involvement for the benefit of the local community,</li> <li>• Conduct activities aimed at improving the quality of services,</li> <li>• Have transparent relationships with business partners,</li> <li>• Take care of the development of the country and the region, e.g. the port's activity contributes also to increasing the tourist attractiveness of Gdynia.</li> </ul>
Environmental responsibility	<ul style="list-style-type: none"> <li>• Promote pro-environmental behaviour,</li> <li>• Limit the risk and negative impact of the port on the environment,</li> <li>• Conduct environmental education and research to prevent pollution.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor the environment condition in the Port area,</li> <li>• Take actions to improve environmental relations,</li> <li>• Carry out activities adapting the port infrastructure to the highest standards,</li> <li>• Improve the energy efficiency,</li> <li>• Counteract environmental hazards and protection of biodiversity.</li> </ul>
Business ethics	<ul style="list-style-type: none"> <li>• Promote ethical business conduct by perpetuating the highest standard of conduct,</li> <li>• Build a positive image of the company and managing it based on ethical conduct.</li> </ul>	<ul style="list-style-type: none"> <li>• Take actions promoting ethical business by consolidating the highest standard of conduct among the port's stakeholders and its environment.</li> </ul>

Source: author's own work based on CSR reports of the Ports of Gdańsk and Gdynia.

The observed market trends show that the social and investor pressure associated with transparency in the area of sustainable development force companies that wish to achieve their business goals to implement a process of structured risk management. Companies that do not take these factors

into account as part of their business can lose a lot. Increasingly more evidence shows that corporate social responsibility factors affect financial returns and provide an opportunity for achieving long-term growth in the company's value (WEF, 2018; Edelman, 2018).

## Conclusions

It should be remembered that the CSR concept is not about meeting specific legal or formal requirements, but about voluntary engagement in forming and maintaining positive relations with the business environment. There are many benefits to be gained from implementing the concept of socially responsible business. Nevertheless, it should be remembered that these benefits depend on the actions taken. It is difficult to expect spectacular changes in profitability or cost reduction resulting, for example, from the implementation of environmentally friendly technologies over a short period of time. Most often, the benefits arising from socially responsible activities are visible in the long term as a result of regular or continuous socially responsible activities that lead to the implementation of CSR-based principles of conduct.

The interest of investors in social, environmental and organizational issues is constantly growing. According to investors, these factors provide important information on the results and prospects of the organization, while risk assessment is hampered, if they are lacking. Investors cannot effectively pursue their strategies, when there is no transparency and reliable disclosure of non-financial data.

Unfortunately the corporate social responsibility and its integration with the company's strategy is not common and organized in the transport sector, despite the fact that entities operating in this industry are aware that it is important to properly develop channels of both internal and external communication with stakeholders. Sea ports seem to be much more advanced in this respect than other entities in the sector. Nonetheless, neither are these activities carried out systematically nor are they fully reflected in the port's development strategy. The study also shows that too little importance is attached to employee training and inclusion of employees in the decision-making processes regarding the directions of the enterprise's development.

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