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Report title: Social accountability standards as strategic marketing management of industrial enterprises.

Abstract:

The report shows how *corporate social responsibility* has become a powerful strategy in the contemporary marketing. The business ethics of each organisation is created by behaviours and decisions of its all people and managers. The cores of business ethics are moral values, which influence and determine the activities of an each employee and manager. At first these values are accepted only in informal way and than, after mature time of an organisation, they are identified, described and officially communicated, that means they become formal.

In the time of business scandals, lack of political stability and difficult economic situation there have been some issues and questions expecting for rapid answers within the marketing field. Events such as creative accounting and frauds have shaken audience confidence and loyalty. Tragic accidents during terrorist attacks have also alarmed people in both the economy and society. The mentioned events which involve high profile organizations make many business specialists be more concern about business ethics, responsibility and corporate reputation. As a result, new strategies of product and company's reputation creating are expected to adopt the new means of rebuilding audience confidence and trust. The ethical values with the idea of responsibility at the top are significant connection between B to B units.

In the Polish economic life the business ethics is often not respected enough, but despite of that more and more companies are interested in ethical business as a factor of the performance improvement. A main reason of this situation is, that only building the business activity founded on the ethical principles can lead the whole enterprise to the superior performance and business success on the global market. This has also the main positive influence on corporate social responsibility. This report shows the one of the important tools in Corporate Social Responsibility (CSR) – which is a norm SA 8000 issue by SAI - Social Accountability International as a great opportunity for new strategic marketing management with the special relevance in B2B relationships.

Key words: morality, ethics, Corporate Social Responsibility, SA 8000; image, reputation

Key issue

Business ethics involves the problems more and more absorbing to our contemporary society, including the stakeholders' opinion such as politicians, company's managers, mass media and the most crucial - clients and consumers. The society draws its attention on the ethical thinking and ethical activities of managers and organisations. At present it is necessary to understand business ethics and its role within the organisation

and socio-economic environment. The importance of the principles of professional ethics in the economic life increases along the development of free market economy. Simultaneously, there are cases of abuse of moral norms and legal regulations as well. Each expansion of freedom activities should be, by nature, accompanied with deepened responsibility of every company. This refers both to legal and moral responsibility. The responsibility towards the legal and decision-making system of a given community as well as the one towards the one's own conscience and humane is closely connected with social moral order¹.

One of the typical phenomenon in the conditions of free market economy is the freedom development with, unfortunately, at the same time lack of or incomplete responsibility of the company's both employees and employers. The basic economic knowledge prevails over ethical values and legal regulations. This is manifested by the fact that the employers taking the advantage of the economic freedom, violate the rights of others, do not reflect decisions consequences, present lack of responsibilities for employees as well as for social and environmental effects of their economic activities. All of these have become under serious scrutiny of researchers and analysts.

The principles of business ethics originate from the culture of societies. Culture of a community through moral and legal principles affects mission of a company, its organizational culture, style of management as well as marketing and public relations strategies. Business ethics and corporate social responsibility have the distinct meanings in the current concepts of marketing and public relations. Contemporary management approach towards quality, business ethics and governance is aimed to benefit not only customers and shareholders but also community and the society as a whole.

The term *corporate social responsibility* (CSR) has long tradition although it has been developed and introduced to the economic practice recently.

There have been many definitions of CSR. James Grunig – PR researcher and specialists - stresses that social responsibility means making a contribution to, and not having adverse consequences on the larger society of which an organisation is a part². International Labour Organisation defines the CSR as the voluntary initiatives enterprises undertake over and above their legal obligations. It is a way by which any enterprise can consider its impact on all relevant stakeholders. Another definition of corporate social responsibility emphasizes that it means ensuring commercial success in ways that honour ethical values and respect people, communities and the environment.

The fact that organisations lay emphasis on social responsibility is expressed in developing company rules and declarations included those closely related to ethical issues. This is a step towards accomplishment of the necessity to observe moral principles and legal requirements and its functioning in the business practice. The social responsibility of a company means that it is aware of the observance of moral principles as well as the liabilities incurred to clarify its activity within legal regulation which are expected by its employees and the society at a whole.

At present, the organisation has to be responsible towards:

- internal groups, i.e. owners, co-owners, managers, employs;

¹ J. Majka: *Social and Political Ethics*. Series: Christian Social Thought. Documentation and Social Studies Centre. Warsaw 1993, p. 69

² J. Grunig, T. Hunt: *Managing Public Relations*. Harcourt Brace Jovanovich College Publishers: San Diego 1984.

- external groups, i.e. shareholders, customers, suppliers, cooperating companies, supervisory bodies;
- state and regional/local authorities and stakeholders, such as administration bodies, creditors, banks, mass media;
- environmental, social, consumer organisations and other so-called non-governmental associations.

This means that a company management is at least responsible for the following:

1. economic profits (economic responsibility)
2. personnel of a company (responsibility for employees)
3. working conditions (environmental, security and health responsibilities)
4. product (product responsibility)
5. local community (responsibility for community)
6. society at a whole (social responsibility).

Concluding one must highlight that a company management is responsible for actions and the consequences of company's activities in the following fields: work condition, safety of personnel and local community, environmental quality and fair rules of cooperation with others. Considering all of these issues a company has to create strategies which take into account expectations of employees, local community and a society. Management strategy as well as marketing and public relations strategies must follow all components of the social corporate responsibility as their core.

Task definition

According to the highlighted issues one may put the accent on the following tasks:

1. examining definitions of corporate social responsibility
2. scrutinising the practice of CSR in business and economy
3. framing the model of marketing strategy with the CSR as a core issue.

Methodology

Ethics is one of the most difficult disciplines to be researched. Not easier is when we try to explore CSR as a marketing strategy. There are two ways of making enquiries within such a fragile subject matter:

1. observation of business activities using the elaborated criteria
2. interviews and polls with the managers and consumers

For the purpose of the presented report the first one has been chosen. Apart from literature study authors of the paper analysed how the corporate social responsibility is expressed in business practice in Poland considering such criteria as accountability, quality, competence, respect, trust to business partners and activities in the social environment.

Research results

Moral responsibility is an attribute that be shown in organisations in competence or productivity. For example, no responsibility occurs at a company where existence of managers is contradicted what mean that their authorities are rejected. Moral responsibility is manifested in reliability, honesty, moral integrity, respect, trustworthiness, respect and the sensibility of conduct. In social responsibility process such value as respect plays particular role.

Social corporate accountability applies to withholding and stopping actions recognised as socially and physically harmful, providing goods and services to fields where profit

cannot be generated, taking over the responsibility for positive social progress. One of the instrumental forms of promoting CSR is SA 8000 standard issued by the SAI – Social Accountability International. The idea of responsibility implies the notion of responsibility towards person and social groups.

SA 8000 Standard is disseminated as standardised global system – instrument for companies interested in the assessment and improvement of social accountability in their enterprises and those of their suppliers and vendors. The standard has been assumed to cover the entire chain of partners participating in generating values added to the customer.

The social accountability system comprises the following 8 key areas:

- a. child labour
- b. forced labour
- c. health and safety
- d. freedom of association and right to collective bargaining
- e. discrimination
- f. disciplinary practices
- g. working hours
- h. remuneration
- i. management systems

This standard provides formation of social responsibility management system, determining the mechanisms of assuring fulfilment of requirements, maintaining the compliance with the said SA 8000 standard.

There are not very many companies in Poland applying for the SA 8000 certification. Although the certificate is perceived as very practical and valuable for a company it is very strict and undertakes some issues that not covered in the Polish labour law yet. This is why those companies which have been registered so far should be treated as very heroic letting to assess all areas included in the SA 8000 standard.

So far, there are nine companies in Poland which have been successfully certified. However the idea of social responsibility is becoming more and more accepted by managers and shareholders, so one may expect a rapid development of such a certification in the future. Upon investigating the detailed criteria specified for each field of the standard, a following question arises: May a certified social responsibility system be an attribute of a company's strategy in the nearest future?

To answer such a question an exploration of corporate social responsibility development in Poland may help. The latest CSR report published by the Responsible Business Forum is entitled "Responsible Business in Poland 2006. Good Practices". It is already the fifth edition of a report which includes a selection of 68 most interesting practices in the following fields: workplace, market and society as well as expert comments, press review and a calendar of events devoted to the social corporate responsibility. Good business practices constitute the hard core of the report. The largest number of practices – 38 – has been found in the field "Business and society". However, as many as 30 examples refer to workplaces and functioning of a company on market out of which 16 practices refer to the first field i.e. actions towards employees while the other 14 – to the market. Companies engage their employees in solving social problems together with nongovernmental organisations. Codes of ethics and employee skills' development programmes are created. Companies attempt very hard to listen and respond to expectations of their stakeholders. The first socially useful product in Poland has come into existence. More and more attention is paid to the environmental protection. Good

practices take into consideration the most basic business activities of a company and society at the same time and therefore become long-term social investments bringing notable business effects to the company involved.

As Bolesław Rok stresses the year 2006 was like a revolution in Poland due to distinguished growth of CSR activities. Although he puts the accent on poor genuine practice in the business. Much publicity, dissemination the idea of CSR, large number of awards honouring companies introducing the CSR standards, is not enough. Social responsibility should be clearly visible in the real business practice. Corporate social responsibility should be effectively and basically introduced in the B to B co-operation through mutual respect. “Social partners, consumers, small Polish companies, media, governmental administration and many other environments gained a better understanding of all the issues concerning various indications of responsibility as well as irresponsibility in business. And it has to cause serious changes in the way Polish business operates”³.

Conclusions

Summing up it should be stressed that contemporary social and economic expectation challenge companies to use the CSR as management and marketing tools. The balance between development of the economy and social hopes challenge a firm to demonstrate responsibility to its key stakeholders, to generate profits and in so doing it has a right to market its products. A marketing strategy should include the following values and norms:

- Transparency
- Respect for other partners in the business
- Culture and ethics as foundations of management and marketing activities
- Two-way symmetric communication
- Partnership between an organization and stakeholders
- Social dialogue
- Customer relationship management
- Standards of services, quality guarantees
- Code of ethics
- B2B mutual responsibility

Business ethics and corporate social responsibility have the distinct meanings in the present concept of marketing and PR strategies. Contemporary management approach towards quality, business ethics and governance is aimed to benefit not only customers but also community, natural environment and the society as a whole.

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