

# Chapter 15

## Innovation through Corporate Social Responsibility: Insights from Spain and Poland

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### ABSTRACT

*In this chapter, the authors address institutional efforts in CSR carried out in two big European countries with different backgrounds but the same responsible goal for business and competitiveness: Spain and Poland. To illustrate how CSR pays off, the authors have selected two emblematic cases, one from each country: La Caixa Group and PKN Orlen. Although the degree of implementation of CSR is still different in the European countries in the European Union, and the institutional framework in Spain and Poland is clearly different, the two case-studies presented as best practices suggest promising new developments of CSR in both countries in the near future as CSR could be considered a vital component of innovation in national economies and a strategic variable of core's business determining future competitiveness through the social trend.*

### INTRODUCTION

In recent years, there has been growing insistence on the importance of Corporate Social Responsibility (CSR) for the economy overall. The academic community has shown burgeoning interest in studying the development of socially responsible actions, involving the pursuit of certain goals: environmental (a healthy and balanced environment), economic (harmonic development), and

social (reduction of inequalities). Moral values of contemporary society are changing and firms try to innovate in order to attend the new stakeholder claims. CSR has been considered the last innovation in management by Nieto & Fernandez (2004). According to the authors, management practices related to CSR are becoming widespread due to a growing regulatory framework, modifications in consumer behavior and variations in the investment criteria followed by the financial markets.

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Assuming a real misbalance across Europe facing CSR, the principal purpose of the chapter is to contribute to the knowledge of how CSR is actually put into practice in peripheral EU countries from west to east as part of their innovative and competitive strategies. This work presents the notion and the basics of the strategic CSR actions, with emphasis on its capacity to strengthen the bonds between the company sustainable development and its innovation capacity and competitiveness. This relationship will be analysed and discussed offering recommendations for public policies and practitioners in both countries, Spain and Poland.

After this introduction in the first section we have given a short overview of the conceptualization and literature on CSR. In the next section CSR in Spain and Poland is presented. After these previous theoretical and contextual frameworks, two selected companies are presented as case study. The aim is to show how big companies in peripheral European countries such as Spain and Poland, and in conflictive sectors such as financial and petroleum sectors, are responsible and object of benchmarking. Since CSR is a global phenomenon, it also invites to share regional best practices. The final section of the chapter consists of conclusions and management recommendations.

## **THEORETICAL FRAMEWORK AND EUROPEAN BACKGROUND**

CSR has a long tradition in business rooted in the notion of philanthropy. Bowen (1953) is considered the founder of CSR thinking. Later Wood (1991) and Carroll (1991, 1999) considered CSR as a form of business response to new demands on society. Nowadays the business and the academic world have embraced the CSR logic. CSR today implies that businesses have responsibilities beyond profit-seeking and must to conduct their businesses in a manner that meets also social and environmental standards according to the Triple Bottom Line (Elkinton, 1994). In addition, and

according to the *Theory of Stakeholder* (Freeman, 1984) a company must meet its responsibilities towards shareholders but also towards internal and external stakeholders such as employees or customers for instance. Furthermore, it is expected that companies behave ethically and engage also in philanthropic activities.

Moving to a more responsible behavior in businesses could be considered an organizational innovation looking for competitiveness (Gallardo-Vázquez & Sánchez-Hernández, 2014). The business case for CSR has been concretized in reducing costs and risks, developing reputation and legitimacy and creating strategic win-win situations able to gain and consolidate competitive advantage (Porter & Kramer, 2006).

The classic definition of CSR, introduced in the European Union through the Green Paper (COM, 2001), clearly focus on its voluntary nature and its intrinsic links with stakeholders. In 2006 the European Commission published a policy whose essence was strong support for a business-lead initiative called the European Alliance for CSR. In October 2011 the European Commission published a new policy on corporate social responsibility. The new policy puts forward an action agenda until 2014 covering different areas of interest. One of them is enhancing better aligning European and global approaches to CSR. However, European approaches are different each others. CSR patterns of differences in national emphasis amongst the practices of European nations have been documented. Cultural factors may help to explain differences in what CSR is understood as responsible behavior and there are also considerable influences from the different economic and political structure of societies.

Related to the importance of national CSR policies, it is recognized that many public policy measures to support CSR are best carried out at national, regional and local level. Local and regional authorities are encouraged to make smart use of EU structural funds to support the development of CSR, especially amongst SMEs,

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