



## ORGANIZATIONAL CULTURE AS STRATEGIC AREA OF CSR

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**Abstract:** The study discusses the importance of organizational culture in the company and the possibility of using it as a strategic potential in realizing the idea of corporate social responsibility. Theoretically, the strategic importance of this concept was justified for the effective functioning of the enterprise. In the next part, the possibilities of shaping the organizational culture as an element strengthening the corporate social responsibility strategy were defined. The main aim of the study is to analyze the importance of organizational culture to implement the idea of CSR in an enterprise. The applied method of research consists in phenomenological analysis of content available in literature and the results of previously conducted research.

**Keywords:** CSR, organizational culture, strategy

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### Introduction

The phenomenon of organizational culture has existed since the times of the first organizations, regardless the participants' awareness. To a large extent, its shape was then strongly determined by social and cultural factors, as well as the individual character of the owners and his/her managerial intuition. Currently, the working community and culture they represent have been thoroughly researched and described. Despite the many advantages and great importance confirmed for the effective functioning of the company, entrepreneurs rarely classify this element a priori in the area of management. It activates most often only in the case of extreme situations when its benefits, abilities or dysfunction are revealed. It is worth keeping in mind the organizational culture when making strategic decisions as well as in current management activities. Organizational culture is a delicate matter that cannot be reprogrammed easily, especially with dishonest, selfish intentions. However, by acting methodically, it can be re-evaluated, activating its innovativeness, used as an additional strength and a key success factor.

The aim of the study is to determine the importance of organizational culture to implement a CSR idea in an enterprise. The applied research method consists in a phenomenological method, based on observation and analysis of the content available in literature and research, with the rejection of all intentions and assumptions.

## **The importance of organizational culture in the enterprise**

When defining the company's culture, emphasis should be placed on learning the history and geopolitical surroundings of the working societies, as the structure of each organization has the characteristics of the national culture of its participants (Strategor 1997, p. 511). Based on the above statements, one can formulate a definition of organizational culture as a set of norms and intellectual values that characterize a given organization and develop for a long time, the result of which is the formation of behavioral patterns for a given social group and a certain hierarchy of values. B. Nogalski gave a comprehensive definition of organizational culture (Trutkowski 2006, p. 153): "[...] the culture of a business organization creates a system of typical values, norms and symbols that develops for a long time, and results in the formation of behavioral patterns for a given social group and a certain hierarchy of values. It consists of conceptual elements that create the intellectual foundations of norms and patterns of behavior and perception, i.e. symbols and anthropological and sociological patterns."

More generally, E. Schein presented it as an experimental process (Strategor 1997, p. 512). In his opinion, the company's culture is the whole collection of the fundamental assumptions that the group has invented, discovered or created, which concern learning how to solve the problems of adaptation to the environment and internal integration. These assumptions have been confirmed by practice so that they could be considered valid and inculcate to each new member of the group as the appropriate way of thinking in the organization.

In a holistic approach, the enterprise has, of course, more dimensions than just the organizational culture, namely the organizational structure and the individual strategy of operation. All these elements, in a dynamic management process, are subjected to mutual interdependence and interactivity. The most important factors affecting the organizational culture should therefore be included (Perechuda 2000, p. 286):

- influence of dominant leaders,
- history and traditions of the company,
- technologies, products and services,
- clients,
- company expectations,
- information and control,
- legal environment,
- organization's incentive system,
- company organization and resources,
- employees' goals, resources and beliefs.

A strong impact can be observed on the part of the macro and micro social environment, currently implemented organization strategy and its leaders on the organizational culture. An enterprise pursuing the main economic goal, that is, to achieve profit, strives to adapt its strategy of operation, organizational structure and the way of targeting the environment, and tries to influence it in some way. This is due to the fact that the social environment is an objective factor and has the

greatest "inertia" and strength determining the activities of the organization, among the factors listed earlier<sup>1</sup>.

Therefore, the company engages its potential, i.e. the internal structure, strategy of operation and the organizational culture that binds the entire organization, to successfully adapt to the changing conditions of the environment or even influence, to some extent, the surroundings. It uses the interpenetration of the working environment with the local community and the increasingly emerging feedback at the interface between the organization and the social environment. Enterprises sometimes use organizational culture as an adaptable element of the strategic management process, applying a management strategy through organizational culture (Perechuda 2000, p. 287). Strong organizations are able to influence to a certain extent the social culture of the environment, modifying even its structure of values, especially effectively in the immediate environment from which its representatives supply the ranks of the organization.

### **The strategic importance of CSR for the organization**

In this field, one can observe an ideological dispute justifying the recognition or rejection of the concept of corporate social responsibility, which is of strategic importance. The basic argument used by the opponents of the concept is the thesis that the main goal of the company is to maximize profits, carried out in accordance with the principles of free competition, without tricks or frauds, which also provides tangible benefits to shareholders or stakeholders. There is also the question of the costs of social involvement. An entrepreneur making decisions about getting involved in social activities, if it is not purely philanthropic, justifies it strategically, that is, it includes a system of financial settlements. The consequence may be lower dividends and employee wages, and as a result, the costs of social responsibility will be taken over by the society (Rybak 2004, pp. 56-57). Enthusiasts of corporate social responsibility emphasize the fact that the market does not have sufficient autonomy in the field of self-regulation, which is why countries with market economies cyclically struggle with crises, inflation, unemployment and the unfair division of national income (Rybak 2004, pp. 21-22).

There is a definition in the literature on this subject, with varying degrees of generalization. In one of those works, J. McGuire, motivating the necessity to take up social responsibility, states that corporations in addition to economic and legal responsibility, to some extent also respond to the society as a whole (McGuire 1963, p. 144).

On the other hand, B. Rok provides several terms of this concept; among others he states that corporate social responsibility is an effective management strategy that, by conducting social dialogue at the local level, contributes to the growth of enterprise competitiveness at the global level and at the same time to shaping favorable conditions for social and economic development. In a slightly more synthetic definition, it defines corporate social responsibility as a strategic and

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<sup>1</sup>The authors consciously reduced the environment to the social factor only.

long-term approach, based on the principles of social dialogue and the search for solutions beneficial to all (Ścibiorska-Kowalczyk 2013, p. 99).

Increasing the emphasis placed on introducing the principles of corporate social responsibility into everyday functioning is a way to maintain the best employees. In order to encourage potential employees to work in a socially responsible enterprise, ethical conduct of the organization must be ensured. A number of privileges guaranteed to employees are mentioned (apart from wage benefits), which are supposed to have a positive impact on the company's image (Bartkowiak, Scibiorska 2008, p. 344). The increasing ethical knowledge of customers influences consciously made consumer decisions, thus deciding on the success or failure of the business. By implementing socially responsible goals, the organization positively influences the creation of the right organizational culture and identifies the employee with the enterprise and the enterprise with the environment through its socially responsible activities (Mróz 2008, p. 250).

In accordance with the evolution of corporate social responsibility presented by W. Wisser, the current management era incorporates the issues of the company's impact on society and the natural environment into the existing standards of business operations (Olejniczak 2016a, p. 324). In this way, the strategic importance of CSR in the management process was emphasized, especially in the context of implementing sustainable development assumptions.

### **The influence of organizational culture on the perception of CSR**

In the light of current trends observed in the social environment, clients' awareness of ecology, their own rights, the rights and obligations of enterprises regarding liability for unfair and harmful impact of business organizations on the environment, the organization's success has acquired a social meaning.

Striving to maximize profits is a fundamental economic assumption of the functioning of each entity. The problem is whether this approach is strategically, long-term or short-term, aimed primarily at maximizing profit in a given period. The above-mentioned extremely different approaches to the strategy of action result from a proper or declarative understanding of social responsibility.

The examples of enterprises' strategic choices quoted above regarding the inclusion of CSR in their actions, result from the different, individual goals of business owners. On the one hand, there are owners who simultaneously deal with management, on the other, managers who only have to multiply the capital belonging to the owners. In the last example, the organizational culture and business mission may be in contradiction with the individual aspirations of the managers and the owners of the capital.

Furthermore, among clients, that is representatives of the society, there is a tendency resulting from the economic awareness of managing one's own resources and expenses, that is to maximize functionality and satisfaction when making decisions. We observe here an analogous typology in choosing the "best" product or service by a potential customer. One type of choice is the hasty (short-sighted) choice of the cheapest merchandise, quickly losing its useful properties, often

produced without respecting generally understood social and environmental factors and polluting the natural environment as waste or in a better variant as secondary raw material. This choice is made by customers with a limited budget (out of necessity) or customers unaware of the consequences that they cause for themselves, the economy and the environment. Another choice, considered theoretically reasonable, is the combination of the maximization of functionality with responsibility for its decision, regarding the quality, harmfulness of the place of production and environmental effects, at the time of production and after disposal or recycling. In the context of the extremely different consumer attitudes presented, we can talk about consumer social responsibility.

The priority (mission) of a contemporary, socially responsible enterprise is to strive to establish a close relationship with society. The local community from which its employees originate is of particular importance to the organization. These relationships should be built on trust, loyalty, respect, credibility and integrity, also in the context of products or services offered by the company. Local or regional enterprises have a relatively greater opportunity to build direct relations with the public. Bigger, and especially global enterprises, due to the specific structure and global distribution of the supply chain and the production process, lose direct contact with local communities, also because of functioning as corporations with central management. The managerial way of managing a company described earlier is not conducive to proper personal relations in the organization either, which automatically transfers to the social environment. A conscious society, both as regards CSR and its own consumer responsibility, guided by the above principles and its own views, flawlessly finds a product or manufacturer that acts reliably and in accordance with the mission it performs, produces or provides services in accordance with the principles of social responsibility. Therefore, in the interest of an enterprise with "principles", it establishes contact with the largest group of clients aware of their purchasing decisions. It is easier to gain new allies in society in the form of clients, meeting not only their standard needs but also the expectations of those potential consumers.

Organizational culture is the cradle of ethical and pro-social behavior of the company, which is part of the CSR idea, and represented by the crew, is also a representative of the local community. For this reason, the organizational culture has a double strategic significance for the enterprise, it consolidates the organization by strengthening internal personal relations and emphasizes the awareness of the social responsibility of the organization<sup>2</sup>.

### **Forming OC as a CSR carrier**

In the theory of business management, supported by many years of experience, the organizational culture has an established position. It is known, therefore, that if it is properly shaped, it supports and is even indispensable in implementing the strategic goals of its own organization. CSR is derived from similar moral and

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<sup>2</sup> If such an idea was consciously implemented into the organization by management.

ethical foundations, hence the proper place for "incubating" awareness, responsibility and expected pro-environmental attitudes seems to be the organizational culture. An organization as an institution is not able to conduct socially responsible activities. It is the employees who create the organizational group and their own culture, acting on its behalf at all levels of the organizational structure, which can act responsibly (Olejniczak 2016b, p. 155).

Undertaking a challenge by the organization, introducing responsibility for the consequences of its operations into the strategy must flow from the conscious, autonomous decision of the owners or management. In special cases, this may require the use of configuration changes of certain cultural elements to adapt them to the new operating conditions.

Organizational culture is inseparably connected with the human resources of an enterprise, affecting every employee and, consequently, its development. The influence of organizational culture manifests itself in: the work ethos, the employee morality, readiness for change, willingness to do work, and involvement in the life of the organization (Puto, Łukasik, Brendzel-Skowera 2016, p. 65).

Employees are the basic resource of any enterprise, which is sometimes not the case of its owners. They are part of all the problems and creative solutions, therefore it is worth creating an individual OC model appropriate for a given organization and implemented strategy. Most enterprises do not have the habit of managing their basic resource, which is employees. Their attention (from the crew) focuses only on individuals who stand out in a special way, both positively and negatively. In both cases, they usually cause problems for the organization. One of the psychologists of organizations, D. McGregor, presented two extreme social models of the organization. The first under the name "Theory X" in which (Oblój 1999, p. 301):

- people are lazy and do not like to work,
- people must be forced to work and punished and rewarded so that they know what to do,
- people are not ambitious, they do not like responsibility, they need to feel safe, not challenged.

In this model employees are incompetent, not ambitious, they avoid work and they have to be watched all the time. The second model, "Theory Y", assumes that (Oblój 1999, p. 301):

- effort and work are as natural and necessary as rest,
- people are willing to accept responsibility and seek it,
- employees are able to regulate their behavior, set goals and control their achievements themselves.

The creator of these theories stressed that both have a chance to test themselves in practice, everything depends on the way of managing the staff. Employees behave according to the system imposed on them by the management.

The quoted theories undoubtedly polarize the real situation in the organization, and the employees of the organization usually are not homogeneous. It is enough, however, to fulfill some of the "Theory X" postulates, such as a sense of security,

reward system, ensuring satisfactory work and apply basic ethical standards of business in relation to employees, such as (Łukasik 2014, p. 148):

- justice,
- credibility,
- honesty,
- truthfulness,
- faithfulness to promises or obligations made.

In addition we can use the "Theory Y" suggestions to arouse in employees: natural effort and willingness to work, responsibility and self-control according to established organizational standards.

If we take into account in the initial conditions of the organization, an organizational culture that includes CSR, we can define strategic strengths and eliminate potential weaknesses, then adjust all the attributes of strategic management such as mission, vision, OC functioning profile (e.g. competitive or entrepreneurial OC), to the assumptions of CSR. The consistency of these elements regarding ethical standards, tasks and goals, is the foundation for implementing CSR in the enterprise (Abdullah et al. 2014, pp. 142-143).

Adapting the culture to the intended state can be divided into continuous activity, related to raising the level of culture in relation to the mission of the enterprise and activities coupling the employees of the organization with the currently implemented strategy.

We can include, among others, the following general actions (Królik 2009, pp. 51-52):

- select appropriate personnel (personal culture and qualifications),
- circulate internal staff (reduces the negative impact of informal groups),
- search for leaders of groups focused on a specific task,
- make employees aware of the mission of the organization,
- solve destructive conflicts,
- keep conflicts at a minimal, creative level,
- build the employee's relationship with the organization, appreciate and make employees aware of their usefulness for the organization,
- build the prestige of the organization inside and around it,
- ensure a good flow of information,
- ensure appropriate qualifications of the management staff.

The activities making connection to the current strategy are (Królik 2009, pp. 51-52):

- integrate employees around the organization's objectives and priority tasks,
- make employees aware of the implementation of strategic goals at all levels,
- reward initiative and creativity as well as the best achievements in the implementation of the subsequent stages of the strategy,
- provide a personal example of the boss's involvement, e.g. by integration with employees in joint implementation of the company's goals,
- indicate leaders as a reference point to assess the implementation of works.

In the process of introducing the concept of social responsibility to the organizational culture, it is necessary to continually engage management in this process. To eliminate fatigue and routine resulting from the previously established guidelines (Theory X), a group of employees needs continuous stimulating incentives, keeping them as a cohesive group at a high level of creative activity (in accordance with the characteristics of Theory Y).

One of the methods to strongly activate employees is the method based on the chaos theory. Chaos in the environment, caused by a disproportionately strong reaction to disproportionately weak changes in initial conditions can become a positive factor, an opportunity that we initiate ourselves (Krupski 1999, pp. 408-413). This may seem like a brutal move, but if initiated in a controlled manner, brings the intended effect.

Another way to stimulate employee activity in the CSR area can be a creative, rational and preferably spontaneous conflict. It brings a quick, objective assessment of the situation. Quick resolution of such a conflict usually improves the overall situation compared to the previous state, provided it is an open conflict (Kowalczyk, Sieczyński 1987, pp. 222-223). Within the framework of sustainable development and application of CSR, apart from objective and spontaneous conflicts, a certain amount of stimulated, creative conflicts should be included in the portfolio of management activities.

An important aspect of the strategic dimension of corporate social responsibility is effective CSR communication with the environment. Through education, the organization builds and strengthens the company's reputation among consumers who then consciously buy its products. The organization's culture in the area of communication has little capacity or scale of action compared to the media potential of the entire company. However, it can effectively influence customers and the local community by popularizing the idea of CSR in the nearest environment and during: festivals, editing the local newspaper and other employee initiatives.

## **Conclusions**

The phenomenological method of research allowed the authors to state that organizational culture is of great importance to implement the company's strategy and has a significant potential for the implementation and strengthening of corporate social responsibility.

Regardless of the intentions of creating an image, the external impact of a socially responsible enterprise on society will always bring a positive effect to the CSR idea, and a cognitive result from the point of view of knowing the rights and obligations of the consumer.

Society quickly learns (especially the young generation) about its rights, the trends and applied market techniques, gains experience, is increasingly more able to distinguish and verify reliable sources of information and form a view on the subjects declaring them. Therefore, the dishonest, ostensible use of CSR by companies to create their own image only on a PR basis is quickly verified by



clients aware of this matter and such enterprises are punished by "abandonment". Organizations that are honest in propagating this idea then gain double (Otoła, Tylec 2016, p. 86).

Among the competing enterprises, the differentiating and distinctive feature in the strategic group, which influences success, is the value of the organizational culture, which additionally has an external, positive impact. A properly shaped OC can become a strategic asset of the organization and a weapon in implementation of the CSR idea.

People and their knowledge are becoming increasingly more often the final frontier of competition.

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## KULTURA ORGANIZACYJNA JAKO STRATEGICZNY OBSZAR CSR

**Streszczenie:** W opracowaniu podjęto temat znaczenia kultury organizacyjnej w przedsiębiorstwie i możliwości wykorzystania jej jako strategicznego potencjału w realizowaniu idei społecznej odpowiedzialności biznesu. Teoretycznie uzasadniono strategiczne znaczenie tej koncepcji dla efektywnego funkcjonowania przedsiębiorstwa. W dalszej części określono możliwości kształtowania kultury organizacyjnej jako elementu wzmacniającego strategię społecznej odpowiedzialności przedsiębiorstwa. Głównym celem opracowania jest analiza znaczenia kultury organizacyjnej dla realizacji idei CSR w przedsiębiorstwie. Zastosowaną metodą badań jest analiza fenomenologiczna treści dostępnych w literaturze i w wynikach przeprowadzonych już badań.

**Słowa kluczowe:** CSR, kultura organizacyjna, strategia