

Sustainable Development and Corporate Social Responsibility in Companies' Practices: An Empirical Analysis

Łukasz Małys

Abstract: **Background:** Despite conceptual differences, sustainable development and corporate social responsibility both refer to environmental and social aspects. There needs to be an agreement on how to recognise their differences in the practice of companies' operations.

Research objectives: The study aims to verify whether there are differences in the involvement in environmental and social practices between companies declaring a commitment to sustainable development and corporate social responsibility.

Research design and methods: The data were obtained using the CATI technique and a standardised survey questionnaire. The Mann-Whitney U test was carried out to verify the differences.

Results: Companies referring to the concept of corporate social responsibility implement more social practices compared to companies that refer to the idea of sustainable development. There are no differences in the implementation of environmental practices.

Conclusions: In business practice, corporate social responsibility seems to be a broader concept than sustainable development, as it puts more attention on social aspects.

Keywords: sustainable development, corporate social responsibility, environmental business practices, social business practices

JEL Codes: M14; O44; Q20; Q50

Suggested citation:

Małys, Ł., (2022). Sustainable Development and Corporate Social Responsibility in Companies' Practices: An Empirical Analysis. *Social Entrepreneurship Review*, 1, <https://doi.org/10.15678/SER.2022.1.05>

1. Introduction

Over the past decades, there has been a growing commitment of firms to issues such as sustainable development (SD) and corporate social responsibility (CSR). These concepts, although related, have evolved independently. SD was initially a macroeconomic concept and still remains in the sphere of interest of various organisations (Elliott, 2013; Tomislav, 2018). There is a widely accepted belief that it covers the areas of economic, environmental and social activity (Eklington, 1998). CSR was established as a strictly business initiative. It is focused on the social sphere of firms' activities but also includes environmental aspects, if expected by society or considered ethical, and treats economic results as the basis of other activities (Carroll, 1991). Still, there is no consensus on how to consider the relationship between these concepts in the

business sphere (Ebner & Baumgartner, 2006). This article aims to verify whether there are differences in the involvement in environmental and social practices between companies declaring a commitment to SD (1) and CSR (2). Such differences would suggest a difference in the perception of these two concepts in business practice.

To achieve the article's aim, a survey of a sample of 500 companies located in Poland was conducted. The differences in the involvement in environmental and social practices between companies were identified using the Mann-Whitney U test. The article is structured as follows. First, the views on SD and CSR in business practice are discussed, with a special emphasis on the specific environmental and social practices which companies may implement. Second, the research methodology is presented, followed by the research results. The article ends with conclusions.

2. Literature Review

The concept of SD can be attributed to various roots (Tomislav, 2018), but it was introduced in the mainstream public discussion by the so-called Brundtland Commission (Elliott, 2013). It proposed a definition according to which "SD is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland et al., 1987). Despite many subsequent attempts to redefine this term (Ciegis et al., 2009), it is still the most popular and most frequently quoted definition of SD (Elliott, 2013). However, its shortcomings are pointed out, especially in the business context, as it does not guide individual organisations' role in a broader macroeconomic perspective (Carter & Rogers, 2008). For this reason, SD is most often considered through the triple bottom line (TBL) prism, which considers the economic, environmental and social performance (Eklington, 1998). It is assumed that sustainable business practices should take into account all of these three dimensions of the TBL (Carter & Rogers, 2008; Elliott, 2013). However, sustainability considerations often do not consider all three aspects of the TBL. In practice, they are more likely to focus on environmental issues than social ones (Seidel et al., 2010; Seuring & Müller, 2008).

As in the case of SD, the CSR concept may also be linked to various roots (Filek, 2013). It seems, however, that today it is most often discussed in the context of Carroll's pyramid, which considers the economic, legal, ethical and philanthropic dimensions (Carroll, 1991). It is assumed that economic results, as the basic ones, determine the achievement of results in other dimensions. Therefore the model related to the pyramid is referred to as the "after-profit obligation". It is indicated that socially responsible companies should be active in all dimensions included in the pyramid. This model unequivocally refers to the social aspects of companies' activities. However, environmental issues are included in the areas of legal and ethical responsibility (Carroll, 1991).

When comparing the concepts of SD and CSR, it should be noted that both include economic, social and environmental dimensions. However, they are treated somewhat differently. Within the framework of SD, it is assumed that the development in these three dimensions should be harmonious and that they should support each other. Moreover, some researchers indicate that activities beneficial from the environmental or social perspective that do not bring economic benefits at the same time are irresponsible and should be avoided by companies (Porter & Kramer, 2002). They are the domain of other non-business organisations, however. In CSR, the economic dimension underpins other activities. However, this concept allows

for the engagement of companies in pro-environmental and pro-social activities, which are not associated with additional economic benefits.

It should be noted, however, that the classic approach to both concepts seems to differ from contemporary economic practice. In particular, this applies to the issue of SD, which shows a certain tendency to “expand”, mainly in the area of activities beneficial for the environment, which do not generate clear economic benefits (Vachon, 2007). This is partly due to efforts to reduce business risk and respond to possible legislative changes in the environmental area (Carter & Rogers, 2008). Additionally, in a large number of CSR studies, particular emphasis is placed on social issues, and economic and environmental issues are considered mainly through the prism of stakeholder relations (Guerrero-Villegas et al., 2018; Öberseder et al., 2013). There is also a polemic in the literature about the relationship between SD and CSR (e.g. Ebner & Baumgartner, 2006). It seems that the most significant differences at the level of business practice are seen precisely in the emphasis on environmental and social issues¹.

Companies' involvement in SD and CSR is reflected in the implementation of specific initiatives. In the literature, these initiatives are differently called, e.g. sustainable business practices (Ortiz-de-Mandojana & Bansal, 2016), CSR practices (Dhingra & Mittal, 2014), sustainable development initiatives (Halati & He, 2018), sustainable development actions (Houy et al., 2012). Additionally, in the case of concentration on selected areas, one can point to green business practices (Ashton et al., 2017) or environmental practices (Lin et al., 2001) and social practices (Gudic et al., 2020). In SD and CSR literature, there is an ongoing debate on how to divide such practices into groups (Golicic & Smith, 2013; Lamberti & Lettieri, 2009; Öberseder et al., 2013; Padin et al., 2017; Spiller, 2000; Vachon, 2007). To achieve the article's aim, it is sufficient to identify environmental and social practices without presenting a broader polemic about their possible subcategory division. Table 1 presents the practices from these two categories identified in the literature.

Table 1. Environmental and social practices.

Environmental practices	Selected sources
Use of environmentally friendly packaging	(Diabat et al., 2013)
Developing products that contain less harmful, hazardous, and toxic substances compared to the prototype	(Yunus & Michalisin, 2016)
Product development that enables their easy recycling	(Yunus & Michalisin, 2016)
Product development that considers the reduction of packaging	(Yunus & Michalisin, 2016)
The development of products that allow the re-use of their components or materials used	(Diabat et al., 2013)
Developing products that enable their easy and relatively environmentally friendly withdrawal from use	(Diabat et al., 2013)
Development of products that are easy to repair or regenerate	(Diabat et al., 2013)
Development of products allowing for their longer use compared to the prototype	(Yunus & Michalisin, 2016)
Developing products that require less raw materials, production materials, energy, etc., to be produced compared to the prototype	(Diabat et al., 2013)
Use of renewable sources of supply (including energy, raw materials, and recycled materials)	(Hassini et al., 2012)

¹ There are obvious theoretical differences between these concepts, also resulting from their discussion in various scientific disciplines. However, these differences are not of interest in this article.

Recycling in the workplace	(Yunus & Michalisin, 2016)
Measuring the environmental impact of production	(Vachon, 2007)
Location of production and warehouse centres based on environmental analyses	(Hassini et al., 2012)
Disassembly of end-of-use products	(Diabat et al., 2013)
Reuse of components of end-of-life products	(Diabat et al., 2013)
Reduction of resource losses during production	(Golicic & Smith, 2013)
Provisions of product repair and restoration services	(Diabat et al., 2013)
Reduction of the use of hazardous, harmful, toxic substances in the production	(Hassini et al., 2012)
Reduction of the use of raw materials, production materials, energy, etc., in production	(Hassini et al., 2012)
Organisation of transport with other entities	(Diabat et al., 2013)
Shortening of transport routes	(Yunus & Michalisin, 2016)
Reduction of exhaust emissions in transport	(Hassini et al., 2012)
Transport design based on environmental analyses	(Hassini et al., 2012)
Measuring the environmental impact of transport	(Yunus & Michalisin, 2016)
Recycling of manufactured products or their components – collection and processing	(Diabat et al., 2013)
Preventing the emission of pollutants	(Vachon, 2007)
Waste reduction	(Golicic & Smith, 2013)
Reduction of pollutant emissions	(Vachon, 2007)
Social practices	Selected sources
Solutions in the field of work safety	(Lamberti & Lettieri, 2009)
Equal treatment solutions	(Lamberti & Lettieri, 2009)
Solutions in the field of employee rights	(Öberseder et al., 2013)
Employee development, training	(Lamberti & Lettieri, 2009)
Offering fair remuneration	(Öberseder et al., 2013)
Additional benefits for employees	(Lamberti & Lettieri, 2009)
Solutions that guarantee a work-life balance	(Öberseder et al., 2013)
Stabilisation of the financial result	(Öberseder et al., 2013)
Development of codes of conduct for suppliers, subcontractors, etc.	(Vachon, 2007)
Development of ethical codes	(Morali & Searcy, 2013)
Conducting social audits at business partners	(Vachon, 2007)
Requirement of social certificates from suppliers	(Vachon, 2007)
Expecting an appropriate standard of work from suppliers	(Misani, 2010)
Philanthropic activities	(Spiller, 2000)
Sponsoring.	(Spiller, 2000)
Transparent relations with the authorities, anti-corruption policy	(Guerrero-Villegas et al., 2018)

3. Material and Methods

To achieve the paper's aim, quantitative research was conducted in September 2020 using the CATI (Computer-Assisted Telephone Interview) technique and a standardised survey questionnaire. The respondents were drawn from the "PI total database" covering Poland's 1,113,035 (as of September 2020) companies. The research intention was to get responses from 500 companies. To reach this target, 2011 companies had to be contacted, i.e., a 24.9% response rate was achieved. As intended, 500 randomly selected firms in Poland participated in the study and answered the survey questions. The pool included firms of various industries and sizes. However, the number of microenterprises in the pool was deliberately limited to 20% due to their lower expected involvement in SD or CSR activities and overrepresentation in Poland. The respondents were representatives of the top management of the firms.

The survey questionnaire used in the research was consulted with business practitioners. As a result of the consultations, the list of social practices presented in the previous section was modified to adapt it to the specificity of the Polish market. In particular, the research did not include social practices 2, 5 and 8 from Table 1. In turn, "additional benefits offered to employees" were detailed, creating two separate practices, and the practice of "engaging in fair trade activities" was added. As a result, the research included 15 social and 28 environmental practices presented in Table 1. The survey included questions about the implementation of each of the identified practices in the company. It was also assumed that the company's involvement in these areas increases with the increase in the number of implemented environmental and social practices.

The survey also asked companies to indicate which concept they refer to in their activities – SD, CSR, both or neither of them. The Mann-Whitney U test was conducted to verify whether there are differences between firms referring to SD (1) and CSR (2) in the number of environmental and social practices implemented. Firms referring to both concepts or neither were not included in the analysis because the research intention was to establish apparent differences between companies referring to only one of the two concepts.

4. Results and Discussion

First, the number of companies using different terms to name pro-environmental and pro-social activities was compared. Out of 500 surveyed companies, 145 (29%) declare that they do not implement SD and CSR activities at all. In turn, 115 companies (23%) implement them using both terms to describe various activities. As mentioned, these groups of companies were not included in further analyses. Of the two remaining groups, definitely more (169, 33.8%) indicate the implementation of activities under the SD term. The smallest group of all companies refers to the CSR concept (71, 14.2%).

In order to verify whether there are differences between groups referring to the SD and CSR concepts in their involvement in the environmental and social areas, the Mann-Whitney U test was carried out. Tests were carried out separately for environmental and social practices, in the first place for environmental ones. According to the test procedure, two alternative hypotheses were developed:

- H_{0A} : There is no difference in the involvement in environmental practices between groups referring to SD and CSR.

- H_{1A} : The involvement in environmental practices differs in the groups referring to SD and CSR.

As said earlier, the involvement is measured by the number of implemented environmental practices. In the first step of the test, the medians of the number of implemented environmental practices in both groups were compared. The median in the group of companies referring to the concept of SD is 26 and is higher compared to the group of companies referring to the CSR concept, for which it has a value of 22.

In order to verify whether the identified difference is statistically significant, the Mann-Whitney U test proceeded. As can be seen from the data presented in Table 2, the difference is not statistically significant – the asymptotic (2-tailed) significance $p = 0.054$ and is higher than the critical value of $p = 0.05$. Thus, the H_{0A} hypothesis was confirmed – there is no difference in the involvement in environmental practices between groups referring to SD and CSR.

Table 2. Mann-Whitney U test results – environmental practices

Ranks				
		N	Mean rank	Sum of ranks
Which term is used in your company?	Corporate Social Responsibility	71	107.58	7638.50
	SD	169	125.93	21281.50
	Total	240		

Test statistics ^a	
Which term is used in your company?	
Mann-Whitney U	5082.500
Wilcoxon W	7638.500
Z	-1.924
Asymp. Sig. (2-tailed)	0.054

a: Grouping variable: a term used in the firm

Source: own work.

Next, similar analyses were conducted for social practices in both groups of companies, with the hypotheses:

- H_{0B} : There is no difference in the involvement in social practices between groups referring to SD and CSR.
- H_{1B} : The social practices involvement differs in the SD and CSR groups.

In this case, a higher median (4) of the number of implemented practices is in the group of companies referring to the CSR concept. In the group of companies indicating the implementation of activities under the SD concept, the median is 3.

In order to verify whether the identified difference is statistically significant, the Mann-Whitney U test was repeated (see Table 3). Asymptotic significance (2-tailed) $p = 0.002$ is lower than the critical value of $p = 0.05$. Thus, the H_{1B} hypothesis was confirmed, which says that the involvement in social practices differs in the groups referring to SD and CSR. Companies that refer to the concept of CSR implement more social practices than those that refer to SD.

Table 3. Mann-Whitney U test results – social practices

Ranks				
		N	Mean rank	Sum of ranks
Which term is used in your company?	Corporate Social Responsibility	71	141.74	10063.50
	SD	169	111.58	18856.50
	Total	240		

Test statistics ^a	
Which term is used in your company?	
Mann-Whitney U	4491.500
Wilcoxon W	18856.500
Z	-3.173
Asymp. Sig. (2-tailed)	0.002

a: Grouping variable: a term used in the firm

Source: own work.

The obtained results, at least to some extent, may be considered surprising. The extant literature considerations (which, however, were primarily based on conceptual considerations) assumed either no differences between the concepts of SD and CSR or indicated that SD is a broader concept. Ebner and Baumgartner (2006) distinguish three approaches to analysing the relationship between SD and CSR based on the conducted literature research. In the first one, CSR is seen as the social dimension of SD and therefore as a narrower concept. In the second approach, CSR and SD are treated as synonyms. The third approach, similar to the second one, assumes that the concept of SD is the basis of CSR. It also points out that SD and the TBL are relatively broad concepts that are difficult to translate to the level of companies in an unchanged form. For this reason, CSR is supposed to be an idea that allows the implementation of the principles of SD in individual organisations.

The results of the presented research suggest, however, that in business practice, companies referring to CSR tend to implement more social practices, with a similar number of environmental practices implemented. On the one hand, this may result from the assumptions of the CSR concept itself, which emphasises the development of appropriate relations with essential groups of the company's stakeholders (Campbell, 2007), which may be reflected in the implementation of social practices not included in SD (e.g. philanthropic activities). On the other hand, it may be related to the frequent analysis of the SD issue solely through the prism of pro-environmental activities (Seidel et al., 2010; Seuring & Müller, 2008). This may mean that companies are intending to engage in pro-social activities more often look for solutions in the area of CSR.

5. Conclusions

The conducted research shows that between companies referring to the concept of SD and CSR, there are no differences in the involvement in environmental practices measured by the number of implemented initiatives. On the other hand, there are differences in such under-

stood involvement in social practices – companies that refer to the concept of CSR implement more social practices than companies that refer to the concept of SD. It is worth emphasizing, however, that both groups of companies usually implement fewer social practices than environmental ones – the median number of implemented initiatives was definitely lower for social practices, even taking into account the smaller number of such activities included in the research. This indicates that companies referring to the concept of SD and CSR in practice put more emphasis on pro-environmental initiatives. Summarising, there is a difference in the perception of SD and CSR concepts in business practice – CSR seems to be a broader concept, which attaches equal attention to environmental aspects as SD, but more attention to social aspects. However, the importance of this difference is diminished by the considerably lower involvement of companies in social practices.

References

- Ashton, W., Russell, S., & Futch, E. (2017). The adoption of green business practices among small US Midwestern manufacturing enterprises. *Journal of Environmental Planning and Management*, 60(12), 2133–2149.
- Brundtland, G. H., Khalid, M., Agnelli, S., Al-Athel, S., & Chidzero, B. (1987). *Report of the World Commission on Environment and Development: Our Common Future*.
- Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review*, 32(3), 946–967.
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39–48.
- Carter, C. R., & Rogers, D. S. (2008). A framework of sustainable supply chain management: moving toward new theory. *International Journal of Physical Distribution & Logistics Management*, 38(5), 360–387. <https://doi.org/10.1108/09600030810882816>.
- Ciegis, R., Ramanauskienė, J., & Martinkus, B. (2009). The concept of sustainable development and its use for sustainability scenarios. *Engineering Economics*, 62(2).
- Dhingra, D., & Mittal, R. (2014). CSR practices in Indian banking sector. *Global Journal of Finance and Management*, 6(9), 853–862.
- Diabat, A., Khodaverdi, R., & Olfat, L. (2013). An exploration of green supply chain practices and performances in an automotive industry. *The International Journal of Advanced Manufacturing Technology*, 68(1), 949–961.
- Ebner, D., & Baumgartner, R. J. (2006). The relationship between sustainable development and corporate social responsibility. *Corporate Responsibility Research Conference*, 4(5.9), 2006.
- Eklington, J. (1998). *Cannibals with forks: The Triple Bottom Line of the 21st century*. New Society Publishers.
- Elliott, J. A. (2013). *An Introduction to Sustainable Development* (4th ed.). Routledge.
- Filek, J. (2013). *Spółeczna odpowiedzialność biznesu jako nowa wersja umowy społecznej*. Księgarnia Akademicka.
- Golicic, S. L., & Smith, C. D. (2013). A meta-analysis of environmentally sustainable supply chain management practices and firm performance. *Journal of Supply Chain Management*, 49(2), 78–95.
- Gudic, M., Tan, T. K., & Flynn, P. M. (2020). *Beyond the Bottom Line: Integrating Sustainability Into Business and Management Practice*. Routledge.
- Guerrero-Villegas, J., Sierra-García, L., & Palacios-Florencio, B. (2018). The role of sustainable development and innovation on firm performance. *Corporate Social Responsibility and Environmental Management*, 25(6), 1350–1362.
- Halati, A., & He, Y. (2018). Intersection of economic and environmental goals of sustainable development initiatives. *Journal of Cleaner Production*, 189, 813–829.
- Hassini, E., Surti, C., & Searcy, C. (2012). A literature review and a case study of sustainable supply chains with a focus on metrics. *International Journal of Production Economics*, 140(1), 69–82. <https://doi.org/10.1016/j.ijpe.2012.01.042>.
- Houy, C., Reiter, M., Fettke, P., Loos, P., Hoesch-Klohe, K., & Ghose, A. (2012). Advancing business process technology for humanity: Opportunities and challenges of green BPM for sustainable business activities. In J. vom Brocke, S. Seidel, & J. Recker (Eds.), *Green Business Process Management* (pp. 75–92). Springer.
- Lamberti, L., & Lettieri, E. (2009). CSR practices and corporate strategy: Evidence from a longitudinal case study. *Journal of Business Ethics*, 87(2), 153–168.

- Lin, B., Jones, C. A., & Hsieh, C. (2001). Environmental practices and assessment: a process perspective. *Industrial Management & Data Systems*.
- Martinez-Ferrero, J., & Frias-Aceituno, J. V. (2015). Relationship between sustainable development and financial performance: international empirical research. *Business Strategy and the Environment*, 24(1), 20–39.
- Misani, N. (2010). The convergence of corporate social responsibility practices. *Management Research Review*, 33(7), 734–748.
- Morali, O., & Searcy, C. (2013). A review of sustainable supply chain management practices in Canada. *Journal of Business Ethics*, 117(3), 635–658.
- Öberseder, M., Schlegelmilch, B. B., & Murphy, P. E. (2013). CSR practices and consumer perceptions. *Journal of Business Research*, 66(10), 1839–1851.
- Ortiz-de-Mandojana, N., & Bansal, P. (2016). The long-term benefits of organizational resilience through sustainable business practices. *Strategic Management Journal*, 37(8), 1615–1631.
- Padin, C., Ferro, C., Svensson, G., Høgevoid, N. M., Varela, J. C. S., & Wagner, B. (2017). Validating the influence of stakeholders and sources when implementing business sustainability practices. *International Journal of Procurement Management*, 10(2), 248–265.
- Porter, M. E., & Kramer, M. R. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, 80(12), 56–68.
- Seidel, S., Recker, J., Pimmer, C., & Brocke, J. vom. (2010). Enablers and barriers to the organizational adoption of sustainable business practices. In C. Beath (Ed.), *proceeding of the 16th Americas Conference on Information Systems: Sustainable IT Collaboration around the Globe*. Association for Information Systems (pp. 1–10). Association for Information Systems.
- Seuring, S., & Müller, M. (2008). Core issues in sustainable supply chain management—a Delphi study. *Business Strategy and the Environment*, 17(8), 455–466.
- Spiller, R. (2000). Ethical business and investment: A model for business and society. *Journal of Business Ethics*, 27(1), 149–160.
- Tomislav, K. (2018). The concept of sustainable development: From its beginning to the contemporary issues. *Zagreb International Review of Economics & Business*, 21(1), 67–94.
- Vachon, S. (2007). Green supply chain practices and the selection of environmental technologies. *International Journal of Production Research*, 45(18–19), 4357–4379.
- Yunus, E. N., & Michalisin, M. D. (2016). Sustained competitive advantage through green supply chain management practices: a natural-resource-based view approach. *International Journal of Services and Operations Management*, 25(2), 135–154.

About Author/s

Łukasz Małys*

Institute of International Business and Economics
 Poznań University of Economics and Business, Poland
 Al. Niepodległości 10, 61-875 Poznań
 e-mail: lukasz.malys@ue.poznan.pl
 ORCID 0000-0003-3078-1170
 * Corresponding author.

Acknowledgements and Financial Disclosure

The project financed within the Regional Initiative for Excellence programme of the Minister of Education and Science of Poland, years 2019-2023, grant no. 004/RID/2018/19, financing 3,000,000 PLN.

Copyright and License



This article is published under the terms of the Creative Commons
Attribution – NoDerivatives (CC BY-ND 4.0) License
<http://creativecommons.org/licenses/by-nd/4.0>

Published by Cracow University of Economics – Krakow, Poland
