

ECOLOGICAL INNOVATIONS IN THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

Barbara Mróz-Gorgoń
Wrocław University of Economics, Poland
barbara.mroz-gorgon@ue.wroc.pl

Abstract:

In the fast changing and turbulent environment, one of the major elements which make maintaining the competitive advantage by a given company possible is introducing innovations. Creating and applying innovations in the concept of Corporate Social Responsibility is thus one of the modern challenges that companies and other organisations have to face.

The idea of corporate social responsibility was the response to the changing business environment. The development of the concept of corporate social responsibility proceeded thanks to the human need to assess and justify the obligation and responsibility of those who manage, in the light of the imperfection of the market itself and the “invisible hand” which governs this market.

The examples of technical innovations can be the company’s activities connected with air and climate protection, sewage economy, water protection or the decisions connected with sewage economy (examples of: Think Water and Bill and Melinda Gates Foundation).

What can be observed is the emerging trend of combining the idea of innovative solutions with the concept of corporate social responsibility, especially in the context of the care of the environment.

The purpose of this paper is to present the examples of innovative activities in the context of Corporate Social Responsibility. The views presented herein have been based on the literature and case studies.

Keywords: Corporate social responsibility, innovations, environment.

1. INTRODUCTION

In the fast changing and turbulent environment, one of the major elements which make maintaining the competitive advantage by a given company possible is introducing innovations. Creating and applying innovations in the concept of Corporate Social Responsibility is thus one of the modern challenges that companies and other organisations have to face.

The purpose of this paper is to present the examples of innovative activities in the context of Corporate Social Responsibility. The views presented herein have been based on the literature and case studies.

2. INNOVATION – GENESIS AND MEANING

The term “innovation” is derived from the Latin word *innovates*, which meant “to renew, to change, to improve”. Today, this word is commonly associated only with totally new inventions, products and services. It is difficult to agree with such an approach to innovation. With reference to the above-quoted genesis, the role of innovation as the process of improving and finding new applications for the already existing ideas, concepts, goods and services should be emphasised.

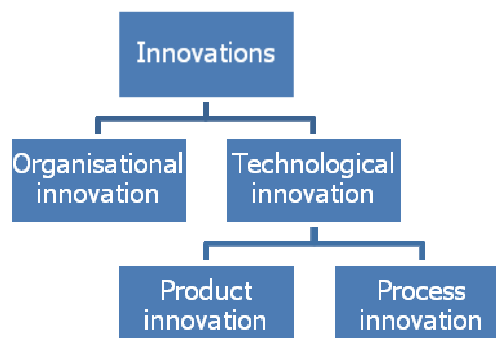
2.1 Innovation definitions and types

In the literature, we can find many sources of innovation definitions. However, these descriptions are not uniform, which results, among others, from two ways in which innovation is understood: as only and exclusively peculiar novelty or as the improvement of the present *status quo*; it might result from the characteristics of a given product or from the manner of the approach to innovation (innovation as a process or innovation as a given effect). A characteristic feature of innovation definition is novelty and originality. Novelty can be perceived as: 1) absolute novelty, 2) relative novelty. Absolute novelty refers to the solutions which have been totally unknown so far whereas relative novelty is a feature of the solutions not used or unknown in certain social systems (6, p. 13). Thus, innovations can be of creative character and refer to the discoveries and inventions of paramount importance or of imitating character and then they are based on the imitation and re-creation of the original technical solutions (6, p. 14). Broadly understood innovation refers to both technological as well as organisational solutions. It allows for the effective competition for consumer’s loyalty not only in terms of world’s or country’s economy but also in terms of region’s economy. Innovations are regarded as the most effective way of achieving, maintaining and strengthening the position of a company on the market. The emergence and permeation of innovation are connected with the fast changes that take place in economy and social life (Perenc&Hołub-Iwan, 2011, p. 18).

According to Niedzielski (Niedzielski, 2003, p. 25) innovation is a purposeful and organised activity of the entrepreneurs seeking for the practical application of various new solutions in given circumstances and time in order to achieve the best positive economic effects, to better meet the customers’ needs and to more effectively use their own resources. Innovation can also mean novelties, newly introduced things, the implementation of new technologies (www.biznes.pwn.pl).

On the basis of the observations and definitions quoted above, it is also possible to characterise innovation as the way of unconventional and non-stereotypical thinking, as transgressing the generally accepted frameworks and the principles adopted in society. Thus innovation means the non-conformist approach.

Table 1: Types of innovations



Source: author's own study on the basis of A. Leszczyńska, *Absorpcja innowacji ekologicznych w przedsiębiorstwie*, p. 16

Like in the case of various definitions found in the literature of the topic of innovations, such a division into different types of innovations is not uniform.

Innovations can be divided into two basic types:

- product innovation which concerns the products and processes. These are all types of changes which lead to the improvement of the already manufactured product or to the enlargement of the assortment structure by a new product;
- process (technological) innovation; these are the changes to the production methods as well as to the ways of reaching the customers with the product that the organisation uses.

Another division distinguishes the following three innovation planes: technical, organisational and marketing. In this case, the technical plane also includes the product as well as process innovations (Leszczyńska, 2011, p. 16).

2.2 Ecological innovations

Ecological innovations, which in the further part of the paper will constitute the basis of the problem under analysis, can be generally divided into:

- technical innovations, including:
 - process innovations – which enable the production of a given number of products with the lower amount of input;
 - product innovations – which include the improvements (modifications) of products, services and the development of the new ones,
- organisational innovations, which include new forms and tools of management (Leszczyńska, 2011, p. 34).

The examples of technical innovations can be the company's activities connected with air and climate protection, sewage economy, water protection or the decisions connected with sewage economy.

3. THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

The concept of "Corporate Social Responsibility" (CSR) seems to be a relatively new idea. However, perceiving and including social needs and expectations into the organisations', companies', enterprises' and other institutions' strategies and activities have been functioning in the public debate since the beginning of the previous century and this issue has been dealt with by the most outstanding economists, among whom were Milton Friedman and Peter Druckner.

3.1 The development of the concept of CSR

The idea of corporate social responsibility was the response to the changing business environment. Originally, it was assumed that the economic growth was the source of the entire progress, both economic and social. The motor of this growth was the aspiration for profit maximisation, realised in the conditions of competition among companies. This is the view which has its origins in classical economics, in particular, in the works of A. Smith. With time, when the reality started to deviate from the ideal of perfectly competitive economy, it turned out that the activity only for profit leads to many negative incidental phenomena (Rybak, 2004, p. 17). Among those phenomena, the most significant – from the point of view of the future of humanity – is the destruction of the natural environment.

The development of the concept of corporate social responsibility proceeded thanks to the human need to assess and justify the obligation and responsibility of those who manage, in the light of the imperfection of the market itself and the "invisible hand" which governs this market.

3.2 The importance of Corporate Social Responsibility

Corporate social responsibility or responsible business running is the process of learning and including the changing social expectations into the management strategy as well as monitoring the influence of

such a strategy on company's competitiveness. In this definition, which comes from the language of management theory, attention is paid most of all to the fact that corporate social responsibility is of strategic and dynamic character and that it is based on continuous improvement and constant cooperation with all interested parties (Gasparski, 2012, p. 424).

In practice, CSR encompasses the activities addressed to company's employees (e.g. improving work conditions, providing more satisfaction or professional development opportunities, equal treatment etc.), to the market (e.g. punctual liability settlement with deliverers and business partners, obeying commercial contract terms and conditions, improving product quality and safety, ethical advertising activity, cooperation with the regional companies etc.), to society (e.g. improving the local infrastructure, financial and material support of social integration etc.) or to the natural environment (e.g. using the environment-friendly product and production processes, the effective use of resources, using the deliverers' "ecological price", limiting the amount of produced waste and pollution etc.) (Bieńskiewicz, 2008, p. 6).

The broad treatment of CSR was indicated by the creators of the Global Compact initiative, whose motivator was Kofi Anan – the Secretary-General of the United Nations. It is a call to obey certain principles in running business activity. These principles pertain to: human rights, work standards, natural environment protection, corruption prevention (Bartkowiak, 2011, p. 21).

The United Nations Environment Programme (UNEP) has been coordinating the international cooperation for the protection of the natural environment since 1973.

Three environment-related principles of the Global Compact were formulated on the basis of the Declaration of Rules and International Activity Plan (Agenda 21), which were the results of the United Nations Conference on Environment and Development (Earth Summit) organised in Rio de Janeiro in 1992.

Chapter 30 of Agenda 21 shows that the strategies and activities of business and industrial entities can play a significant role in reducing the influence of their activity on the use of resources and the natural environment. In particular, business can contribute to the promotion of clear production and responsible business (www.globalcompact.org.pl).

3.3 The essence of CSR

In principle, corporate social responsibility is not regulated by law although observing the regulations of law is a *sine qua non* condition of running business activity. Thus CSR is not a highly formalised system. The institutionalisation which takes place depends – to a great extent – on the effects and scope of using the basic instruments of CSR – that is – on the dialogue with the interested parties and continuous improvement. At the same time, one needs to realise that social corporate responsibility is an essential challenge for the enterprises which frequently function in the conditions of the market that is not fully shaped, the lower level of consumer awareness and the weak consolidation of moral values in economy (Gasparski, 2012, p. 430).

It might be noted that the civilisation transformations manifesting themselves in the changes of life level and quality are the global processes and occur dynamically. These changes result from the increase in the level of income and the violent expansion of the offer of goods and services. It affects the attitude to life quality which includes living conditions, professional activity, attitude to health, way of spending free time, openness to changes etc.

The feature of the present time is a permanent change, a fast increasing supply and still unsatisfied demand (Karaszewski, Karwacka&Paluszek, 2011, p. 46).

It should be highlighted that the activities connected with corporate social responsibility should be directed to all interested parties of a given organisation, bar none.

4. ECOLOGICAL INNOVATION AS THE TOOL OF CORPORATE SOCIAL RESPONSIBILITY – THE EXAMPLES

Business activity, in particular production activity, is based on the use of natural resources.

In management sciences, an essential change in the attitude to the issues of the environment occurred, among others, thanks to the development of the system approach. According to this, the management system, which is a set of mutually combined elements functioning as a whole, is connected with the environment, including the natural environment.

The environment resources condition the existence and development of an enterprise and the enterprise as a system interacts with the environment in the form of a feedback (Leszczyńska, 2011, p. 29). In the trend of taking care of the environment, we can find a new approach to marketing – the so-called ecomarketing or ecological marketing which is understood as a set of integrated activities. These activities involve more profitable and more effective (than the competitors' activities) recognition and fulfilment of customers' needs in order to satisfy both parties and – at the same time – to provide a balanced social development. Understood in this way, ecomarketing becomes the process of a constant search for the ways of limiting the pressure of the enterprises and the products and services they produce or render on the natural environment, including people, as well as the process of improving the organisation itself and the market offer so that the activities taken contribute to the company's success (Graczyk, 2008, p. 109). The observation of the activities of the majority of companies may lead to the statement that the superior objective of ecological innovations for the managerial staff is to provide conformity with the binding standards and legal norms. The other goals which can be observed are, among others, the limitation of postproduction waste, the limitation of water and energy use, the limitation of product environmental harmfulness as well as – by means of the concept of ecological marketing – the increase in the competitive advantage thanks to creating new values on the market and developing environment-friendly products and the so-called "clean technologies".

The next part of this article presents the examples of companies and organisations which – directed by the idea of CSR – aim at using the innovative solutions in the fight for environmental protection.

4.1 Think Water

Hydrus Future – the British company – whose products are already available in Poland, in its strategy, is directed by the care of the environment and especially of the limitation of water use. Hydrus Future has devised an invention whose task is to limit the waste of water through limiting the necessity of water intake in urinals.

The water-saving plastic object which is placed in urinals was successful, beyond all the expectations of the Sage company seated in Newcastle. This invention, which was devised by Andy Ruddock, can be placed in all types of urinals.

This device eliminates the need to rinse the urinal each time it is used. Moreover, it is also thanks to the use of the work of friendly bacteria which prevent unpleasant odours. In order to follow hygiene standards, people need to rinse the urinal with this device only once a day. The originator of this device conducted a pilot study (experiment) in order to verify the effectiveness of this appliance. The urinals for men were determined as the key factor in reducing the water use in particular buildings. The "Think Water" device soon proved its potential. It was estimated that thanks to its use, the saving of fresh clean drinkable water amounts to 4118 m³ annually and the amount of reduced water waste is the same; both of these quantities constitute the costs for each organisational unit (www.hydrusfuture.com).

4.2 Bill and Melinda Gates Foundation

Being the most generous person in the world (devoting as many as USD 28 billion to charities), Bill Gates has a new idea: creating toilets for the countries which do not have access to running water and sewage systems [www.forbes.pl]. According to the foundation, 4 out of 10 inhabitants of the Earth have no possibility of using a toilet in safe and hygienic conditions. Therefore 22 universities were

asked to design such a device which would be cheap, would not use water, would not need to be connected to a sewage system nor would it need electric energy. The goal of the scheme is to change impurities into something useful and safe, e.g. fuel material, fertilisers or pure water. The first working prototypes were on display in Seattle where eight finalists presented their concepts. The solar battery-powered toilette changing the matter into hydrogen and an additional portion of solar energy won the competition. It was devised in the California Institute of Technology which was awarded with USD 100 thousand. The silver medal- and USD 60 thousand-winning model comes from the British Loughborough University and produces carbon, minerals and pure water. A popular solution was also the one that produced combustible gas ready for being used for cooking [www.gatesfoundation.org].

4.3 Eco-Innovation Programme

As has already been stated, a chance to limit the adverse effects of products and services on the environment is the introduction of innovative solutions – this process is known as eco-innovation. Through initiating the programme dedicated to this issue, the European Union intends to achieve the ecological goals and thereby stimulate the economic growth. This programme is managed by the Executive Agency for Competitiveness & Innovation (EACI) in close cooperation with the European Commission. In accordance with the programme assumptions, all ideas have to be worked out with reference to the long-term profitability forecast in order to be qualified for funding. The objective of the initiative is to support the innovative technological environment-friendly solutions. As stated by the programme authors, the best eco-innovative projects are those which can be copied in the whole European Union [10]. The programme includes the following sectors and fields: recycling (among others, the use of waste for manufacturing ceramic products, the use of used shoes, making new furniture out of used plastic), construction sector (among others, wall panels manufactured out of waste), food sector (among others, retrieving energy out of carcass, using food waste) and the so-called *green business* (among others, environment-friendly textiles and environment-friendly ways of manufacturing ceramic tiles).

5. CONCLUDING REMARKS

In today's violently changing and dynamic market environment, one of the most significant elements which allow to maintain the competitive advantage by given organisations is the search for innovative solutions, products and services as well as implementing them.

Corporate social responsibility should not only involve meeting all of the formal and legal requirements and norms, met out of necessity or under constraint, but this idea should also be an important signpost for managers and entrepreneurs, to be a kind of a superior idea implemented voluntarily. What can be observed is the emerging trend of combining the idea of innovative solutions with the concept of corporate social responsibility, especially in the context of the care of the environment.

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