

# Corporate Social Responsibility As a Source of Competitive Advantage in Large Enterprises

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## Abstract

The competitive advantage of enterprises in the conditions of market economy is not generated merely by ensuring high quality products and services. Therefore, in their strategies, they need to involve elements such as corporate social responsibility. The aim of the paper is to identify the key sources of competitive advantage of large enterprises. In the empirical research, the hypothesis has been tested to determine if the application of corporate social responsibility by enterprises has a statistically significant effect on gaining competitive advantage in the market. The hypothesis is verified on the basis of the authors' study of 253 large enterprises operating in Poland by means of exploratory factor analysis, the statistical method of reducing the number of classifying empirical variables, i.e. of discovering a structure in their interrelations. The procedure enabled the selection of the factors with the greatest statistical shares in explaining variability. To this end, the input space was rotated in accordance with the Varimax criterion, with the number of determined factors specified by means of the Kaiser criterion and Cattell's scree test. The application of an exploratory factor analysis enabled the authors to construct an original factor model of sources of enterprise competitive advantage, with three factors identified: marketing, innovation activity and corporate social responsibility. This indicates that marketing activities, innovation activities and the application of corporate social responsibility are the key sources of competitive advantage in large enterprises operating in the market.

*Keywords: corporate social responsibility, competitiveness, enterprises, competitive advantage, exploratory factor analysis*

*JEL Classification: M14, P12*



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## 1. INTRODUCTION

The institution of the concept of Corporate Social Responsibility (CSR) obliges an enterprise to improve its activities in terms of environment protection and public contact beyond its legal duties. In this way social welfare is necessarily improved by discretionary business practices as well as the use of resources (Kotler & Lee, 2005) to contribute to sustainable economic development, collaboration with employees and their families, the local community, and the public at large in order to improve quality of life in ways that would be good both for business and overall development (Irabora, 2019).

Most specialist publications feature merely theoretical research, or their empirical results are generated by unrepresentative samples. In addition, synthetic research into the identification of key factors that provide grounds for competitive advantage in the market is largely absent. Therefore, the goal of the research presented is to introduce results stemming from a study on a representative group of enterprises, the results of which could then be generalised. The aim of the research is to identify the key sources of competitive advantages in large enterprises.

Our critical literature review delineates the concept of Corporate Social Responsibility not only in terms of contributing to the attainment of competitive advantage, but also to the provision of beneficial conditions for social and economic development in innovative ways. Enterprise operation in a competitive market depends on the social acceptance of methods and effects of this operation both by participants in the enterprise as well as in the social environment at large. Thus the social acceptance of a firm and its objects determines in large part the very existence of a business.

The results of our original field research of 253 large enterprises in Poland uphold a dependence between the implementation of CSR in enterprises and the acquisition of competitive edge in the market. What is more, our analysis of CSR has fostered the creation of practical guidelines for managers. We have found that CSR actions in the field of natural environment protection, provision of adequate working conditions and wages, and good contact with stakeholders should be incorporated into strategies of enterprise development, as these factors may constitute sources of competitive advantage.

## 2. THEORETICAL BACKGROUND

The contemporary understanding of the concept of Corporate Social Responsibility can be seen as economic, legal, ethical, and charity expectations of society towards enterprises (Classon & Dahlström, 2006), a philosophy of business (Amalric & Hauser, 2006), part of a management strategy (Wolak-Tuzimek, 2014), a factor of competitiveness (Porter & Kramer, 2006), a factor of the sustainable development of entrepreneurship (Němcová & Tučková, 2019), the concept of enterprises voluntarily considering social aspects (Kotler & Lee, 2005), discretionary actions by enterprises to promote a type of social good that goes beyond a firm's own interests and legal requirements (Barnett, 2007), international private business regulation (Sheehy, 2015), and a variety of social actions depending on the corporate sector and strategy (Godos-Díez et al., 2018).

In the current global competitive environment, CSR is regarded as part of building competitive advantage (Madueño et al., 2016). The concept becomes a strength of the enterprise, as it is not only price of goods or services, but also the circumstances in which they are made that distinguish an enterprise from its competitors, i.e. they become sources of competitive advantage (Burianová & Paulík, 2014). The introduction of CSR principles contributes above all to the improvement of relations with customers, local communities, business partners and / or local authorities (Chih et al., 2008). This activity enhances the diversity of a given firm and distinguishes from its competition (Gupta et al., 2013).

Corporate Social Responsibility must be connected with an enterprise's regular activities and the profile of its actions to improve its image and reputation. An improved reputation and



image enhance customer satisfaction as well as consequently boost the sales and profits of the enterprise, which is the goal of each action by means of enhancing competitiveness. In addition, CSR facilitates access to capital, cuts costs of cooperation with partners, improves the potential for attracting the best workers, reduces business risk as well as increases stability and development opportunities. Consequently, enterprises attempt to build their positive reputation by various methods and instruments. Social commitment is a major determinant of a positive reputation, an asset distinguishing an enterprise from its competitors, and thus a source of competitive advantage (Torugsa et al., 2012).

CSR actions humanise a firm and steer it away from focusing on merely profit towards a concern for all stakeholders (Maráková, 2019). Wages themselves are unable to sustain emotional links between staff and their enterprise. In this connection, CSR may serve as a factor emotionally binding employees to their firm (Zulfiqar et al., 2019), which is a potential source of competitive advantage.

The concept of Corporate Social Responsibility is treated as a tool of gaining competitive advantage in the global market, where customers, staff, as well as investors attach great importance to many factors besides economic value. One strategy of a firm desiring to enhance the social environment’s confidence in its business actions is to cultivate Corporate Social Responsibility in its own policies and practices.

In the opinion of Saeed & Arshad (2012), CSR is a source of competitive advantage by creating intangible resources within an enterprise which are important to securing competitive advantage, as these properties are valuable, rare, and hard to imitate. Developing a model to generate these intangible strategic resources in an organisation by including Corporate Social Responsibility in its business strategy was the central focus of our study. The model presents external and internal actions of enterprises that can affect their reputation and social capital.

Since CSR acts on a variety of business dimensions, such as ethics, marketing and stakeholder satisfaction, a model of internal and external CSR actions was developed (Figure 1). M. M. Saeed and F. Arshad note that these actions influence the financial performance of an enterprise as well as perceptions regarding its organisational efficiency, which results in a gain in competitive advantage.

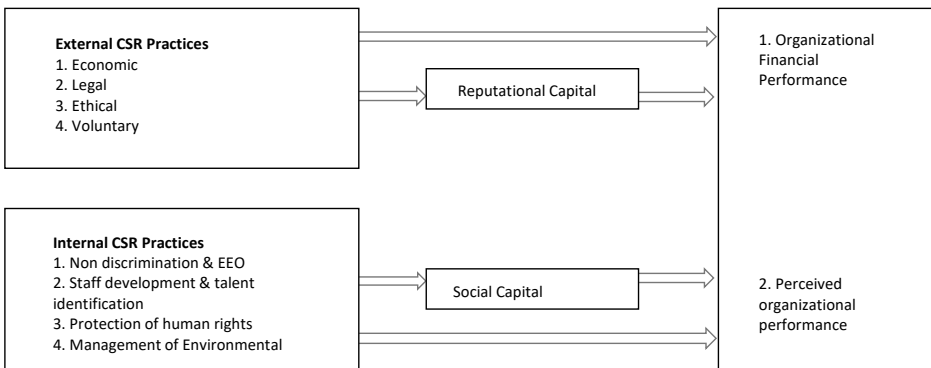


Fig. 1 – CSR as a source of competitive advantage through the creation of intangible resources in an organisation.

Source: Saeed & Arshad, 2012

Issues related to gaining competitive advantage have been studied by numerous other authors as well. The researchers emphasize how activities can be seen as a source of competitive advantage by demonstrating goodwill in positively affecting the needs of society and enhancing the reputation of an enterprise (Vidales & Ortiz, 2014). CSR actions primarily improve the living conditions of a population by improving the natural environment. They also affect consumer demand and represent a significant enterprise strategy. Thus good practices lead to competitive advantage (Brunsael, 2009).

Discussions on the concept of Corporate Social Responsibility in the literature have failed to demonstrate the effects of this concept with a study on a representative sample of enterprises gaining competitive advantage. The results presented in this paper can be generalised to the entire sample of large enterprises active in Poland and can become a starting point for further research in the country as well as internationally.

### **3. RESEARCH OBJECTIVE, METHODOLOGY AND DATA**

The aim of the research is to identify the key sources of competitive advantages of large enterprises.

By improving the commitment and motivation of their staff, increasing innovative activities, and fostering a positive image with stakeholders, socially responsible enterprises may gain competitive edge over other market players. The research hypothesis can be posited, therefore, that the implementation of CSR to enterprises has a statistically significant effect on attaining competitive advantage in the market.

This hypothesis was verified on the basis of research in 253 Polish enterprises by means of exploratory factor analysis in a study carried out in March 2020. The simple random selection of the sample involved a direct and unlimited choice of the statistical sample units out of the general population without any restrictions. A statistical sample was drawn out of the general population of large enterprises, which numbered 4335 (NSO, 2019).

We characterize large enterprises as enterprises not explicitly defined according to the European Commission (2003) and the Commission Recommendation dated from May 6, 2003 on definitions of micro, small and medium-sized enterprises (C (2003) 1422; OJ L 124, 20.5.2003), which means that large enterprises employ more than 250 employees, annual turnover exceeds 50 mln EUR and/or annual balance sheet total exceeds 43 mln EUR.

In line with the results reported by Greenland et al. (2016) and Hoekstra et al. (2014), the confidence level was set at  $\alpha=95\%$  and maximum error  $\beta$  at 6%, which means the results may diverge from correct values by 6%.

The survey details were generated by means of Computer-Assisted Telephone Interview (CATI). The limited liability companies were the main form of legal organisation. They accounted for more than 68% of all the entities. Joint-stock companies constituted the second largest grouping (approx. 21%). Service and trade firms were the most numerous set (118 entities, i.e. ca. 47% of all the firms). Those were followed by production, industrial and chemical businesses, whose share amounted to around 29% (74 firms). Consumer goods, fuel extraction and energy enterprises



were the smallest groups queried, 2.4% and 2.8%, respectively. Most enterprises studied were based in Mazowieckie (46) and Śląskie (34) regions. Their shares were 18.2% and 13.4%, respectively. Fewest businesses (6), on the other hand, were examined in Lubuskie region. More than 75% of the enterprises surveyed had implemented CSR and used integrated information systems ERP III.

An original survey questionnaire consisting of two parts: particulars and questions, was employed in the empirical study. Five objective (or near objective) criteria were adopted in the former one to characterise the sample. The latter one contained 6 questions corresponding to the factors based on earlier results of the author's research (Wolak-Tuzimek, 2019). The respondents were expected to specify the significance or impact of a given factor on a phenomenon on 10-point ordinal scales. The responses were subjective and given by senior managers (board members) of the enterprises studied. The results concerning two tasks are introduced in this paper:

1. Please determine the significance of particular factors as sources of competitive advantage in the market on a scale from 1 to 10, where: 1 denotes low significance and 10 high significance (14 factors – observable variables – were studied, namely: quality management system, creation of unique products/ services, cost reduction, advertising, public relations, enterprise image, highly qualified managerial staff, knowledge and skills of employees, investment activities, innovation activities, new technologies, customer trust, integrated IT system, and the implementation of Corporate Social Responsibility).
2. Please determine the impact of CSR on particular factors as sources of competitive advantage in the market on a scale from 1 to 10, where 1 denotes low significance and 10 high significance (14 factors – observable variables – were studied, namely: quality of product/ service, quality of servicing, product brand, advertising, public relations, enterprise image, highly qualified managerial staff, knowledge and skills of employees, product pricing, innovation activities, actions in accordance with social expectations, consumer preferences, customer trust, integrated IT system).

The exploratory factor analysis served to verify the research hypothesis. It explicates correlations and seeks causes of covariance generated by shared factors in order to distinguish all factors inherent in correlations of a given system of variables while preserving as much information in primary variables as possible and then to reduce these factors. The number of components, known as factors, was identified next by the application of Kaiser criterion (Kaiser, 1960) and Cattell scree test (Cattell, 1966).

A model consisting of factors with eigenvalues above 1 is selected for continuing analysis. A matrix of eigenvalues is then generated for the selected factors and subject to Varimax rotation. The number of variables needed to explain a given factor is limited in this way. Correlation between observable variables and factors input to the model is 0.7. It is thus determined which observable variables 'load' a factor. The factors are named after the variables with the maximum factor loading or after shared characteristics. A graphic representation of the factor model of sources of enterprise competitive advantage is constructed in this manner. Statistical 12 software is employed as a tool for data analysis.

## 4. RESULTS AND DISCUSSION

The exploratory factor analysis served to verify the research hypothesis. Cattell scree test and Kaiser criterion were employed to establish the number of factors. The factor scree diagram of eigenvalues contributing to the model by individual factors is shown in Figure 2.

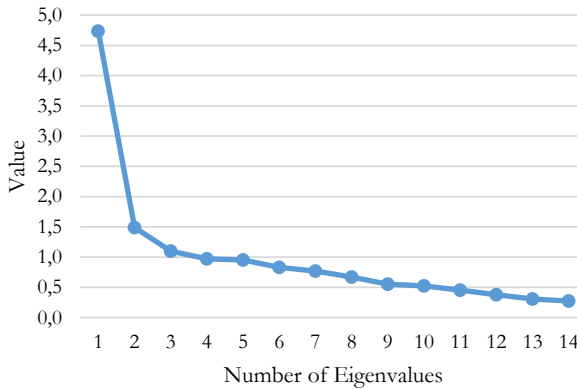


Fig. 2 – Scree diagram of eigenvalues for the factors defining sources of enterprise competitive advantage. Source: own research

Figure 2 indicates a sharply declining curve changes into a mild factor scree after three identified factors. This means the subsequent factors contain little information, or have low eigenvalues, and are rejected as a result. A model consisting of three factors with eigenvalues above 1 is selected for continuing analysis. Table 1 contains a matrix of eigenvalues for the identified factors.

Tab. 1 – Matrix of eigenvalues for factors determining sources of enterprise’s competitive advantage. Source: own research

Factor	Characteristic eigenvalue	Percentage of general variance	Accumulated characteristic eigenvalue	Accumulated percentage
F1	4.74	33.82	4.74	33.82
F2	1.49	10.62	6.23	44.44
F3	1.10	7.86	7.33	52.30

These figures imply the successive eigenvalues, or parts of the variance being explicated for the three factors, are in the range  $\langle 1.10; 4.74 \rangle$ . The accumulated eigenvalue for the three factors is 7.33. This means this system of factors explains 52.30% of the total variance and the model formulated below well matches the reality being examined.

In order to improve and generate the so-called simple factor structure, the matrix of factor loads is subjected to Varimax rotation that simplifies the factor interpretation by minimising numbers of variables needed to explicate a given factor. Table 2 presents a matrix of factor loads for factors describing sources of enterprise competitiveness, or a correlation between the observable

variables and the factors introduced to the model. The minimum value of the correlation is 0.7.

Tab. 2 – Matrix of factor loading for factors describing sources of enterprise competitiveness.

Source: own research

Factor loads (normalised Varimax)			
Principal components (the loadings are greater than 0.7)			
Variable	F.1	F.2	F.3
V.1	0.11	-0.05	0.60
V.2	0.60	-0.01	0.02
V.3	0.52	0.43	0.15
V.4	<b>0,79</b>	0.14	0.08
V.5	<b>0,74</b>	0.09	0.26
V.6	0.53	0.57	0.22
V.7	0.26	0.66	0.20
V.8	0.42	0.10	0.28
V.9	0.58	0.40	0.07
V.10	0.03	<b>0.84</b>	0.10
V.11	0.07	<b>0.81</b>	0.03
V.12	0.44	0.17	0.48
V.13	0.00	0.19	0.62
V.14	0.21	0.16	<b>0.72</b>

Values above 0.7 are shown in bold in Table 2 to make the variables loading the particular factors easier to notice. The first factor (F.1) explains 33.82% of the overall variance and is represented by two variables numbered 4 and 5, namely, advertising and public relations. F.2 explicates 10.62% of the total variance and is represented by two variables numbered 10 and 11, i.e. innovative actions and new technologies. Factor three (F.3) explains 7.86% of the overall variance and is represented by a single variable numbered 14, that is, implementation of Corporate Social Responsibility. In line with the approach suggested by the literature, factor names are derived from the names of variables with the maximum factor loadings or from a shared characteristic. Therefore, the first factor is called ‘marketing’, F.2 – ‘innovation’, factor 3 – ‘CSR’.

The foregoing terminology served as the starting point for a model showing sources of enterprise competitive advantage, as illustrated in Figure 3.

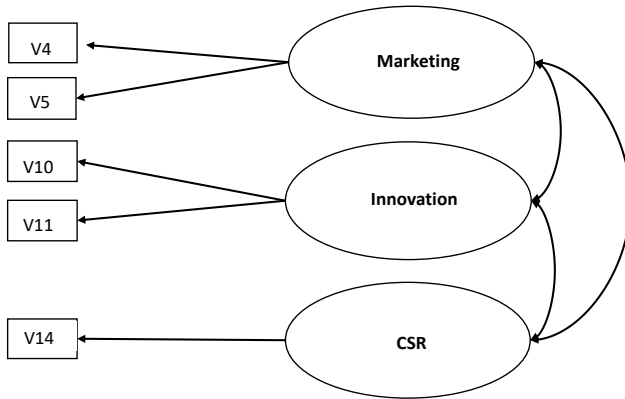


Fig. 3 – Factor model of sources of enterprise competitive advantage. Source: own research

The individual observable variables (positions on the scale) are represented as rectangles and the factors as ovals in Figure 2. The life-and-death (regressive) relations are shown with unidirectional arrows and correlation dependences by means of bidirectional arrows.

The exploratory factor analysis suggests the respondents believe there are three factors that provide the basis for an enterprise to gain competitive advantage, namely: marketing, innovation, and CSR. The identified system of factors explicates 52.30% of the total variance, which means the model well matches the reality. The variable ‘Implementation of Corporate Social Responsibility to an Enterprise’ constitutes a source of competitive advantage. This is demonstrated by the fact V14 loads ‘CSR’, which explains 7.86% of the overall variance.

The exploratory factor analysis was applied to examine effects of CSR on a number of variables that are factors of competitiveness. Cattel scree test and Kaiser criteria were employed as well. The diagram of factor scree, that is, eigenvalues contributed to the model by particular factors, is in Figure 4.

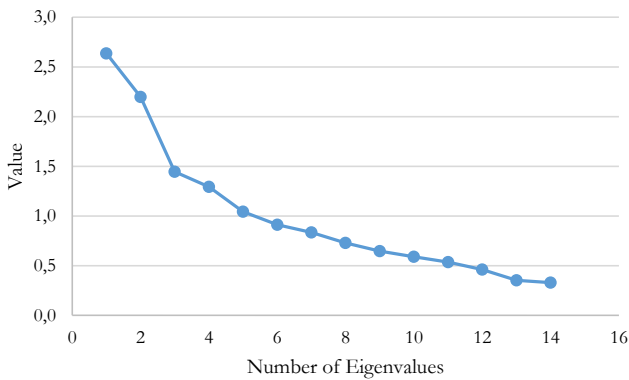


Fig. 4 – Scree diagram of eigenvalues for factors of enterprise competitiveness influenced by CSR. Source: own research



A model consisting of five factors whose eigenvalues are above 1 was selected based on the analysis of Cattell scree test (Figure 5) and application of Kaiser criterion. The eigenvalue matrix for the selected factors is contained in Table 3.

Tab. 3 – Eigenvalue matrix of factors of enterprise competitiveness dependent on CSR. Source: own research

Factor	Characteristic eigenvalue	Percentage of general variance	Accumulated characteristic eigenvalue	Accumulated percentage
F1	2.64	18.83	2.64	18.83
F2	2.20	15.70	4.84	34.53
F3	1.44	10.32	6.28	44.85
F4	1.30	9.23	7.58	54.08
F5	1.04	7.45	8.62	61.53

These figures implying the parts of explicated variance for the individual five factors are in the range <1.04;2.64>. The accumulated eigenvalue of these factors is 7.45. This means that this system of factors explains 61.53% of the total variance.

The matrix of factor loads was then subjected to Varimax rotation, which helps to simplify the factor interpretation by minimising the number of variables needed to explicate a given factor. Table 4 illustrates a matrix of factor loadings for the factors describing correlation between observable variables and the factors introduced to the model. The minimum value of the correlation is 0.7.

Tab. 4 – Matrix of factor loadings for factors of enterprise competitiveness dependent on CSR. Source: own research

Factor loads (normalised Varimax)					
Principal components (the loadings are greater than 0.7)					
Variable	F.1	F.2	F.3	F.4	F.5
V.1	0.69	0.23	0.04	-0.03	0.13
V.2	0.04	0.21	-0.03	-0.11	0.68
V.3	-0.01	0.06	<b>0.85</b>	0.24	-0.04
V.4	0.18	0.01	<b>0.85</b>	-0.16	0.08
V.5	0.67	-0.14	0.21	-0.20	0.00
V.6	<b>0.73</b>	-0.20	-0.17	0.05	0.02
V.7	0.69	-0.06	0.01	0.20	-0.09
V.8	-0.05	0.10	0.04	0.04	<b>0.82</b>
V.9	0.07	-0.01	0.06	0.47	0.51
V.10	0.54	0.17	0.32	0.01	0.05
V.11	-0.01	-0.05	-0.04	<b>-0.87</b>	0.05

V.12	-0.08	<b>0.84</b>	0.05	0.03	0.19
V.13	0.00	<b>0.85</b>	0.01	0.07	0.18
V.14	0.41	0.39	0.11	-0.24	-0.19

Values above 0.7 are shown in bold in Table 5. The first factor (F.1) explains 18.83% of the overall variance and is represented by a variable numbered 6, namely, enterprise image. F.2 explicates 15.70% of the total variance and is represented by two variables numbered 12 and 13, i.e. consumer preferences and customer trust. Factor three (F.3) explains 10.32% of the overall variance and is represented by two variables numbered 3 and 4, that is, product brand and advertising. The fourth factor (F.4) explicates 9.23% of the overall variance and is represented by a variable numbered 11, namely, actions in accordance with social expectations. The final factor number five (F.5) explains 7.45% of the overall variance and is represented by a variable numbered 8, namely, knowledge and skills of workers.

Factor names were derived from a shared characteristic (for two variables) or variable name (single variable). Therefore, the first factor is called ‘enterprise image’, F.2 – ‘consumer’, factor 3 – ‘marketing’, factor 4 – ‘actions in accordance with social expectations’, and factor 5 – ‘knowledge and skills of workers’.

The authors’ research results imply Corporate Social Responsibility influences enterprise image, consumer attitude to enterprise, actions in accordance with social expectations, and knowledge and skills of workers.

## 5. DISCUSSION

The corporate world recognises an enterprise displaying a responsible attitude to society and environment may grow increasingly competitive and stands a chance of attracting and retaining more customers and best employees. The concept of CSR thus becomes a new vision of a partnership that leads to acquisition and maintenance of competitive advantage.

Bernal-Conesa et al. (2017) published results of their survey of 6,452 companies sited in Spanish research and technology parks, designed to explore relations between CSR strategies, competitiveness, and financial results. Analysis of the results concluded organisations with a strategic orientation to innovation that focus on improvement of their internal organisational capabilities to be more competitive in the globalised environment. To support product and process innovation, firms must adopt formalised CSR practices as these have beneficial impacts on competitiveness. The authors believe CSR strategies improve competitiveness of technology enterprises.

The theoretical discussions are corroborated by results of Gallardo-Vázquez & Sanchez-Hernandez (2014) who studied a sample of 67 Spanish enterprises. The authors utilise the methodology of structural equations based on path modelling with the least-squares method and prove a positive, direct, and significant impact of social responsibility on competitive success of enterprises.

The authors’ own results and the synthetic presentation of other results reaffirm the research



hypothesis that implementation of the CSR concept to enterprises has statistically significant effects on gaining competitive advantage in the market.

A review of research into the effects of CSR on the selected factors of enterprise competitiveness shows results which are diverse and occasionally contradictory.

In 2012, Luo & Du published results upholding a dependence between the concept of CSR and enterprise innovation. Their survey for the years 2001 – 2004 took in the activities of 128 firms in all major branches of industry in order to determine relations between commitment to the CSR projects and numbers of newly marketed products. These authors are of the opinion that corporate social responsibility policies may improve enterprise innovativeness, as the enterprises employing the concept are more open. CSR actions help to strengthen relations with external stakeholders and provide enterprises with access to new knowledge resources. This knowledge can inspire action and the creation of a new product or service. Policies of socially responsible enterprises allow for the active monitoring of the market along with seeking out new trends as well as technologies. It should be noted, however, that not all enterprises derive ‘innovative’ benefits from CSR undertakings to an equal extent. The higher their spending on research and development, the more stimulating its effects.

Not all researchers confirm a positive relation between CSR and innovation. Gallego-Alvarez et al. (2011) examined two-way connections between CSR practices and investment into innovation. 500 European and 500 non-European firms that undertook R&D investments in 2003-2007 were studied. Two dependence models were estimated in order to test the hypotheses proposed. The first one analysed the effects of CSR on innovation and was based on linear regression. The other was dedicated to testing the other direction of the proposed two-way relation (effects of innovation on CSR) and was tested by means of logistical regression, as the dependent variable is binary. The models were verified empirically with the aid of the two-staged method of least-squares for dynamic panel data models. The results of both models showed that the two-way relation between CSR practices and innovation is negative. The authors believe this is caused by the fact not all CSR projects create value for enterprises, with a number generating more costs. What is more, even though socially responsible initiatives may enjoy positive perceptions from various groups of stakeholders, these shareholders also frequently see them as the cause of falling share values.

Some interesting research has been conducted by the Mexican scientists Pinzon Castro et al., (2015), who administered a survey to 397 SMEs in order to determine the impact of CSR on the financial standing and competitiveness of an enterprise. Three dimensions of CSR were taken into account. The social dimension was measured by means of 15 factors, the environmental dimension with 7 factors, and the economic dimension by means of 9 factors. Enterprise competitiveness, on the other hand, was measured in three areas (financial result, cost reductions, and use of technologies) using 18 factors (6 for each area). The authors employed Confirmatory Factorial Analysis (CFA), with the reliability of the scale evaluated by means of Cronbach’s alpha coefficient and the Composite Reliability Index (CRI). The results corroborated a direct relationship between the implementation of CSR in enterprises and the improvement of financial results.

Different conclusions are drawn by American researchers Timbate & Kyu Park (2018), who studied the 500 largest American enterprises to determine a relationship between CSR and enterprise goodwill. Financial data were obtained from the Thomson Reuters Eikon database for the years 2001-2014. The generally available CSR data in Corporate Responsibility Magazine (CR Magazine), which has published the 100 best corporate rankings since 2000 based on data collected from websites, as well as sustainable development and annual reports were utilised. By applying descriptive statistics and Pearson's coefficient of correlation, the authors find no relation between CSR and growth of share profits as seen by investors. Moreover, estimated coefficients of interactions between CSR and share profit as well as of share profit changes were not significant. This indicates the CSR was not a statistically significant variable. The authors believe that the implementation of Corporate Social Responsibility primarily represents a commitment to actions that serve the society as a whole, which does not necessarily increase the goodwill of an enterprise.

Research into the effects of CSR on staff loyalty and business performance has recently been published by Stojanovic et al. (2020). Public sector (including research, educational and cultural institutions) and private sector (a variety of manufacturing and service firms) workers in post-transformation European countries were studied in 2017-2018. The aim was to investigate factors influencing business performance that directly or indirectly stem from the implementation of CSR activities. To analyse the proposed conceptual model, SEM methodology (Structural Equation Modelling) was used in the software LISREL v. 8.8. The testing of measurement and structural models as well as the formation of the hypotheses was performed using two-step structural equation modelling approaches, first to analyse the constructs' reliability and then to explore the structural relations between them. The results corroborate that a correctly defined objective of CSR implementation in enterprises has positive effects on both the selection of appropriate CSR actions as well as overcoming barriers to CSR implementation. In addition, CSR actions in firms improve staff loyalty. These results show that it is important to raise staff awareness of the CSR actions a firm undertakes to enhance loyalty. It is the authors' belief that an enterprise will generate better overall results if stakeholders including workers recognise it as socially responsible. Management should, therefore, aim to motivate new CSR-oriented actions that workers can identify as actual fair practices, not merely as marketing endeavours, which will improve loyalty and compliance with company values. As a result of these actions, staff loyalty and commitment increase, and the overall productivity of an enterprise improves.

Both the sources of competitive advantage and the effects of CSR on enterprise competitiveness in the market have been studied by a number of authors (Uchegara, 2019). However, the results cannot be generalised to entire enterprise populations in the given countries. This paper introduces results concerning large enterprises in the Polish economy which, assuming the level of confidence  $\alpha=95\%$  and statistical error of  $\beta=6\%$ , are representative of the basic sample.

## 6. CONCLUSIONS

The results of our research have helped to determine five factors affected by the implementation of CSR to enterprises: enterprise image, consumer, marketing, activities in accordance with social



expectations, knowledge and skills of employees. These factors are loaded by seven variables: enterprise image, consumer preferences, customer trust, product brand, advertising, activities in accordance with social expectations, knowledge and skills of employees. This system of factors explicates 61.53% of the overall variance.

Our exploratory factor analysis has served to construct a proposed model determining sources of competitiveness in large enterprises in the Polish economy. Our analysis suggests three factors are key sources of competitive advantage in the market, namely, marketing, innovation, and CSR. These factors are loaded by five variables: advertising and public relations, innovative activities and new technologies, and implementation of Corporate Social Responsibility. This set of factors explains 52.30% of the total variance, which means the model well matches the reality under examination. CSR explicates 7.86% of the overall variance and is loaded by a single variable the implementation of Corporate Social Responsibility.

The research results confirm the validity of the research hypothesis that the implementation of the CSR concept in an enterprise has statistically significant effects on its gaining competitive advantage in the market.

The analysis indicates that enterprises should implement Corporate Social Responsibility, as it is a source of competitive advantage in the market. A firm that has implemented CSR not only improves its image, but also boosts the motivation and commitment of its staff, which translates into their greater creativity and productivity. A firm's positive image also improves cooperation with business partners, which may lead to greater sales and improved financial results. The future directions of the research carried out by the authors should be a verification of the model within the context of different national economies.

The research was conducted using a sample of 253, assuming that significance level  $\alpha=95\%$  and standard deviation  $\beta=6\%$  is representative in the sample of large enterprises operating in Poland. The research results confirmed that the application of corporate social responsibility creates a source of competitive advantage in the market. For this reason, the enterprises should include corporate social responsibility in their strategies. As the research results have confirmed that the implementation of CSR activities contributes to the improvement of the image of enterprise, public relations, as well as innovation activities and that it has a positive impact on building a competitive advantage. The research results can be useful for entrepreneurs aiming to improve their competitive position in the market while focusing on the key competitiveness factors.

The results suffer from the limitation of have been determined for one country only, although other environments may become the subject of future research. The ambition of the authors is to complete further research on the group of large enterprises in the Visegrad group countries. Future research conducted on the research sample of large enterprises in four countries, the Czech Republic, the Slovak Republic, Poland and Hungary would lead to the identification of factors of competitiveness at the micro-level in the particular countries as well as investigations into how each country itself influences sources of competitive advantage.

The notable growing interest in Corporate Social Responsibility in global specialist literature is above all a response to challenges facing the practice of enterprise management. These research results may be made into guidelines for managers to appropriately focus on factors that are sources of competitive advantage of an enterprise in the market.

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