

## **SOCIALLY IRRESPONSIBLE ACTIONS IN THE ECONOMIC AREA TOWARDS EMPLOYEES IN A SMALL ENTERPRISE**

Agnieszka SOKOŁOWSKA-DURKALEC

Wroclaw University of Economics and Business; agnieszka.sokolowska-durkalec@ue.wroc.pl, ORCID: 0000-0002-0708-9162

**Purpose:** The purpose of the article is to identify and evaluate selected socially irresponsible activities in the economic area towards employees in a small enterprise.

**Design/methodology/approach:** The theoretical part of the article uses a critical review of the literature on the subject, while the empirical part presents a pilot qualitative empirical study. The research was conducted by direct interview method using an interview questionnaire on a purposively selected sample of 78 Polish small (including micro) enterprises.

**Findings:** A key finding of the research is that entrepreneurs declared irresponsible behavior in all surveyed elements of the human resource management process.

**Research limitations/implications:** The research is idiographic and refers to a purposively selected sample of companies, so its conclusions apply only to the surveyed population. An important limitation of the research is the declarative nature of respondents' answers.

**Practical implications:** The results of the empirical research and its conclusions can guide managers of small enterprises regarding the avoidance of socially irresponsible actions towards employees and, on this basis, making socially responsible actions towards this group of stakeholders.

**Social implications:** The timeliness and importance of recognizing socially irresponsible actions towards a company's internal stakeholders in the face of global and national socio-economic challenges are of value to society and other participants in the small business environment.

**Originality/value:** This article pretends to fill a significant research gap in the subject matter. The originality of the considerations is due to the pioneering nature of the research on the social irresponsibility of small businesses to employees in terms of implementing the concept of corporate social responsibility.

**Keywords:** corporate social irresponsibility, employees, economic area of irresponsibility, small enterprise.

**Category of the paper:** Research paper.

## 1. Introduction

The trend of positive recommendations in the social paradigm of management formulates an unequivocal statement that the competitive strength of small enterprises, as well as the chances of their effective functioning, may result from employing competent, creative, and loyal employees (Heilmann, Forsten-Astikainen, & Kultalahti, 2020, pp. 1291-1306).

Employees as key stakeholders expect the company to act responsibly by rational management (Odoardi, Cangialosi, & Battistelli, 2022, pp. 1-18), compliance with laws and ethical values, and willingness to share goods. However, employees encounter socially irresponsible actions that differ significantly from the assumptions of socially responsible human resource management. In shortages and crises, this duality tends to tip the scales of reliable activity toward abuse, intentional neglect, and even fraud.

Particularly noteworthy in the set of socially irresponsible activities of a small enterprise is the economic area, which, according to A.B. Carroll's model of social responsibility (Carroll, 2021, pp. 1258-1278), in addition to the legal, ethical and philanthropic area, provides the foundation for directing the decisions of managers to the rational use of corporate resources. And if it is assumed that the economic area of socially irresponsible actions is also considered the opposite of socially responsible actions, adverse decisions and related activity are to be expected. Therefore, the research problem in this discussion is constituted in the research question: *What selected socially irresponsible actions in the economic area towards employees can be identified in a small enterprise?*

This paper aims to identify and evaluate selected socially irresponsible actions in the economic area towards employees in a small enterprise.

This article pretends to fill a significant research gap in the subject matter and is a continuation of the considerations contained in the author's publication (Sokołowska-Durkalec, 2021) on the identification of key theoretical assumptions regarding socially irresponsible actions towards employees in a small enterprise and is an empirical verification of their part devoted to the economic area socially irresponsible actions.

## 2. Materials & Methods

### 2.1. Economic area of socially irresponsible actions towards employees in a small enterprise - theoretical assumptions

Social irresponsibility in the economic area towards employees in a small enterprise means negligence, omission, or harmful actions of the enterprise (implicitly: owner/s and managers) in taking up and running a business to increase profits, not always in accordance with the

principles of market economy and competition. This type of irresponsibility is associated with the desire to maximize the value resulting from the suboptimal and inappropriate use and management of human resources, as well as dysfunctional relationships with employees. It also manifests itself in fundamental dysfunctions in realizing the various elements of the human resource management process. In the case of employee relations, it is not treated categorically only in terms of economic values but also in terms of the degree to which the core areas of the process have been realized.

This way of understanding the described issue stems from the achievements of corporate social responsibility models (modified: A.B. Carroll's model, Y.Ch. Kang, and D.J. Wood's model, and the model of social reaction) and the general definition of corporate social irresponsibility adopted in this study, which can be understood as the lack or insufficient economic, legal, ethical and philanthropic commitment of the company towards internal and external entities/stakeholders (Sokołowska-Durkalec, 2021, p. 187).

Small businesses, as distinct entities due to the organization of functions and processes and management different from large and medium-sized enterprises (Udayasankar, 2008, pp. 167-175), pretend to reveal both pro-social behaviors (Graafland, Noorderhaven, 2020, p. 1-22; Aastha, Shazi, 2019, pp. 9-20; Vázquez-Carrasco, López-Pérez, 2013, pp. 3205-3218), and – on the contrary – the so-called "entrepreneurial otherwise", non-economic activities balancing on the border of law and ethics.

The specificity of the economic area of irresponsibility towards employees also results from the fact that in the case of a small enterprise, elements of the HR process and socially responsible activities are characteristic and do not occur in their entire extent and scope; they are somewhat "limited" due to the low-complex processes taking place in a small company, the number of employees or funds allocated for social purposes, awareness of owners and managers (Jarkovská, Jarkovská, M., 2020, pp. 101–112)<sup>1</sup>.

Therefore, as part of human resource management (implementation of the HR process), socially irresponsible activities in the economic area include many imperfections, dysfunctions, and neglect, as well as insufficient realization, concerning larger enterprises, of elements in the people management process. This set includes (Sokołowska-Durkalec, 2021, pp. 190-191):

1. providing incomplete or unreliable information to job applicants about terms and conditions of employment and the recruitment and selection processes;
2. failing to familiarize employees entering the job with their responsibilities, how to perform the work of their assigned positions, and their fundamental rights;
3. failure to create (or to insufficiently create) employees taking up employment after graduating from a vocational school or university, with conditions conducive to adapting to the proper performance of work;

---

<sup>1</sup> The conditions and specificity of the implementation of the personnel function in a small enterprise are described in the author's publication (Sokołowska-Durkalec, 2021).

4. late and incorrect payment of wages;
5. no use of material and non-material motivational tools (motivators);
6. application of an incomplete list of, biased and unfair criteria for the evaluation of employees and the results of their work;
7. organizing work in a manner that does not ensure full utilization of working time as well as failure to achieve high productivity and appropriate quality of work by employees, using their talents and qualifications;
8. organizing work in a manner that does not ensure reduction of its arduousness, especially monotonous job and work at a predetermined pace;
9. not providing or providing at a low level safe and hygienic working conditions and not providing systematic employee training in occupational safety and health;
10. creating working conditions that do not serve to give employees with a work-life balance;
11. failure to satisfy employees' social needs;
12. unreliable maintenance of documentation in matters related to the employment relationship and employees' files, as well as inadequate storage of documentation in issues related to the employment relationship and employees' files in conditions that could be damaged or destroyed;
13. failure to facilitate (or even a complete lack of creating conditions and providing opportunities) for employees to improve their professional qualifications;
14. unclear rules of promotion (especially concerning – in the case of a small enterprise – horizontal promotions);
15. precarious work of managers and other employees;
16. the practice of terminating employment contracts based on unclear rules and methods;
17. lack of readiness and authentic application of modern people management concepts, etc.

The above list does not exhaust the possibilities for socially irresponsible actions in the economic area toward employees in a small business. It needs to be expanded and considered from the perspective of other areas of legal, ethical, and philanthropic irresponsibility.

## **2.2. Research methodology**

The results of empirical pilot research presented in this article are a part of a research project entitled: *Social irresponsibility of a small enterprise - theoretical, methodological and practical challenges*. The aim of the research is to identify selected socially irresponsible actions towards employees in a small enterprise. The presented part concerns the economic area of socially irresponsible actions.

The qualitative empirical research was conducted between August 2020 and December 2021 on a purposively selected sample of 78 Polish small (including micro) enterprises. Interruptions in the research process were due to the pandemic situation. The surveyed enterprises were subjects of parallel stages of research.

Purposive sampling was related to the selection for the study of enterprises that met the following criteria: 1. the criterion of the number of employees, was related to the employment of up to 50 employees by the surveyed enterprise during the research period (among them there were microenterprises, employing up to 10 people); 2. the criterion of activity, meant conducting business activities and being active in the formal and literal sense; 3. the criterion of independence related to the independence of economic activity; thus, capital and organizational subsidiaries, being part of larger organizations or operating in networks (subsidiaries, related and partner enterprises), did not find interest in the process of selecting enterprises; 4. substantive criterion that concerned the possibility of distinguishing specific features in the assessed enterprise, highlighting the socially responsible nature of activity (e.g. enterprises presenting good practices in the reports of the Responsible Business Forum, from the list of Fair Play companies, exhibitors at CSR Good Practice Fairs, enterprises in which manifestations of social responsibility management were identified). The substantive criterion was applied due to the level of awareness of entrepreneurs regarding the processes related to social responsibility and – by assumption – social irresponsibility.

This paper evaluates respondents' answers to the 17 questions focused in the main question: *What selected socially irresponsible actions in the economic area towards employees can be identified in a small enterprise?*

Direct interview method was used in this research. For this research process, an interview questionnaire was constructed, which consisted of:

1. from an introduction describing the purpose of the empirical research undertaken, a definition of key terms, and instructions for answering the questions asked;
2. the main part, comprising five main sets of questions: I. Status of employees as key stakeholders (3 questions); II. Socially irresponsible actions in the small enterprises towards employees in the economic area (17 questions with a request for comments) and the remaining three sets on socially irresponsible actions in the small enterprises towards employees in the areas (legal, ethical, and philanthropic);
3. metric/certificate.

The questions were formulated in a simple closed - form, where the respondent answered unambiguously in the affirmative or denied, and complex, with multiple response options, and open form, where the respondent could comment on the answer given. The interview questionnaire was given to the respondents before the meeting to get acquainted with it. The author of this article conducted interviews: in in-person at the recommended sanitary regime, by phone and remotely through Skype, and MSTeams applications. Some interviewees agreed to record the interview. Most of the interviewees expressed their willingness to

participate in subsequent stages of the empirical study. To present the results of the empirical study, due to the partially structured interview and limitations related to the volume of the article, frequency analysis was chosen, i.e., analysis of the distribution of responses in the study sample and presentation of only selected comments related to the answers given.

### **2.3. Characteristics of the research sample**

The survey sample of 78 (N = 78) small Polish enterprises was diverse. The group included 28% of enterprises with no employees, 41% of micro-enterprises employing up to ten people, and 31% with more than 10 people employed. A significant representation (58%) among the respondents are family businesses. Data on the range of activities of the surveyed enterprises were fairly evenly distributed: regional: 30%, local: 23%, national: 21%, and international: 26%. Most of the researched enterprises (69%) were running their business activity for more than ten years, 17% from 4 to 10 years, while the youngest companies, functioning up to 3 years in the market, constituted 14% of the total. The dominant subject of activity is service enterprises (66%), while trade (20%) and production (14%) are represented at a similar level<sup>2</sup>. The research was predominantly conducted by business owners (75%), who answered the interview questions personally. In the remaining enterprises, entrepreneurs were represented by: hired managers (15%) and other employees (10%).

## **3. The results of empirical research**

The results show that most of businesses surveyed employ and treat (or would employ) employees as a significant interest group. Entrepreneurs not hiring employees indicated hypothetical actions. The answers are given by the interviewees<sup>3</sup> about the selected socially irresponsible actions towards employees in the economic area (Table 1) indicate mainly negligence in the field of timely and properly paid remuneration, employee adaptation, i.e. substantive, material and social implementation of the employee to work, ensuring social needs of employees, informing employees about the conditions of work and pay in the recruitment process and at the time of taking up work, reducing the monotony of work, practicing unclear procedures for dismissal from work and the lack of application of tangible and intangible motivators.

---

<sup>2</sup> The differentiating criteria (in the metric) included: the industry, the size of the town in which the company operated, the family or non-family nature of the business, the organizational and legal form of the enterprise, gender, age, and education of the respondent, the declaration of willingness to participate in subsequent stages of empirical research. Due to the limited scope of the chapter, their detailed presentation was abandoned (also with the studied issue).

<sup>3</sup> The respondents chose of several variants of answers; hence the percentages after summing up do not amount to 100%.

**Table 1.**

*Selected socially irresponsible actions towards employees in the economic area in the surveyed companies*

No.	Socially irresponsible actions towards employees in the economic area	Percentage of companies declaring an event/s
1.	Providing incomplete or unreliable information for candidates for employees on the conditions of employment and the course of recruitment and selection processes.	78%
Selected comments	"We do not happen to advertise our employment conditions, especially our salary"; "We often hire staff by order, so we don't organize recruitment"; "We do not have time or money for extensive recruitment and selection"; "We do not write the whole truth in the advertisement, we have problems with hiring employees, so we boast about working conditions to attract candidates".	
2.	Not creating (or not creating sufficiently (or not creating) conditions for workers to adapt to work correctly when taking up employment, after completing a vocational training school, college, or university.	89%
Selected comments	"We are not carrying out the process of employee adaptation"; "The trial period in the company is short, and work training is also residual. We believe the employee should come with specific skills"; "We only focus on training for new employees in occupational health and safety and fire protection"; "Those appointed to train new employees, those already working, are reluctant and cursory to do so. Reason? Nobody has taught them anything either; they are afraid of competition".	
3.	Not knowing the employees taking up work with their job description, the way they work in their assigned positions, and their fundamental rights.	65%
Selected comments	"I just happen to say a few words to a new employee about his duties; there is no time for long talks"; "We have no formal job descriptions"; "We have long drawn up lists of duties and employee rights that have not been updated for more than ten years".	
4.	Organizing work in a way that does not ensure complete use of working time, and the failure of employees to achieve high productivity and quality of work, using their abilities and qualifications.	34%
Selected comments	"We happen to disorganized our work and not sufficiently control it. We do not have enough people, and managers are often sent to the field for physical work"; "We employ students, and are flexible with the schedule, but this often affects our productivity. We have no way out; we need workers"; "Because of the Covid-19 pandemic, we have been forced to do remote work, which is not always beneficial to employees and employers. We are then out of control of proper work organization and efficiency".	
5.	Late and incorrect payment of salaries.	98%
Selected comments	"Very often we pay our salaries after or before the deadline"; "Crises force us to pay our employees on time"; "We often pay our employees extra payments outside of formal wages, thus bypassing the high tax and insurance burden, and the employees agree to this"; "We pay informal payments, often, very often".	
6.	No use of tangible and intangible incentives (motivators).	43%
Selected comments	"We have no money for motivators"; "The employee is supposed to work, not listen to compliments"; "Immaterial motivation tools are cheaper".	
7.	The use of an incomplete list, biased and unfair criteria for assessing employees and their performance.	32%
Selected comments	"We do not formally evaluate employees at all"; "The results of employee appraisal are not formally linked to wages and motivators"; "We have made the appraisal questionnaires pro-forma; their quality is poor, they are downloaded from the Internet – I think they are not suitable for our company".	

Cont. table 1.

8.	Organizing work that does not ensure that it is less demanding, especially monotonous work and work at a predetermined pace.	57%
Selected comments	"We have a job that cannot reduce its monotony"; "I never thought about it."	
9.	Failure to provide or ensure safe and healthy working conditions at a low level and to provide systematic health and safety training for workers.	24%
Selected comments	"We often do not have the money to provide adequate safety at work"; "We happen to make makeshift solutions that imitate safety more than provide it; "Training is too expensive; we do it ourselves as we can".	
10.	Creating working conditions that do not serve to ensure a work-life balance for workers.	12%
Selected comments	"Our accountant, in particular, has a lot of work to do, and I don't think she really has much time for herself and her family". "Remote working has dangerously blurred this border".	
11.	The social needs of workers are not being met.	78%
Selected comments	"We do not have a special social fund for our employees - no money for such bonuses"; "It is easier for a large company; we do not meet the social needs of employees".	
12.	Unreliable keeping of records in matters relating to the employment relationship and employees' personal files, as well as inappropriate keeping of records in matters relating to the employment relationship and employees' personal files in conditions threatening damage or destruction.	32%
Selected comments	"I admit that we have a mess of paperwork; we are afraid that there will be no control of the National Labour Inspectorate"; "We do indeed have files in our computer files; it has been a long time since we lost data to an external drive"; "I admit that we keep some documents in the basement".	
13.	Not making it easier for workers to improve their professional qualifications (or even wholly lacking in creating conditions and providing opportunities).	24%
Selected comments	"We do not send workers to training; we train them ourselves"; "We have no money for training"; "We do not agree that our workers should study because then they do not devote themselves properly to work, or they leave us quickly after they have been trained"; "I used to send workers to various training courses, but they started to leave the company for the competition, or started their own companies, so now I am not doing it. At the time, I did not sufficiently protect myself formally and legally against such incidents".	
14.	Unclear rules for promotions (mainly concerning - in the case of small businesses – horizontal promotions).	3%
Selected comments	"I admit that I promoted my cousin to manager"; "We don't have written down the rules for the promotion".	
15.	Unstable employment of managers and other employees.	2%
Selected comments	"We have no managerial contracts"; "We're too small for managerial contracts".	
16.	Practicing termination of employment contracts on the basis of unclear rules and methods.	56%
Selected comments	"I happened to throw out a worker several times who annoyed me because he wasn't working and had a nasty character". "Yes, I often make workers redundant in this way because they are not suitable for anything, and the construction industry is demanding. I have no one to work with. Especially now in a pandemic, when workers from Ukraine or Belarus are not coming".	
17.	Lack of readiness, interest, and authentic application of modern concepts of human management.	1%
Selected comments	"I know what to do, I've been running the company for over 30 years and no news will surprise me". "I know about people; I don't need any modern concepts".	

Source: Author.



The least inappropriate actions were mentioned by the interviewees in the areas of: unclear promotion rules, unstable hiring of managers, lack of readiness to get acquainted with modern people management concepts.

#### **4. Discussion**

The results of empirical research prove that socially irresponsible actions occur in the small companies studied, practically in all elements of the human resources management process. Irregularities in the economic area concern mainly the material aspects of the companies' activities, i.e., payment of salaries, use of motivators (especially material), or social care tools. Significant irregularities in the processes of employee recruitment, retention and development are worrying. Even derecruitment is burdened with dysfunctions. This state of affairs does not justify, in principle, a set of specific features of implementing the personnel function and social responsibility of small enterprises. The low level of respondents' indications in employee evaluation, OSH training, shaping career paths, employment stability, striving to ensure work-life balance, and openness to novelties in people management is encouraging.

As mentioned, companies declaring and actually showing manifestations and actual socially responsible actions (verified in other stages of empirical research) were selected for the study, and yet most of the companies indicated a set of socially irresponsible behaviors that occurred at least once. This clearly supports the fact that the concept of social irresponsibility can be dysfunctional, and imperfections can happen to the best of us. The results also show that the size of employment, scope of operations, family relationships, age of the company, geographical location, organizational and legal form and characteristics of the entrepreneur hardly differentiate and in principle do not determine the propensity of a company to be socially irresponsible towards its employees.

The pilot study made it possible to recognize the conditions and test the research tools. At the same time, conclusions from the presented empirical research concern the validity of dealing with the recognition of socially irresponsible actions in this group of enterprises. It is worth noting that a great value in the research process was personal, detailed conversations, developing problems in the comments planned in the questionnaires, which the interviewees could either write or discuss. Comments indicate new research problems that were not included in the questionnaire. Detailed analysis of the comments made it possible to identify numerous paradoxes and dilemmas associated with taking irresponsible actions. Thus, the scope of analysis should be broadened to include other aspects of the issue. The study's limited range made it impossible to present most of the comments.

## 5. Conclusions

The social irresponsibility of a small enterprise is an under-recognized category, especially in actions toward employees. This empirical study contributes to filling the gap in this respect, with the reservation that it is idiographic and a fragment of reality – it refers to a purposefully selected sample of enterprises, hence the conclusions drawn from it apply only to the population under study. Any generalizations formulated based on of the obtained results, mainly due to the lack of application of sampling procedures – are unauthorized. On the other hand, however, the interpretation of the obtained results allows developing of knowledge on the social irresponsibility of a small enterprise, in this case, in the aspect of relations with the employee. An additional limitation of the survey was the expected declarative character of answers given by the respondents – entrepreneurs, and the fact that managers and employees participated in the survey as persons representing the entrepreneur, whose answers may be distorted by the stance on the examined issues, as it were, imposed by the owners (the author – due to the assumed common position of owners and managers, as well as employees delegated to give interviews – did not separate these groups in their answers). Furthermore, comparing the viewpoints of employees, owners, and management would more clearly capture the problem of structuring social irresponsibility and the extent to which the concept of corporate social irresponsibility is realized. In addition, some entrepreneurs did not have employees, and their answers were hypothetical. For a complete picture of socially irresponsible activities, it is necessary to present the activity in other areas: legal, ethical, and philanthropic, and in the assessment of the reciprocity rule - the evaluation of socially irresponsible actions of employees towards their employers. The directions of future research should include, among others, the identification of motives, benefits, costs of making decisions on socially irresponsible actions (also towards other stakeholders), embedding social irresponsibility in social responsibility, and vice versa, comparisons with the social irresponsibility of medium and large enterprises, etc.

## References

1. Aastha, B., Shazi, S.J. (2019). Corporate social responsibility practices in small and medium enterprises. *Polish Journal of Management Studies, Vol. 19, No. 1*, pp. 9-20, doi: 10.17512/pjms.2019.19.1.01.
2. Carroll, A.B. (2021). Corporate Social Responsibility: Perspectives on the CSR Construct's Development and Future. *Business and Society, Vol. 60, No. 6*, pp. 1258-1278, doi: 10.1177/00076503211001765.

3. Graafland, J., Noorderhaven, N. (2020). Technological Competition, Innovation Motive and Corporate Social Responsibility: Evidence from Top Managers of European SMEs. *De Economist (Netherlands)*, Vol. 168, No.1, pp. 1-22, <https://doi.org/10.1007/s10645-019-09351-z>.
4. Heilmann, P., Forsten-Astikainen, R., Kultalahti, S. (2020). Agile HRM practices of SMEs. *Journal of Small Business Management*, Vol. 58, No. 6, pp. 1291-1306, doi: 10.1111/jsbm.12483.
5. Jarkovská, P., Jarkovská, M. (2020). A Contemporary Approach to Managing Social Responsibility in Relation to Employees as Perceived in Academic Papers. *Journal on Efficiency and Responsibility in Education and Science*, Vol. 13, No. 3, pp. 101-112, doi: <https://doi.org/10.7160/eriesj.2020.130301>.
6. Odoardi, C., Cangialosi, N., Battistelli, A. (2022). HR training practices and innovative work behaviour: a moderated mediation model. *International Journal of Human Resources Development and Management*, Vol. 22, No. 1-2, pp. 1-18.
7. Sokołowska-Durkalec, A. (2021). Społecznie nieodpowiedzialne działania wobec pracowników w małym przedsiębiorstwie – założenia. In: M. Kunasz, S. Misiak-Kwit (Eds.), *Gospodarowanie kapitałem ludzkim i zarządzanie zasobami ludzkimi – wybrane aspekty* (pp. 185-197). Warszawa: Akademicka Oficyna Wydawnicza Exit.
8. Udayasankar, K. (2008). Corporate social responsibility and firm size. *Journal of Business Ethics*, Vol. 83, No. 2, pp. 167-175, doi: 10.1007/s10551-007-9609-8.
9. Vázquez-Carrasco, R., López-Pérez, M. E. (2012). Small & medium-sized enterprises and corporate social responsibility: A systematic review of the literature. *Quality and Quantity: International Journal of Methodology*, Vol. 47, No. 6, pp. 3205-3218, doi: 10.1007/s11135-012-9713-4.