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A DRAFT OF A BUSINESS MODEL BASED ON CSR

Summary

CSR is a new trend in doing business. Therefore the main goal of this article was to prove that social entrepreneurship and activities in Corporate Social Responsibility provide a new way for creating innovative strategies inside and outside organization (close and open innovations). This is a new innovative CSR-driven business model going beyond traditional management and economic thinking.

1. Introduction

Traditional view of managing the company practically consists of doing mundane and traditional things among four functions of management. The present environment forces a company to implement a new business model, which encourages stakeholders to participate in a company's life. Another advantage of the model is the ability to spread out an idea of CSR and use stakeholders willingness to create open innovations.

2. Corporate Social Responsibility (CSR)

Analyzing statements of the business world can see that CSR is a big problem in a world where the only responsibility was previously responsible for the results to shareholders. According to M.E. Porter and M.R. Kramer many of executives see themselves in a no-win situation, caught between critics demanding ever higher levels of "corporate social responsibility" and investors applying relentless pressure to maximize short-term profits. On the other side rising donations result in more expectation of them. The dilemma has led many companies to seek more strategic philanthropy and models of corporate social responsibility [Porter M.E., Kramer M.R. 2006].

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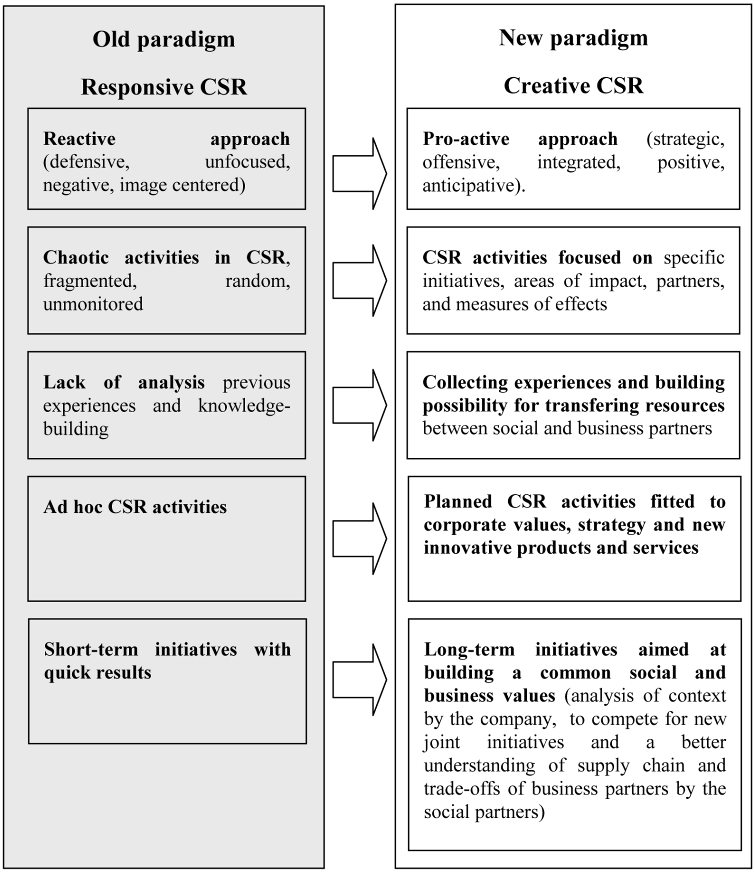
Figure 1. Corporate Social Responsibility: A Paradigm Shift



Source: own elaboration.

Friedman asserts that the corporation is an instrument of the stockholders who own it. If corporation makes any contribution, it prevents the individual stockholder from deciding how he should dispose of his funds. Friedman argues that any contributions have to be made by individual stockholders or employees, but not by corporation. Friedman's arguments have three implicit assumptions [Friedman M. 1970]:

- social and economic objectives are separate and distinct, so social spendings comes at the expense of its economic results
- corporations provide no greater benefit than is provided by individual donors
- engaging in CSR is symptomatic of an agency problem or a conflict between the interests of managers and shareholders, because managers

use CSR as a means to further their own social, political, or career agendas, at the expense of shareholders.

Friedman's assumptions hold true when organizations contributions and CSR activities are unfocused and diffused. M.E. Porter and M.R. Kramer [2006] argue that the more tightly CSR (and especially philanthropy) is aligned with a company's unique strategy the more company will benefit through enhancing the context (Figure 1).

McWilliams and Siegel stated that the definition of CSR is not always clear, because of so many conflicting goals and objectives. McWilliams stated that CSR could be perceived as actions that appear to further some social good, beyond the interests of the firm and that which is required by law. An example of CSR is going beyond legal requirements in adopting progressive human resource management programs, developing non-animal testing procedures, recycling, abating pollution, supporting local businesses, and embodying products with social attributes or characteristics [Mcwilliams A., Siegel D. 2001].

In the literature CSR (Corporate Social Responsibility) is known by many names. It is referred to as corporate citizenship, corporate ethics, corporate stewardship, and social responsiveness [Carroll A.G. 1974]. Laszlo use CSR and sustainable development interchangeably [Laszlo Ch. 2008, 34]. The term was used by the Brundtland Commission (EU) which coined the following definition: "meets the needs of the present without compromising the ability of future generations to meet their own needs."

Sustainability refers to the long-term maintenance of systems according to environmental, economic and social considerations. As indicated by Crane and Matten sustainability also represents a specific goal to be achieved which is called a TBL ('triple bottom line'). TBL represents the idea that business does not have just one single goal – namely adding economic value – but that it has an extended goal set which necessitates adding environmental and social value [Crane A., Matten D. 2007].

The most established and accepted model of CSR in the literature is the 'Four-Part Model of CSR' refined by Carroll and Buchholtz. Carroll and Buchholtz assert that CSR is a multi-layered concept, which can be differentiated into four inter-related aspects: economic, legal, ethical and philanthropic expectations, placed on organizations by society at a given point in time [Carroll A. B.,.Buchholtz A. K. 2003]. The economic aspect is concerned with the economic performance of the company, while legal, ethical and voluntary (philanthropic), address the societal aspects of CSR.

3. Understanding CSR

Maon, Lindgreen and Swaen stated that 'CSR is a stakeholder-oriented concept that extends beyond the organization's boundaries and is driven by an ethical understanding of the organization's responsibility for the impact of its business activities, thus, seeking in return society's acceptance of the legitimacy of the organization'.[Maon F., Lindgreen A., Swaen V. 2009, s. 71-89]

Garriga and Mele identified four groups of CSR theories that affect stakeholders from different perspectives (approaches): instrumental, political, integrative and ethical.[Garriga, E. M., Mele D. 2004 51-71] Garriga and Mele approaches have been described in Table 1 with explanation of theory outline by Okoye. [Okoye A. 2009, pp. 613-627]

Table 1. Groups of approaches used in understanding role of CSR into organization

CSR approaches	Main assumptions	Perceived role of CSR within corporation	Examples
Instrumental	Advancing economic objectives through social activities.	Instrument of wealth creation. Increase of long-term shareholder value.	Express corporate social activities in terms of: • gaining a competitive advantage either within a competitive context. • generate new untapped markets such as in developing countries. • marketing and building of reputation and brand.
Political	Advocating corporate power and its responsible use.	Notion of corporate power (the ability to influence the market) and relationship with responsibility within society (Corporate Citizenship).	Corporation as a citizen in society with rights and responsibilities: • limited view - corporate citizenship with self-interested corporate social activity, • equivalent view – which equates corporate citizenship with CSR • extended view – describing the role of the corporation in administering citizenship rights form individuals.

CSR approaches	Main assumptions	Perceived role of CSR within corporation	Examples
Integrative	Expressing the necessity for corporations to integrate social demands into its business operations.	Taking into consideration stakeholders or persons who affect or are affected by corporate policies and practices.	Corporate social performance involves an integrated theory that configures: • the principles of social responsibility, • processes of social responsiveness • observable outcomes of corporate relationships.
Ethical	Examining the morality and rightiness of corporate social actions.	Doing what is right for a good society.	Ethical theories include: • stakeholder theory, • universal rights based on human rights, • sustainable development and common good approach

Source: own elaboration.

Presented definitions and approaches to CSR rely strongly on the stakeholder concept and call for the integration of CSR, into the organization's strategy.

4. CSR, possibility of altruism or just a business

CSR as a strategy aims particularly at social and environmental aspects of doing business. Assessing CSR from a strategic perspective may seem to imply that ethical responsibilities are subordinated to economic imperatives. It may seem as if CSR is not intrinsically valued, but only instrumentally. The suspicion arises that the motivation of firms behind CSR is not truly ethical, since it is in their self-interest.[Van de Ven B., Jeurissen R. 2005]

Tuzzolino and Armandi (1981) borrowing from Maslow's hierarchy of needs provides a more explicit conceptual framework for corporations that extent beyond profit-maximizing dogma.[Tuzzolino F., Armandi B. R. 1981, pp. 21-28]

Table 2. Hierarchy of organizational needs

Maslow's hierarchy of needs	Explanation towards organization
Physiological Needs	Profit maximization
Safety needs	Competitive position
Affiliation	Trade Associations (working with lobbyists, bargaining and co-optation)
Power, achievement and status	Market position (gaining position, product leadership, market shares, image building, price leadership)
Self actualization	Internal (employee relations - job enrichment, pension plans, goal alignment, financial ratios and margins) External (sense of CSR resides, meeting and exceeding the demands of society in areas of equal opportunity, affirmative action, pollution abatement, product reliability, corporate philanthropy and welfare-to-work programs.)(Philanthropy & Welfare-to-work)

Source: own elaboration.

According to Maslow theory, Tuzzolino and Armandi argue that organizations have hierarchy of needs that parallels Maslow's model for individuals (Table 2).

CSR research suggests that there is an inherent tension between a corporation's pursuit of profit and a corporation's pursuit of morality or CSR. Objections to CSR are sometimes economically motivated.[Cowe R. 2000].

It depends on the organizational strategy, culture, employees commitment (etc.) and perceived market conditions which way to go, but we must always take into account that to be socially responsible generally refers to business decision-making linked to ethical, social values, fulfillment with legal requirements and respect for people, communities and the environment.

5. The model of CSR-driven innovations

M.E. Porter and M.R. Kramer argue that social considerations have to be integrated more effectively into core business operations and strategy. The result is helping companies identify, prioritize, and address the social issues that matter most or the ones on which it can make the biggest impact. They stated that successful organizations need a healthy society and education which is essential to a productive workforce. A healthy society needs successful organizations which that create new jobs, wealth, and innovations that improve standard of living and social conditions over time [Porter M.E., Kramer M.R. 2006].

M.E. Porter and M.R. Kramer presumes that a company must integrate a social perspective into the core frameworks by creating shared value during five steps [Porter M.E., Kramer M.R. 2006]:

- identifying the points of intersection (inside-out by mapping the social impact of the value chain, and outside-in linkages by analyzing competitive context as an opportunities for CSR initiatives);
- choosing which social issues to address (generic social issues – not significantly affected by a company's operations nor affecting its long-term competitiveness; value chain social impacts - significantly affected by a company's activities; social dimensions of competitive context - social issues in the external environment that significantly affect the underlying drivers of a company's competitiveness in the locations where it operates);
- creating a corporate social agenda – categorizing and ranking social issues by creating an explicit and affirmative corporate social agenda (Responsive CSR – by evolving social concerns of stakeholders, and mitigating existing or anticipated adverse effects from business activities, mitigating the harm arising from a firm's value chain activities; Strategic CSR - to mount a small number of initiatives whose social and business benefits are large and distinctive);
- integrating inside-out and outside-in practices (pioneering value chain innovations and addressing social constraints to competitiveness; value chain practices and investments in competitive context have to be fully integrated);
- creating a social dimension to the value proposition (a set of needs a company can meet for its chosen customers that others cannot).

According to R. Nidumolu, S.K. Prahalad and M.R. Rangaswami there's no alternative to sustainable development and CSR. The research shows that sustainability is a mother lode of organizational and technological innovations that yield both bottom-line and top-line returns, for example becoming environment-friendly lowers costs because companies end up reducing the inputs they use [Nidumolu, R., Prahalad, S.K., Rangaswami, M.R. 2009].

R. Nidumolu, S.K. Prahalad and M.R. Rangaswami recognize that sustainability and CSR are starting to transform the competitive landscape, which will force companies to change the way they think about products, technologies, processes, and business models. The key to progress, particularly in times of economic crisis, is innovation [Nidumolu, R., Prahalad, S.K., Rangaswami, M.R. 2009]. To become innovative companies should go through the following five stages (Table 3).

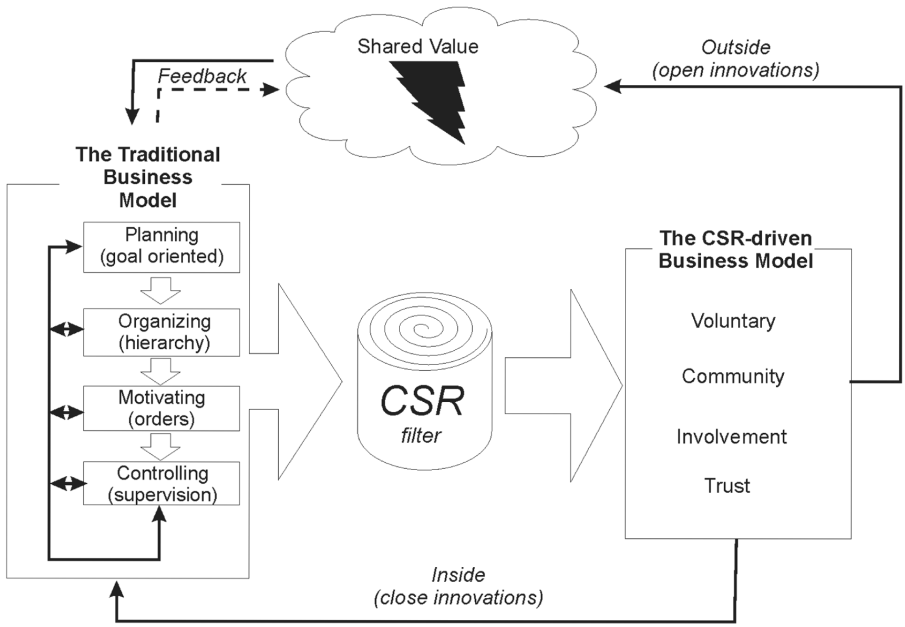
Table 3. Five stages to become innovative sustainable company

Stage	Activities and needed competencies	Innovation opportunity
1. Viewing Compliance as Opportunity	To ensure that compliance with norms becomes an opportunity for innovation by: - anticipate and shape regulations, - work with other companies, including rivals, to implement creative solutions.	Using compliance to induce the company and its partners to experiment with sustainable technologies, materials, and processes.
2. Making Value Chains Sustainable	To increase efficiencies throughout the value chain using techniques such as: - carbon management and life-cycle assessment, - redesign operations to use less energy and water, produce fewer emissions, and generate less waste, - ensure that suppliers and retailers make their operations eco-friendly.	Developing sustainable sources of raw materials and components. Increasing the use of clean energy sources such as wind and solar power. Finding innovative uses for returned products.
3. Designing Sustainable Products and Services	To develop sustainable offerings or redesign existing ones to become eco-friendly by: - recognizing which products or services are most unfriendly to the environment, - generating real public support for sustainable offerings and not be considered as "greenwashing", - managing know-how to scale both supplies of green materials and the manufacture of products.	Applying techniques such as biomimicry in product development. Developing compact and eco-friendly packaging.
4. Developing New Business Models	To find novel ways of delivering and capturing value, which will change the basis of competition by understanding: - what consumers want and to figure out different ways to meet those demands, - how partners can enhance the value of offerings.	Developing new delivery technologies that change value-chain relationships in significant ways. Creating monetization models that relate to services rather than products. Devising business models that combine digital and physical infrastructures.
5. Creating Next-Practice Platforms	To question through the sustainability lens the dominant logic behind business today by: - asking how renewable and nonrenewable resources affect business ecosystems and industries, - synthesizing business models, technologies, and regulations in different industries.	Building business platforms that will enable customers and suppliers to manage energy in radically different ways. Developing products that won't need water (such as cleaning products). Designing technologies that will allow industries to use the energy produced as a by-product.

Source: own elaboration.

The result of the above assumptions is a model of CSR-driven innovations which consists of two different platforms: the traditional management model (mitigating TBL issues) and the new CSR-driven business model (linking social, economical and ecological challenges and company resources). It is essential for the new innovative CSR business model to: empower employees and social partners to voluntary working in joint projects, building community and sharing ideas, involving employees to participate into strategic and operational decision making and problem solving, and relying on trust between company executives, employees and other stakeholders.

Figure 2. The business model driven by CSR



Source: own elaboration.

The output of the model there is Corporate Social Integration (CSI) through inside-out and outside-in activities or innovations and ‘shared value’ through new products and services, new markets and business models.

6. Reasons for the CSR filter

6.1. Goal oriented or volunteers

In the traditional approach planning is the first function of management. In most textbooks in management there are descriptions of a planning process, enumerated sorts of plans, conditions of successful planning. All these things are usually the content of first chapters. Planning is being seen sometimes only as a process [Burtonshaw-Gunn, S. A., 2008]. Other writers treat it as a pack of making preparing schedules and pointing goals [Bieniok, H. (red.) 1999, p. 159].

H. Bieniok defines planning as „pointing goals and describing efficient and adequate (…) means of obtaining goals" [Bieniok, H. (red.) 1999, p. 159]. Stoner and Wankel claim that at the beginning a manager must make a plan (or several plans), which are connected with goals and statements: what, when, how and who has to do that [Stoner, J.A.F., Wankel, C. 1994, 73].

In the literature there are some suggestions that planning should derive from a company's mission and its strategic goals. This attitude makes planning more stable and not so flexible [Bittel L. R. 1998, s. 93]. However there is a rule of planning which implies that if we adapt a plan to circumstances, such a view must cause repeatable obstacles when looking for new ideas or solutions [Bieniok, H. (red.) 1999, p. 159].

During the last century we have had a very stable point of view on planning. However G. Hamel and B. Breen in their famous book "The Future Management – Becoming a Management Innovator" wonder why people in companies lose an ability of spontaneous, flexible and creative thinking [Hamel, G. Breen B., 2008, p. 24]. They reckon there are a few factors which can be blamed for it. There are criteria and methods of doing things based on punctuality, discipline, rationality and keeping order. A man who is under such pressure is changing his habits and thinking according to goals which are given. Goal oriented people are focusing more on coordination, a costs control, obeying particular rules rather than on their talents, imagination and initiative.

We think that in modern companies there is a phenomenon called "double thinking". On one hand there is a necessity of planning the future and describing goals. This allows to decrease a risk of unsuccessful events or projects. On the other hand in companies there is some kind of fashion which forces employees to be flexible, creative and open to chances in environment.

G. Hamel and B. Breen claim that when we get older and more experienced we lose the ability to ask a simple question "why?". There is a reason for losing a positive attitude to changes in companies and life in general. In other words: planning connected with controlling makes the managers stand by. There is also an illusion that the environment is predictable and adjustable. There is little space for doing experiments and trials of any kind. The authors give the statement the planning makes an organization static and closed to development [Hamel, G., Breen B. 2008, p. 195].

Additional disadvantage of traditional planning is the lack of easiness, improvisations and “growing up” ideas. At the same time any mistakes are punished. G. Hamel and B. Breen say that in the opposite attitude the mistakes are „positive mutations” which may lead the organization in the future to new products and services [Hamel, G., Breen B. 2008, p. 201].

To summarize, planning is focused on projecting a way to achieve goals in the stable and predictable future. Companies which prefer planning to flexible activities lose the drive for innovations. As nearly everybody supposes, the most spectacular ideas occurred to inventors in their own garages, not in steel-and-window laboratories. The lat 30 years give many examples of large companies – like IBM in the beginning of the 1980s – which had big troubles to keep up with smaller ones. Apple Corporation, Google, Pixar – these companies won the race leaving giants behind.

6.2. Hierarchy or community

Every organization has its own structure. This trivial sentence is believed widely in the business world. Nevertheless a drilling doubt occurs to a nosy researcher’s mind: should every company have it? The answer is apparently clear. A structure is an embedded issue of any system [Skyttner, L. 2005].

In classical approach building a hierarchy is called “organizing” and it is defined as:

- a pattern and an order of system’s elements,
- a collection of elements and relations between them,
- only as a collection between elements [Krzyżanowski, L. 1985, pp. 212-222].

H. Bieniok and J. Rokita in the old, indispensable book say that an effect of organizing is an organizational structure. It contains “all relations between elements this organization and relations between the elements and the organization, which is needed to acting together in order to obtain the organizational goals.” [Bieniok H., Rokita J. 1984. s. 17]

One of the first inventors, who proponed the organizational division based on work specialization, was H. Fayol. He was the first to publish the typology of functions in companies. There were the following functions: technical, trading, financial, accounting, administrative and self-assurance [Kurnal, J. 1970, pp. 45-48]. Despite the fact that it was nearly one hundred years ago, such view of the company is still valid in most companies all over the world. We can find the companies' functions as departments in the organizational structure. The structure is usually formal and stable. This approach is not focused on operating and informative relations [Bieniok H., Rokita J. 1984, p. 189].

The opposite attitude to organizing the company is an example of the W.L. Gore. It was set up in the 1950s by Bill Gore (previously an employee in DuPont), who hated hierarchy and formal procedures. He claimed that a group of people should do what they really want and what they have a flair for. He build a company which was "thin as a pancake". Its main features are: leaders chosen in democratic polls, sponsors of projects, spare time to do experiments, an ability to refuse orders, many small intra-companies (not larger than 200 employees), multidiscipline teams. [Hamel, G., Breen B. 2008, pp. 111-127]

G. Hamel and B. Breen claim that structures are good for resources management, but poor in allocating them from old to new technologies, challenges and projects. It seems that very few companies are able to create new values for the environment. Structures and hierarchy is the main reason for that. Additionally these companies usually have spectacular slogans in the missions and present as a creative motherhood for talented employees. The authors propone to come over the barriers of these traditional aspects. [Hamel, G., Breen B. 2008, pp. 87-88] Their proposal is contained by the Table 4.

Table 4. Hierarchy and Community

Factor	Hierarchy	Community
A type of exchange	A formal contract, a salary is paid when a the is done.	An unsolicited contract – a large scale of choice when doing job.
A role of a man	Workforce.	A partner.
Loyalty	Based on economic reasons.	Based on personal goals and needs.
A way of control	Based on rulet and regulations.	Based on values and norms of behaviours
Input of a man	Very little.	Large.
Satistaction	Economic.	Emotional.
Leadership	Given and based on power.	Chosen and based on democratic polls.

Source: [Hamel, G., Breen, B., 2008, pp. 87-88].

In the literature we can find an opinion that nowadays a main task for companies is to diminish a bureaucracy and to amplify a sense of community. It may cause many effects such as an increase of employees' self-esteem, a feeling of controlling their own lives, an ability to personal development. These features are parts of a base for a real commitment and looking for important chances in order to increase a competitive advantage.

6.3. Orders or goodwill

In the management science we are used to a vocabulary which derives from an army. We are so much accustomed to this fact that we do not notice its consequences. L. R. Bittel even claimed that „managers must use written and spoken languages to form instructions, orders and hints for personnel".[Bittel L. R., 1998, p. 171]

In the traditional management it is said that a manager should have a power which derives from Max Weber's concept. There is also a statement that a manager should have a formal and real influence on companies so that they behaves the manager wants.[Gros U. 2003, p. 178]

In spite of the period of time from the Max Weber's age up till now there is still a strong need to get the opportunity to have as much power as it is possible. The hierarchy is the main part of top managers attributes. A real signs of power is an ability to have a strong influence on any employee.[Lachiewicz, S. 2007, p. 80] In the hierarchy there are several obvious tools to put the power into practice, such as orders, prescriptions, regulations, etc. Apart from such a point of view, J.A.F. Stoner and C. Wankel claim that the influence should be adequate to a situation in order to improve the manager efficiency.[Stoner, J.A.F., Wankel, C. 1994, p. 261] However, such an attitude is not a revolutionary change and we can say that in a traditional approach, the manager is a still a general in an army leading the attack on enemy.

G. Hamel And B. Breen allege nowadays in companies there is too much power and too little liberty. Such domination of manager causes an effect called "a father knows better". The hierarchy is an element of a common life in a company. Such companies declare openness and creativity, but when the time is passing by they are being stuck in procedures and regulations. When in management science a term "open innovations" appeared, it occurred to some people that formal leading in teams is not enough. A new approach and a necessity of launching more and more innovations are going to change some corporate aspects, such as influencing on subordinates, a number of orders, a range of control, a range of formal behaviors.[Hamel, G., Breen B. 2008, p. 85]

6.4. Control or trust

Controlling is seen as the fourth function of management, because it is strongly connected to any other functions. This approach derives from a historical point of view. H. Le Chatelier, when describing an organizational cycle, pointed controlling as a the last phase in that.[Wren, D.A., Bedeian, A.G., 2009, p. 239] Nevertheless, H. Bieniok and J. Rokita define controlling as a process which helps managers to coordinate activities so that effects are equal to parameters in set goals.[Bieniok H., Rokita J. 1984, p. 257]

We assume his definition as a trouble itself. It is so because controlling badly shortens the limits of human activities. Men who are to obey the rules to obtain goals are becoming similar to machines. Every thing which we can make automatically should be made automatically. But the rest are human ingredients of business life.

There are many similar opinions which imply that controlling in management is indispensible. The reasons for this are: changes in the environment, an increase of organization complexity, employees' mistakes and their dishonest intentions.[Stoner, J.A.F., Wankel, C., 1994, pp. 459-460] We think that this point of view is so dominant that any other activities in management are influenced by controlling. The paradigm causes less commitment, an increase of formality and empty processes which are only performed to maintain some positions in organizations.

We can quote a statement made by W.L. Gore (it is worth saying that GoreTex was invented in the company): "When there is trust instead of fear, there is no need to control employees. The need only some hints and a little support in order to their job." Such a way of noticing a role of managers change every function of management putting into practice positive approach towards employees.[Hamel, G., Breen B. 2008, p. 237]

7. Understanding innovations

In literature it is said that innovations are becoming the centre element of a company's strategy [Kelley T., Littman J. 2009]. Their influence on company's activity was indicated in the past as well. However, the authors of many books in the management science wrote about innovations in products and technology rather than in management processes. Nowadays there is a strong impact on innovations in the system of management which is to make the processes more innovative.

What is interesting, such an attitude towards innovations was very popular in the United States and Japan. The authors of real crucial concepts and methods were successful in putting them into practice in the 1950s and 1960s. We can name such scientists and innovators as Peter Drucker (Management by Objectives and subordinates' participation in management), Shigeo Shingo (Poka-Yoke, Just in Time), Masaaki Imai (Kaizen aproach), founders of Boston Consulting Group (BCG method) [Bernais J., Ingram J., Kraśnicka T. 2001]. In the 1980s and 1990s in the science we can find little interest in innovations, especially in management systems. This was the period of runaway innovations in products and technologies. As examples we can think of a personal computer

(Apple Computers and IBM), copy machines (Xerox), iPod (Apple) and last but not least – the Internet.

These examples may imply that scientific and systematic approach to innovations was caused by rapid development in electronics and IT, again in the USA and Japan. This accounts for a big launch of modern and sofisticated products. It was the second time when these two countries played a key role in innovations [Rheingold H. 2003].

The word „innovation" derives from a latin word "innovatio" which means „renewing". In the management science the innovation is defined as a research and development process, which leads to implementing and using better solutions in techniques, technologies and processes inside the organization [Pomykalski A. 1997]. J. Penc, Polish scientist, claims that when we move the term into the management science, by innovations we should understand creating and modifying these processes, methods and techniques in companies which make the organizational resources more effective [Penc J. 1999].

The term in plural – "innovations" – is used to understand a development process intended for large scale systems and concepts of management. However it seems that another understanding of the term matters equally. It is about small and slight steps in developement of methods, techniques and tools used for managing. The small steps in an every-day managerial work are indispensable to increase the efficiency of assets [Perlaki I. 1983].

8. Open and closed innovations

In many papers on innovations we can find a division of innovations into two groups. The first one is called "closed innovations" and the second one is named "open innovations". The main point in the division is a different environment of the innovations and different attitude of managers towards them. The closed innovations mean that managers focus on internal environment of organization. Then only in the field we can find sources for new ideas, concepts, developing changes etc. On the other hand, looking for open innovations means that we search for them with company's clients, business partners, suppliers etc. The focus is absolutely different.

There are four main reasons for focusing on innovations further then only inside the organization. Rothwell and Zegveld identify three important factors [Rothwell. R And Zegveld 1985]:

- technology explosion; an estimated 90 per cent of our present technical knowledge has been generated during the last 55 years,

- shortening of the technology cycle; the technology cycle includes scientific and technological developments prior to the traditional product life cycle; these cycles have been slowly shortening,
- forcing companies to focus their efforts on product development,
- globalization of technology; countries have demonstrated an ability to acquire and incorporate technology into new products.

P. Trott and D. Hartmann listed six principles which distinguish the closed and open innovations [Trott P., Hartmann D. 2009]. There are in the table 5.

Table 5. Six principles which distinguish the closed and open innovations

Attitude to…	Closed innovation statements	Open innovation statements
people	The smart people in our field work for us.	Not all of the smart people work for us so we must find and tap into the knowledge and expertise of bright individuals outside our company.
R&D	To profit from R&D, we must discover, develop, produce and ship it ourselves.	External R&D can create significant value; internal R&D is needed to claim some portion of that value.
discoveries	If we discover it ourselves, we will get it to market first.	We don't have to originate the research in order to profit from it.
time	If we are the first to commercialize an innovation, we will win.	Building a better business model is better than getting to market first.
where to find ideas	If we create the most and best ideas in the industry, we will win.	If we make the best use of internal and external ideas, we will win.
intellectual property	We should control our intellectual property so that our competitors do not profit from our ideas.	We should profit from others' use of our IP, and we should buy others' IP whenever it advances our own business model.

Source: own elaboration.

Slowinski and Sagal suggest that there are about twelve core "good practices" for collaborative innovation. They also define the key inputs to open innovation system leading to high quality results. Slowinski and Sagal developed a four phases model that breaks the lifecycle of open innovation relationships. The phases have been called - Want, Find, Get and Manage.[Slowinski G. and Sagal M.W. 2010]

The first (WANT) phase show us what our resource needs are, and which should be develop internally or externally. The second phase (FIND) asks how we find and evaluate external sources of technology and capabilities that will fulfill our wants. The third phase (GET) describes what processes we will use to plan structure, and negotiate an agreement to access external resources.

And the fourth phase (MANAGE) asks what tools and metrics we will use to implement and manage ongoing collaborative relationships.

Table 7. The four phases model that breaks the lifecycle of open innovation relationships

Phases	Good practices	Description
WANT	Incorporate external thinking into the strategic planning process	Includes the external world as a potential source of talent, technology, and other resources. A+E=C A – current asset base as well as assets the firm can create internally E – externally available resources C – the goal: a fulfilled customer need, leading to growth for the organization
	Convert planning outcomes into a set of prioritized Want Briefs	A well-crafted plan translates strategic intent into a set of assets that the firm wants. These assets are captured in a document, called a Want Brief, that clearly describes the needed asset in terms that enable a decision regarding sourcing (internal or external) and guide an efficient find effort.
	Utilize a structured process for the Make/Buy/Partner decision	The Make/Buy/Partner decision-making protocol must take into account the full cost of internal development, the NPV effect of a potential early market entry or other benefits of collaboration, the effects of staff allocation to high-value projects, and the likely challenges of executing an 0I relationship.
FIND	Look inside first	Looking inside first goes beyond mining internal tacit knowledge. Internal efforts should also include patent mapping to identify sources of likely intellectual assets, literature searches, and visits to academic institutions and other companies active in the areas of interest. These can reduce the costs of third-party agents by focusing their searches on gaps in the firm's knowledge base.
	Treat the Find effort as a bilateral process	Even as the firm is trying to find the best partner for collaboration, potential partners are seeking the best match to meet their own needs. There can be fierce competition for high-quality partners, particularly in highly networked industries such as Pharmaceuticals and electronics. Consequently, the firm must demonstrate that it is itself a promising partner.
	Use information gathered in Find to refine the Want Brie	Design characteristics may be modified based on discussions with a source of complementary technology; the intellectual property of the source may prompt a reconsideration of the intellectual property strategy captured in the original Want Brief. The firm should establish a systematic process for feeding information generated during Find back into the Want Brief and communicating that information to stakeholders.

Phases	Good practices	Description
GET	Establish and maintain internal alignment	Within each firm involved in the alliance, functional groups (R&D, marketing, finance), individual business units, and senior leadership must be aligned on the objectives and terms of the alliance. Alignment means that all stakeholders have an opportunity to participate in the Want, Find, and Get phases; that their views are considered; that each stakeholder understands the details of the alliance as it takes shape during the Get process; and that all commit their organizations to making it work.
	Use a structured process for internal planning and negotiations	There is a clear correlation between the use of a disciplined, structured Get process and Get success, whether that success is defined as a mutually acceptable agreement or a quick realization . The process the firm decides to use, it must engage with internal shareholders at every stage. A designated team should identify the elements of the alliance relevant to particular stakeholders and prepare positions on those elements for internal review.
	Negotiate with a focus on "Win-Win-Lose-Lose-Lose.	The "Win-Win-Lose-Lose-Lose" principle is a simple guide to reaching án agreement that is fair to both parties. Acceptable compromises can be reached and a fair outcome achieved by a focus on how both parties can achieve their objectives, or win, while other marketplace participants lose in the heightened marketplace competition enabled by the alliance.
MANAGE	Hold a kick-off session to enable integration of management systems	At the beginning of implementation, managers from the partnering firms must lean how to integrate both firms' contributions into a functioning whole. Differences in processes and systems, including both formal structures and tacit culture elements, may create stumbling blocks in this process. Well-planned and executed kick-off meeting is an important vehicle to identify disconnects and start the process of resolution, avoiding the damage done by the gradual emergence process.
	Use the kick-off session to ensure that both firms have the same understanding of the operating principles established in the agreement	The kick-off session provides a mechanism for team members to get a clear and consistent explanation of the terms of the alliance and how the agreement terms should guide their actions.
	Train managers in both firms in the principles of conflict resolution	Some conflict is negative, expressing itself in unhealthy behaviors and a refusal to cooperate. Some conflict is positive, encouraging the group to explore multiple pathways to a common goal. Left unmanaged, conflict strains relationships, decreases productivity, erodes trust, and leads to an "us versus them" mindset characterized by decision-making paralysis.

Source: own elaboration.

7. Conclusions

The new perspective of doing business by creating sustainable and responsible innovations need to address a lot of paradoxes such as:

- using CSR as an organizational routine or using CSR as a breaking-through innovation, risky but profitable,
- creating innovations that bring CSR-benefits only without enhanced functionality, reduced prices and improved quality or as necessary by regulations,
- using CSR-driven innovations that certainly harm the interest of these companies (selling old products) and can't be turned into a profitable business under their present business models.

In this paper we have addressed the question of how specific conditions affect CSR and which activities are suitable for the corporation to create 'open' and 'close' innovations. Deciding which way to go executives need to mind the gap between certain regulations and future expectations of stakeholders to preserve more competitive and sustainable development.

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