



SUSTAINABLE DEVELOPMENT REPORTING AS SOURCES OF KNOWLEDGE IN POLISH ENTERPRISES

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INTRODUCTION

After sixteen years of transformation process picture of Polish private enterprises still appears rather negative in the context of social affairs. Results of research conducted in 2004 by Institute of Public Affairs show that from one side Polish entrepreneurs are educated, reach, saving, taking carry of company man, but from the other side their ethical behavior (honesty, relation with workers, treatment of people) remains not good.

Reasons of such situation is connected with existing general economic situation in Poland. Employment pressure and belief that entrepreneurs are responsible for generating new jobs appear as a main excuse of existing discontent. So that why arising unemployment factors influenced on negative picture of Polish entrepreneurs. We don't have to improve how important is public picture. It's really difficult to manage company when perception of undertaken activities is rather negative. Social acceptance is necessary from employees, customers, contractors and other interested parties point of view.

More and more customer's decisions are based on level of companies engagement in social projects (68% responses), environmental responsibility and culture and sport activities promotion (49% responses). That why improvement of business external and internal picture becomes priority and necessity of future business development.

One of the way to improve existing entrepreneurs picture seems to engage in social project and implementation of ethical rules into management process of the company. Such activities mean practical implementation of sustainable development conception.¹

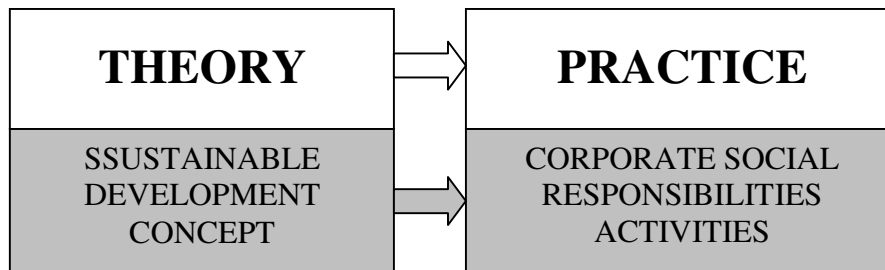
When we think of sustainable development, it really is looking at the three sort of pillars, that is environmental, social and economic.²

Practical implementation of sustainable development concept at organizational level means in some cases used of Corporate Social Responsibility (CSR) activities. Corporate social responsibilities is a commitment of business to contribute to sustainable development working with employees, their families, local communities and society at large to improve their quality of life that are both good for business and good for development (Figure 1).

¹ *Corporate Social Responsibilities Business in Poland Report 2005*, Responsible Business Forum, Warsaw 2005.

² D. Springett, *Business conception of sustainable development and perspective from critical theory*, "Business Strategy and Environment" Vol. 12 number 2, 2003, p. 80.

Figure 1. Relation between Sustainable Development Concept and Corporate Social Responsibilities Activities



Source: own elaboration.

The increasingly interconnected global economy is giving rise to regulations that require corporations to report on their contribution to sustainable development. Standards are emerging which require companies to publicly report on the Triple Bottom Line—economic, social and environmental results. Sustainable Development Reporting (SDR) refers to the storage, management, analysis and reporting by any corporate, NGO or governmental entity on a range of economic, environmental and social metrics. Companies produce a corporate sustainability report (CSR) for many reasons. There is seldom a single reason and the rationale for producing the report can change over time.

The external reporting on the economic, social and environmental performance and impacts of an entity can have potential purposes:

- to improve the efficient operation of entities in achieving their legal purpose, e.g. highlighting areas of an entity's negative economic, social and environmental impacts and also increasing transparency and strengthening accountability for users,
- to help meet preferences of present and future investors, consumers, employees, creditors, suppliers and insurers,
- to inform stakeholders with no direct ownership, investment or consumption interests, and
- as a significant public policy to maximize human welfare over time.³

Making broad policy statements is easy. The real test of commitment is implementation. This is particularly difficult in the field of sustainability where decisions can be guided by general principles but much practical application is still a matter of trial and error.

The paper has completed a review of current approaches to sustainable development conception at organizational level especially by implementation CSR and reporting achieved results.

First paper presents results of survey research conducted in 2004 by World Bank in Poland according way in which Polish companies view Corporate Social Responsibilities activities.

³ *Report of the Taskforce on Sustainable Development Reporting*, Institute of Chartered Accountants of New Zealand, 2002.



The second part of this paper is related to selected aspects of published different forms of reports. Potential sources of information for reporting purposes were defined.

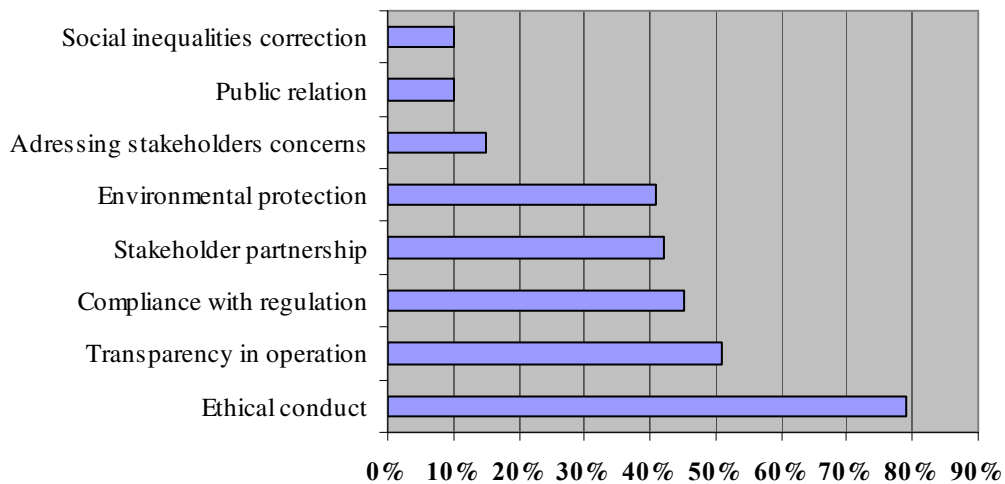
1. WHAT DOES POLISH BUSINESS THINK ABOUT CORPORATE SOCIAL RESPONSIBILITY?

Corporate Social Responsibilities means both internal and external activities taking for the reasons to improve relation between all interested parties.

In 2005 The World Bank surveyed business leaders in Poland to identify private sector of corporate social responsibilities (CSR) and the way in which these views are put into practice. Of the 154 companies interviewed 84 percent are privately owned companies and 16 percent are owned by the Polish government (public companies). The results of the survey are published in report *What does business Think about Corporate Social Responsibilities. Part II: a comparison of attitudes and Practices in Hungary, Poland and Slovakia.*⁴

Respondent companies were asked how they define “socially responsible activities”. A significant majority of Polish respondents believe acting socially responsible means behaving ethically (79%). Approximately half of respondent companies link CSR activities to transparency in operations. More than one of third of respondent companies believe compliance with existing regulation, establishing stakeholder partnership and environmental protection are socially responsible activities (Figure 2).

Figure 2. Understanding Corporate Social Responsibilities



Source: *What does business Think about Corporate Social Responsibilities. Part II: a comparison of attitudes and Practices in Hungary, Poland and Slovakia*, European Commission, DG employment, social Affairs and Equal Opportunities, World Bank 2005.

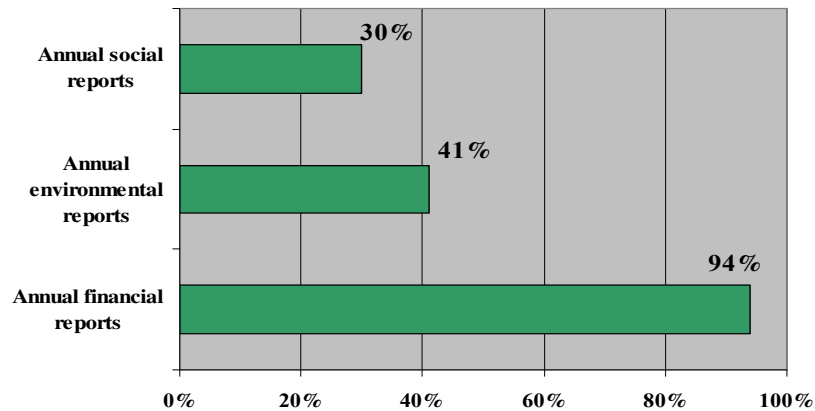
The majority of interviewed companies (94%) publish an annual report. Annual reports presenting environmental performance are published by 41 percent of respondents. As many

⁴ *What does business Think about Corporate Social Responsibilities. Part II: a comparison of attitudes and Practices in Hungary, Poland and Slovakia*, European Commission, DG employment, social Affairs i Equal Opportunities, World Bank 2005.



as 30 percent of respondents currently published annual reports presenting social performance (Figure 3).

Figure 3. Social and environmental annual reports



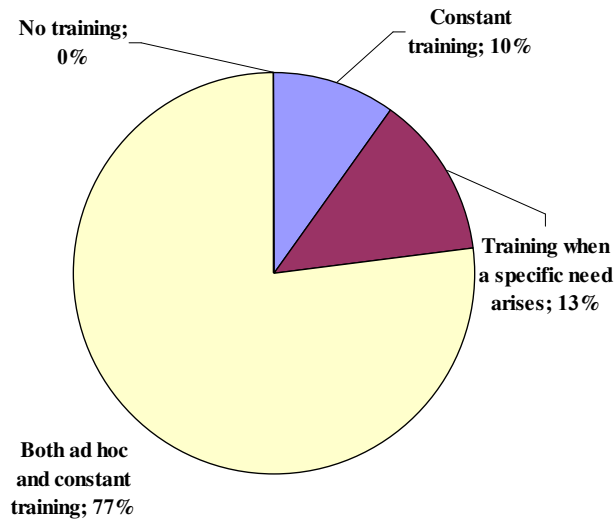
Source: *What does business Think about Corporate Social Responsibilities. Part II: a comparison of attitudes and Practices in Hungary, Poland and Slovakia*, European Commission, DG employment, social Affairs and Equal Opportunities, World Bank 2005.

Conducted research showed that a lot of Polish companies engaged in employee projects such as: implementation ILO Standards (International Labor Organisation)⁵, implementation antidiscrimination policy and employee health protection plan. All above mention activities were undertaken by more than 70 percent of surveyed companies.

All Polish respondent companies provide some form of training to their employees. Training when the specific need arises is provided by 13 percent of companies, whereas 10 percent provide constant training. Three quarters of companies provide both ad hoc and constant training (Figure 4).

Figure 4. Employee training in Polish companies

⁵ Requirements of ILO OSH Standards were implemented in Poland as z Polish Standards PN-N 18001 which is voluntary agreement in the field of occupational and healthy management systems.



Source: *What does business Think about Corporate Social Responsibilities. Part II: a comparison of attitudes and Practices in Hungary, Poland and Slovakia*, European Commission, DG employment, social Affairs and Equal Opportunities, World Bank 2005.

Polish companies list the greatest internal benefits deriving from CSR practices as follows: business sustainability, competitive advantage, compliance with regulation, employee loyalty, increase in productivity, quality and sales. Only 3 percent of respondents state that companies derive no internal benefits from CSR practices. The most skeptical of the internal benefits derived from CSR are small companies.

Polish respondents were asked about the main barriers to the broader adaptation CSR practices. Their responses can be divided into three main groups: financial, government and institutions-related and human resources. The first and the highest barriers to the broader adaptation of CSR practices is the lack of an appropriate legal framework, overall cost, lack of direct impact on financial resources, lack of government involvement. Barriers related to human resources such as cultural differences, management resistance and employee resistance were listed last.

2. SUSTAINABLE DEVELOPMENT REPORTS IN POLISH PRACTICE

External reporting by organizations has a variety of functions. The most obvious function is to inform external stakeholders whose decisions are predicated on some understanding of the



operations and status of the organizations. Other possible function of external reports include legitimization, reputational enhancement and marketing.⁶

In Polish reality sustainable development reporting seems to be more theoretical approach than practical activities.

Polish environmental law doesn't define any requirements for preparation and periodic publication sustainable development reports, or any similar reports (social, corporate environmental reports etc.). Despite of this many companies have been decided to publish date and information connected with their social, environmental protection, occupational and healthy activities in a form of different publication named sometimes environmental report, corporate reports etc.

Publishing reports differ from each other on scope of information, structure, time period. Rarely company named such publication – sustainable development reports.

Most popular are molecular (fragmentary) reports involved in environmental issues or social responsibilities. Many of the companies who have completed a CSR began with environmental reports that documented how the organization was meeting environmental regulations. In some cases, the approaches and tools used to meet regulations, such as more efficient process design, also made good business sense.

The research reported on in this paper points to some differences between scope of environmental reports and using environmental indicators to showing generated results. Table 1 presents a summary of indicators review from environmental reports prepared by selected Polish enterprises.

Many examples were given of Social Corporate Responsibilities activities taken by Polish companies. Table 2 presents positive examples of CSR activities in Poland.

Table 1. Selected indicators used to evaluation of environmental protection activities

Name of the Company	Used of environmental indicators
Electricity and energy power station Wybrzeże	<ul style="list-style-type: none"> • emission of air pollutants [Mg] • water consumption [m³/y] • waste generated and storage in land fill [Mg/y] • production of electricity [GJ/y] • emission of air pollutants per units of production • consumption grand water per unit of production • percent of waste used for industrial purposes in total volume of generated waste [%] • environmental fees paid to National Fund of Environmental Protection [PLN] • structure of environmental protection charges • share of environmental protection charges in fuel energy

⁶ Bansal P., Roth K., *Why companies go green: a model of ecological responsiveness*. "Academy Management Journal" 43(4), 2000, p. 717-736 and M. Miles, J. Covin, *Environmental marketing: a source of reputational, competitive and financial advantage*, "Journal of Business Ethics" 2000, 23, p. 299-311.



	<p>units</p> <ul style="list-style-type: none"> planned environmental protection investment expenditures.
Ironworks Stalowa Wola S.A.	<ul style="list-style-type: none"> emission of air pollutants [Mg] waste water discharged to surface water, load of pollutants in waste water discharged waste generation [Mg/y] environmental charges and penalty [PLN] air pollutants stopped and neutralized [Mg/y] way of waste disposal monitoring results of ground water located near the land fill.
ZACHEM Chemical Company	<ul style="list-style-type: none"> emission of air pollutants [Mg] emission of air pollutants consumption of water for production and cooling purposes load of pollutants in waste water discharged reduction of waste generation total environmental protection expenditure number of external inspection in the context of air emission.
BOT Power Station Opole Environmental statement EMAS	<ul style="list-style-type: none"> besides environmental protection goals company defined goals connected with occupational and healthy conditions, development of scientific research, dissemination of culture, sports activities, development of regional infrastructure, economic development by increase of employment, beneficent activities economic indicators: high disposable, high energy efficiency, low damaged incidents, used of energy for own purposes, energy production efficiency emission of air pollutants per energy production emission of air pollutants in relation to UE requirements water consumption and generation of waste water per unit production used of waste.
Arctic Paper Kostrzyn S.A.	<ul style="list-style-type: none"> material, energy, water use i production process. emission of air pollutants per unit production waste generation per unit production relation between air emission rate and legal requirements number of environmental incidents such overstep a limit of low requirements.
Hydro Aluminium Chrzanów	<ul style="list-style-type: none"> number of incident indicators



	<ul style="list-style-type: none"> • workers absence indicator • used of energy and material per unit production.
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Source: own elaboration.

Conducted analysis of selected environmental reports allows to formulate following conclusions:

- there is lack of detailed data insights the relation between environmental and economic performance on company level,
- companies do not used aggregate indicators to present their impact on environment,
- reports don't implicate data and information which show impact of environmental aspects on local environment,
- analyzed reports are more marketing tools than instrument of communication with interested parties,
- the better part of reports contain basic data regarding economic activities, such as: volume of production, turnover, employment, investment expenditures which allows to build unitary indicators.

In table 2 more than other are presented external activities in the field of corporate social responsibilities taken by Polish companies.

Table 2. Examples of Corporate Social Responsibilities activities

Company	Examples of CSR good practice
ABB Poland	Ethic Council control ethic management process used such instrument as: ethic standards, rules, communication system with employees and interested parties, trainings, internal survey research, confidence control, awards and penalties system.
ALCATEL	Example of CSR activities is program "Women in Leadership". Main goal of such programme is equalize level of employment for both man and women on management positions. It's social, psychological and essential education campaign which allows women to get ready take up leadership of company.
BP Poland	New Behavior Code invites employees to express their suggestions and ideas. Code includes fifth key issues: health, safety and environment, employees, interested parties, government institutions and local society, company assets, honesty and financial issues. Open talk available for 24 hours a day was started during the program.
Cadbury Wedel	Company realized the strategy "Start from oneself" assumes employees engagement in local society activities. Started programme FROM HEART implied financial support for employees projects in corporate social responsibilities area.
Citibank Handlowy	Volunteer Workers Programme included engagement employees into different activities for government institutions, such as: translations services, care about children, language courses, workshops, presentation.



Danone	“Flexibility form of employment program” implied additional employment in vacation period. Programme let regular workers to take vacation without additional overtime taken by leaving in work employees.
DHL Express	Environmental Citizenship is effective flow of commodities simultaneous by mineralization negative environmental impact. One of the success measures are environmental performance indicators.
Żywiec Group (Beer Production Company)	Business Ethic Rules is a set of principles which are taken into account during whole economic activities. They cover: respect to individual needs, respect to society and environment, work passion and engagement. Implementation of Business Ethic Rules were preceded by information campaign among employees. Also chief of social responsibilities affairs has been appointed.
Philip Moris	From several years company is leading in voluntarism activities. Programme “Gift for Gift” realized in 2005 assumed refund money for workers who was voluntary remitted money for social purposes.

Source: Own compilation on the basis *Corporate Social Responsibilities Business in Poland Report 2005*, Responsible Business Forum, Warsaw 2005.

Report titled *Corporate Social Responsibilities activities in Poland* published in 2005 presents 60 examples of CSR good practices. It should notice that most of presented examples were undertaken by national and international companies which operate on international and domestic market. There’s still lack of good practices of CSR activities taken by small and medium size enterprises in Poland.

3. PROPOSAL OF SUSTAINABLE DEVELOPMENT INDITATORS IN SMALL AND MEDIUM SIZE ENTERPRISES

Used at organizational level sustainable development indicators may differ from the size of company. Small and medium size enterprises can meet a lot of problems with gathering needed information for sustainable development reporting purposes. In this part of paper author proposes three groups of indicators which can be used at SME level. From the practical point of view the list of proposed indicators should not be very long (Table 3).

Table 3. Examples of Sustainable Development Indicators used to express CSR activities results

Area of Sustainable Development	Proposal of indicators
Economic aspects	<ul style="list-style-type: none"> • profitability indicators, • research and development expenditures, • number of customers, • turnover, • costs structure, • value of external financial support for social and environmental activities, • environmental protection expenditures, • occupational and healthy expenditures, • investment on human resources (trainings,



	<p>education etc.)</p> <ul style="list-style-type: none"> • expenditures on social responsibility activities,
Social aspects	<ul style="list-style-type: none"> • number of accidents, • average salary per person • employee rotation, • average time of employment in company, • education and qualification level of particular group of employees • share of high educated workers in total employment. • workers exposure for harmful, inconvenient and dangerous factors at workplace (number and share of exposure persons) • personal assessment of satisfaction of doing job, • assessment of salary satisfaction and level of economic motivation, • share of employee in decision making process (forms of activities, number of engaged employees), • number of employee's undertakings of CSR, • number of employed disabled persons.
Environmental aspects	<ul style="list-style-type: none"> • used of energy, materials per production unit or employee, • air and water emission, • number of uncontrolled accident situation which impact on environment and employees health • share of environmental protection costs in total operating costs of enterprises, • employment rate in environmental protection activities, • scope and number of undertaken environmental protection activities, • number of external claims on environmental impact.

Source: own elaboration.

Growing interest of implementation ISO⁷ (International Organization for Standardization) might be example of Corporate Social Responsibilities activities in Polish reality.

⁷ ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ILO-OSH 2001 Guidelines on Occupational Safety and Healthy Management System and SA 8000 Social Accountability.



Especially popular, among companies, are quality management, environmental management and occupational safety systems, all regarded as instruments of a systemic and complex approach to the problem of management of selected areas.

Still wide interest of implementation ISO systems regards large company.

Lack of time was identified as one of the top three most important barriers when implementing an EMS (Environmental Management System) by 36% of the SME respondents in Poland. Secondly, the respondents identified the lack of staff resources (31%) and thirdly, a lack of ISO know-how in enterprises (21%). In the experience of the respondents who assist small enterprises, the most important barriers of implementing ISO 14001 are a lack of financial resources (33%), a lack of staff resources (30%), the costs of certification (23%), a lack of time (22%), a lack of top management support (21%) and the cost of implementation (21%).⁸ Most respondents regard ISO systems as generating more paperwork and cost without providing productivity improvement. Apart from cost and paperwork, many small business do not feel they have the knowledge, or lack the skills and expertise to implement an effective management system.

To a large extent, the above mentioned barriers stem from a lack of knowledge on the part of management as well as operational staff. Formalized management systems are a part of social systems in which man, equipped with precisely defined range of knowledge, is the basic decisive factor in the effectiveness of their application. The involvement of staff and top management in the implementation and perfection processes is the fundamental requirement of international norms.⁹

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⁸ *The Global Use of Environmental Management System by Small land Medium Enterprises*. Executive Report from ISO/TC207/SC1/Strategic SME Group, May 2005.

⁹ Ejdys J. and others; *Zintegrowane systemy zarządzania jakością, środowiskiem i bezpieczeństwem pracy (Integrated quality, environmental and occupational safety management systems)*, Wyd. Politechniki Białostockiej, (Technical University of Białystok Publisher), Białystok 2006.