

## Corporate social responsibility in woodworking enterprises

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**Abstract:** *Corporate social responsibility in woodworking enterprises.* Corporate Social Responsibility (CSR) is a concept which in managing an enterprise is based not only on achieving economic effects and generating profit but also takes into account ethical attitude and social needs. Therefore, entrepreneurs are expected to take actions that will also be visible in a different area than the commercial one. The concept of CSR may be applied in enterprises belonging to all industries, regardless of the form of business activity, income or employment. The aim of the article is to show a new direction for the functioning of companies in relation to the wood sector, indicate companies using the CSR principle in their activities, assess the extent to which CSR is used by enterprises in the wood industry, and also indicate the relationship between these activities and the high position of companies in the sector. The article lists the enterprises of the wood industry which introduced CSR assumptions to the strategic goals of their activity.

*Keywords:* Corporate Social Responsibility (CSR), sustainable development, wood companies

### INTRODUCTION

According to the Corporate Social Responsibility (CSR) concept, businesses should address social interests, environmental protection concerns and relationships with various stakeholder groups when building their strategy (Tylec A. 2016).

The essence of CSR was identified by the International Organization for Standardization (ISO) which published the ISO 26000 *Guidance on social responsibility*, one of the key standards in this area, on 1 November 2010. The standard is among the three documents recommended by the European Commission to be used by European enterprises for the purposes of CSR implementation. “ISO 26000 provides guidelines for social responsibility defined as the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour.” In Poland, it was published as PN-ISO 26000:2012 “*Guidelines for social responsibility*” on 5 November 2012. (PN-ISO 26000:2012: *Wytyczne dotyczące społecznej odpowiedzialności* (Guidelines for social responsibility, [www.pkn.pl](http://www.pkn.pl)). Note, however, that unlike other standards, ISO 26000 is neither a certification nor a compulsory standard. Instead, it only enables a closer look at specific values and provides CSR guidance.

Despite the fact that CSR principles are not obligatory for enterprises, in 2014 the European Union introduced a directive concerning CSR reporting, where for the first time there was any information about its voluntariness. On the contrary, the directive shows that “*Large undertakings which are public-interest entities exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year shall include in the management report a non-financial statement...*”. The information is to cover “environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters”. (Dyrektywa Parlamentu Europejskiego i Rady 2014/95/UE z dnia 22 października 2014 r., <https://eur-lex.europa.eu/eli/dir/2014/95/oj>). This directive came into force in Poland in 2018. It was introduced into the Polish law in the form of the Accounting Act, thanks to which the importance of non-financial reporting increased significantly (Raport Odpowiedzialny Biznes w Polsce; Dobre praktyki 2018 – Report Responsible Business in Poland; Good Practices 2018,

<http://odpowiedzialnybiznes.pl/wpcontent/uploads/2019/04/Raport2018.pdf>).

Information on corporate social responsibility may also be found in the *Europe 2020 Strategy* which requires the European Commission to take measures to ensure long-term employee and consumer trust in CSR-compliant businesses (A. Makarewicz-Marcinkiewicz 2014, Europe 2020: A strategy for smart, sustainable and inclusive growth. Brussels, 2010, pp. 11–22, [http://ec.europa.eu/eu2020/pdf/1\\_PL\\_ACT\\_part1\\_v1.pdf](http://ec.europa.eu/eu2020/pdf/1_PL_ACT_part1_v1.pdf)). The relevant assumptions and measures of CSR were also defined by the European Union in the Green Paper. That definition became a source of guidelines and a reference point for those involved (Żychlewicz M. 2015).

In the CSR concept, the guideline for social responsibility and sustainable development policies is to create a shared value and, as a consequence, to plan and take responsible actions. CSR is based on consistency between operating methods and reasons behind business operations. Any CSR-compliant actions and investments should be aligned with the corporate strategy. Rather than single gestures, these should be long-run systemic measures which ultimately contribute to social transformation (Zrównoważony rozwój 2018).

### POSITION OF THE WOOD INDUSTRY IN THE POLISH ECONOMY

Corporate social responsibility is applied in many enterprises of various industries, including the wood industry, which plays a significant role in the Polish economy. This industry generates about 2% of GDP and sells abroad about 45 billion PLN worth of products annually, which is about 10% of the total Polish export ([www.lasy.gov.pl](http://www.lasy.gov.pl)).

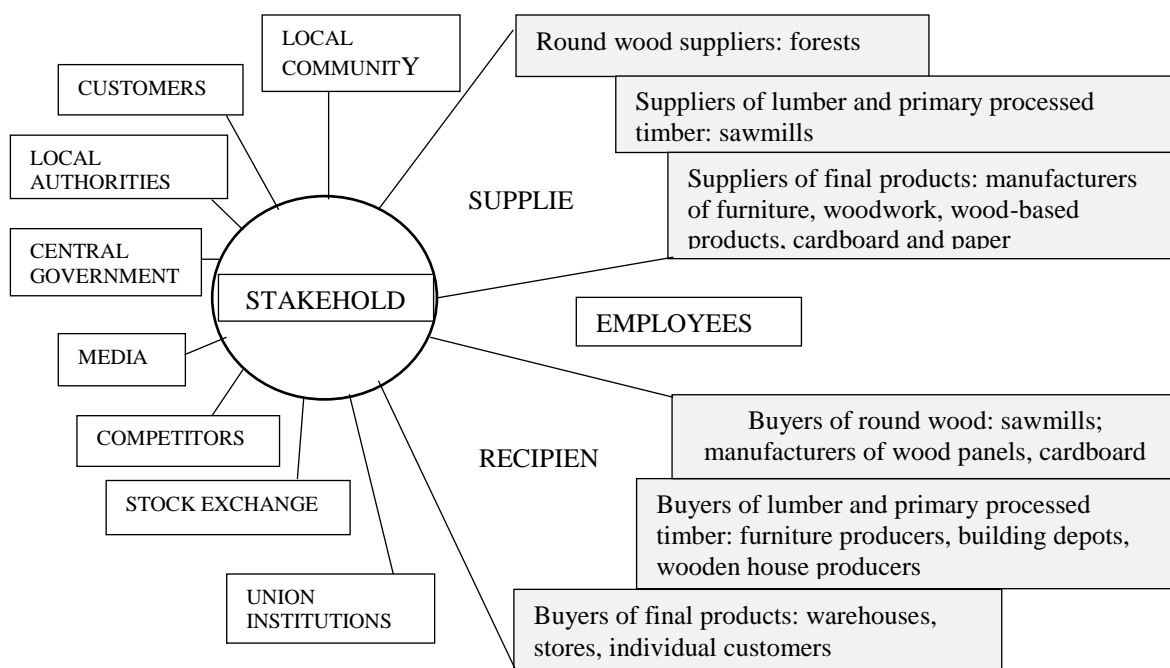


Figure 1. Key stakeholder groups of the timber industry (Own study)

The importance of the wood industry for the economy is also evidenced by the report of the Ministry of Entrepreneurship and Technology, according to which the highest net trade volume was recorded for the following commodities in 2017:

1. furniture (EUR 7.7 billion)
2. vehicles, vehicle parts and accessories (EUR 4.3 billion)
3. meat and edible offal (EUR 3 billion)
4. wood and wood-based products (EUR 2.6 billion)

5. tobacco and processed tobacco substitutes (EUR 2.2 billion) ([www.wnp.pl](http://www.wnp.pl), an economic site).

This data confirms the important role and a strong position of the timber industry in the national economy. Therefore, any measures taken to integrate the aspects of sustainable development (including corporate social responsibility principles) in business operations are and will be clearly visible in key reports and rankings. In the case of many companies mainly known for their extraordinary financial performance, the implementation of CSR assumptions may contribute to a new corporate image. This is especially true for large enterprises because they are the ones able to establish the lines of action for smaller companies (who very often take the strategic industry leaders as a benchmark).

Table 1. Wood industry companies from Poland and other countries of Central and Eastern Europe, which were included in the Coface ranking list.

Polish timber companies included in the ranking							
No	Rank	Company name	Industry	2016 sales turnover [EUR million]	Sales turnover growth rate	2016 profit [EUR million]	Profit growth rate
1.	67	PAŃSTWOWE GOSPODARSTWO LEŚNE LASY PAŃSTWOWE	Wood and furniture	1,825	2.8%	92	5.7%
2.	165	IKEA INDUSTRY POLAND SP. Z O.O.	Wood and furniture	998	-2.4%	28	13.2%
3.	178	PFLEIDERER GROUP S.A.	Wood and furniture	930	162.0%	15	-42.0%
4.	249	IKEA RETAIL SP. Z O.O.	Furniture	730	17.8%	N/A	N/A
5.	276	ARCTIC PAPER S.A.	Paper, packaging and printing	673	2.3%	14	329.7%
6.	294	MONDI ŚWIECIE S.A.	Paper, packaging and printing	638	0.0%	108	-13.8%
7.	340	INTERNATIONAL PAPER-KWIDZYN SP. Z O.O.	Paper, packaging and printing	551	6.4%	100	19.6%
8.	409	SWISS KRONO SP. Z O.O.	Wood and furniture	459	5.2%	49	12.7%
9.	482	KRONOSPAN SZCZECINEK SP. Z O.O.	Wood and furniture	399	-1.6%	11	238.7%
Other Central and Eastern European timber companies included in the ranking							
No	Rank	Company name	Industry	2016 sales turnover [EUR million]	Sales turnover growth rate	2016 profit [EUR million]	Profit growth rate
1.	358	MONDI SCP, A.S. (SK)	Paper, packaging and printing	525	1.5%	N/A	N/A
2.	390	IKEA COMPONENTS S.R.O. (SK)	Non-specialized trade	489	3.9%	5	262.8%
3.	446	HOLZINDUSTRIE SCHWEIGHOFER SRL (RO)	Wood and furniture	429	-1.8%	42	-8.1%
4.	477	LESY ČESKÉ REPUBLIKY, S.P. (CZ)	Wood and furniture	403	-5.2%	154	-22.9%

Source: own study based on [www.coface.pl](http://www.coface.pl).

The company's image is shaped also by stakeholder groups, i.e. entities who have an impact on, and are impacted by, the company. In addition to external parties, i.e. customers, investors, suppliers, competitors and institutions, this group includes the employees. The key stakeholders of the timber industry are shown in Diagram 1.

Each stakeholder will have a different impact on the company and other issues will be relevant to the company. What mostly matters to external parties is credibility, timeliness and efforts made to keep the company financially sound. In turn, the employees are interested in guaranteed employment and remuneration levels. All of these factors affect the quality of work and involvement of individuals; by providing a sense of security, they also have an impact on efficiency improvements.

## MATERIAL AND METHODS

Below is a list of largest top-ranked timber companies identified based on desk research and web research. The rankings covered by this analysis include:

- TOP 500 CEE 2017, a ranking by Coface (an international receivables insurance and business intelligence company), listing the 500 largest Central and Eastern European companies with the highest sales turnover in 2016 (table 1):
- the 2017 Forbes ranking of the 100 largest Polish private companies (table 2):

Table 2. Wood industry companies from Poland which were included in the Forbes ranking list

No.	Rank	Company name	Value of the company (PLN million)
1.	21	Fabryki Mebli Forte	2,079
2.	34	Agata Meble	1,450
3.	42	Black Red White	1,331
4.	50	Paged	1,235

Source: own study based on [www.forbes.pl](http://www.forbes.pl).

- the 2017 Wprost ranking of the 200 largest Polish companies (table 3):

Table 3. Wood industry companies from Poland which were included in the Wprost ranking list

No	Rank	Previous year rank	Company name	Industry	2016 sales figures (PLN million)	2015 sales figures (PLN million)	Revenue growth rate (%)
1.	80	69	Black Red White SA	Wood industry, furniture making	1,719	1,663	3.39%
2.	92	95	Grupa Nowy Styl Sp. z o.o.	Wood industry, furniture making	1,384	1,203	15.05%
3.	107	113	Agata SA	Trade (furniture)	1,170	998	17.28%
4.	114	116	Fabryka Mebli Forte SA	Wood industry, furniture making	1,090	954	14.22%
5.	146	143	Grupa Meblowa Szynaka	Wood industry, furniture making	796	777	2.39%
6.	147	133	Paged SA	Wood industry, furniture making, plywood production, trade	787	756	4.1%
7.	153	171	Drutex SA	Window manufacturer	733	620	18.18%
8.	186	183	Stelmet SA	Wood and paper industry	567	554	2.35%
9.	194	192	TFP Sp. z o.o.	Wood and paper industry	537	536	0.19%
10	196	-	Dajar Sp. z o.o.	Furniture manufacturer	516	451	14.41%

Source: own study based on [www.rankingi.wprost.pl](http://www.rankingi.wprost.pl)

The analysis of CSR reports from the years 2010–2017 was also made; it listed the key companies from the wood industry introducing CSR assumptions in practice. The list of these companies is given in Table 4.

Table 4. Wood industry companies from Poland, which were included in CSR reports

No.	Year	Number of practices in the year concerned	Thematic area	Companies
1.	2010	1	Social inclusion and development of local communities	IKEA Retail
2.	2011	7	Social inclusion, development of local communities, environment	IKEA Retail, Antalis Poland
3.	2012	7	Environment, social inclusion, development of local communities, governance	IKEA Retail, Antalis Poland
4.	2013	14	Governance, social inclusion, development of local communities, environment	Panas Schody, IKEA Retail, Kronopol, Nowy Styl
5.	2014	12	Social inclusion, development of local communities, environment, consumer issues, governance	IKEA Retail, Kronopol, Nowy Styl
6.	2015	14	Environment, social inclusion, development of local communities, labour practices, fair operational practices, consumer issues	IKEA Retail, Grupa Nowy Styl, Antalis Poland, Porta KMI Poland
7.	2016	8	Labour practices, social inclusion and development of local communities	IKEA Retail, Grupa Nowy Styl, Antalis Poland
8.	2017	15	Social inclusion, development of local communities, environment, labour practices	IKEA Retail, Grupa Nowy Styl, Antalis Poland

Source: own study based on [www.odpowiedzialnybiznes.pl](http://www.odpowiedzialnybiznes.pl)

An analysis of CSR implementation was performed for timber companies listed in the rankings. This became the basis for indicating the major orientations and methods of corporate social responsibility which are being put into practice.

## RESULTS AND DISCUSSION

As shown by the analysis of social reports and of the Responsible Business report, social practices implemented by the companies are usually related to their activity. Wood companies take measures related to environmental awareness, forest protection and importance of the forests for humans. Table 5 shows a summary of CSR solutions used by wood producers listed in the ranking. It suggests that all measures covered by this analysis are oriented both at the company itself (education and other employee issues, environmental protection in the broad sense) and at the local community. Aspects shared between the two groups are education and environmental protection. In both fields, the objective is to enhance environmental awareness and, as a consequence, to take measures which, on the one hand, provide business benefits and contribute to optimizing of the production processes run by the companies and, on the other hand, provide guidelines for daily activities and decisions made by the community.

Examples of CSR measures taken by timber companies include participation in social programs and support for people and organizations who find themselves in difficult circumstances due to accidental causes. Usually, the support consists in providing the disadvantaged population with company products, i.e. furniture, woodwork, floors etc. Such actions are often taken in response to the needs expressed by public institutions (e.g. schools or kindergartens) which, due to budget constraints, are unable to purchase or upgrade their equipment without additional support.

As a result of each support activity, the company becomes more widely recognized, which means the outcomes may be very tangible. With a positive feedback from the public, corporate social activities may result in increased sales of company products. Seeing the

involvement of specific companies, the public is likely to show increased interest in their products because:

- the company concerned becomes more widely recognized in the market and enjoys brand recognition, and
- the company's social activities are socially accepted, and therefore the public want to identify with the company by supporting its actions and choosing its products.

Table 5. CSR solutions used by timber producers.

<b>Environment</b>	<b>Employees</b>
<ul style="list-style-type: none"> <li>- planting trees distributed by the producers to customers who purchased wood products</li> <li>- energy production from biomass</li> <li>- use of state-of-the-art technologies</li> <li>- promotion of environmentally-friendly attitudes and involvement in environmental protection projects</li> <li>- educational and environmental classes in company-based kindergartens</li> <li>- waste segregation and delivery to operators who will first have it recovered and recycled</li> <li>- monitoring of wastewater quality and of dust and gas emissions</li> <li>- optimization of production and packaging processes</li> <li>- minimizing the use of paper (double-sided printing, electronic document flow), toner recycling</li> </ul>	<ul style="list-style-type: none"> <li>- travels, holiday camps, domestic and international trips for employees and their families</li> <li>- organization of meetings and workshops with famous people representing the arts, culture, business and sports</li> <li>- organization and co-organization of festivals</li> <li>- company-based kindergartens and crèches</li> <li>- football, volleyball, angling and blowing clubs, organization of yacht racing events</li> </ul>
<b>Education</b>	<b>Society</b>
<ul style="list-style-type: none"> <li>- organizing workshops and training sessions to develop specialist and language skills and to support the personal development of employees</li> <li>- educational projects which include post-graduate courses and development programs for managers, specialists and production workers</li> <li>- financing for employees who enrol in university courses to enhance their knowledge and improve their skills as part of their professional tasks</li> <li>- cooperation with universities and high schools: apprenticeships and internships for the students</li> </ul>	<ul style="list-style-type: none"> <li>- support for organizations with a public-benefit status</li> <li>- helping people who find themselves in difficult circumstances, having lost all their possessions due to accidental causes</li> <li>- scholarships for talented youth</li> <li>- support for social projects which activate local communities, promote integration and contribute to an improvement in living standards</li> <li>- expansion of the infrastructure serving the local community</li> </ul>

Source: own study based on data delivered by companies listed in the rankings Coface, Forbes, Wprost, Odpowiedzialny Biznes.

In both cases, the product price is a secondary concern for a well-informed customer. Customers very often decide to pay more for a product because they know this is how they support and participate in the company's social actions, even if they do so indirectly. Therefore, by engaging in social projects and incurring the costs involved in CSR measures, the producer may become more widely recognized while also boosting its sales figures. Therefore, social activities may provide economic benefits to the company.

Note that the company's CSR offering should be adapted to the needs of the local community, and should address the problems faced by the residents. Therefore, it is important to listen to those directly involved. For the company, this is the only way to provide true support and to earn positive feedback from the local community. CSR is not only about providing support which may be demonstrated by the company; it is about providing targeted assistance to people and organizations in need.

## CONCLUSIONS

In Poland, the CSR concept is used increasingly often in enterprise strategy planning and implementation. The growing interest in CSR among Polish operators is evidenced by many developments, including the increased number of companies who present their achievements in the “Responsible Business in Poland,” a yearly report by the Responsible Business Forum. It is also influenced by changing legal regulations in this area.

Some Polish companies do not care for the social aspect of sustainable development because they enjoy a well-established brand and have a stable position. They often focus on short-term objectives without thinking of the future consequences of their decisions. However, there are other businesses who consider CSR compliance to be a priority. Wood companies analyzed in this paper are among those that, while being well-established and recognizable, meet the challenges posed by CSR. Their activities are beneficial not only to their employees but also to the entire local community. Furthermore, according to CSR reports presented by the Responsible Business Forum, more and more wood companies join these efforts. This trend may strengthen the belief that such decisions are driven neither by the company’s standing nor by its financial capacity; they are made by people who profess a philosophy that addresses environmental and social concerns.

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**Streszczenie:** *Spółeczna odpowiedzialność biznesu w przedsiębiorstwach przemysłu drzewnego.* W pracy przedstawiono przedsiębiorstwa sektora drzewnego, które w swoich działaniach kierują się zasadą CSR. Zaprezentowano rozwiązania, jakie w ramach CSR stosują wymienione w rankingach firmy. Pokazano kierunek działań dla przedsiębiorców w oparciu o przepisy unijne i zasady społecznej odpowiedzialności biznesu.

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