

The disclosure of investments related to CSR in the management report. Evidence from non-financial listed companies in Poland and Croatia

MARZENA REMLEIN *, VLASTA ROŠKA **

Abstract


Purpose: The paper examines the quality of information on investments related to corporate social responsibility (CSR) in reports prepared by Polish and Croatian companies. The purpose of this paper is to assess the quality of information on investments related to corporate social responsibility (CSR), as contained in the management reports of non-financial companies listed on the Warsaw and Zagreb Stock Exchanges. **Methodology/approach:** basic research method is content analysis applied to the management reports of non-financial companies listed on the aforementioned stock exchanges. The examined period covers the years 2010-2018. **Findings:** The result of comparing the quality of information on investments related to CSR disclosure in Poland and Croatia shows that Polish companies disclosed higher quality information than Croatian companies. However, in both cases, we cannot notice very good quality information. They show the information on expenditure on environmental protection, local society and improving the working conditions of their employees. However, none of the examined companies uses the term Socially Responsible Investments. **Originality/values:** The results of the research increase knowledge in the field of reporting and the quality of information on investments related to CSR in management reports prepared by Polish and Croatian non-financial companies.


Keywords: investments related to CSR, quality of disclosed information, management report.

Streszczenie

Ujawnienia dotyczące inwestycji związanych z CSR w sprawozdaniu zarządu. Informacje z niefinansowych spółek giełdowych w Polsce i Chorwacji

Cel: Problem badawczy sprowadza się do zbadania jakości informacji o inwestycjach związanych z CSR w raportach przygotowanych przez polskie i chorwackie firmy. Celem artykułu jest ocena jakości informacji o inwestycjach związanych z CSR, zawartych w sprawozdaniach zarządu spółek niefinansowych notowanych na giełdach w Warszawie i Zagrzebiu. **Metodyka/podejście:** Podstawową metodą badawczą jest metoda analizy treści sprawozdań zarządu spółek niefinansowych notowanych na Giełdzie Papierów Wartościowych w Warszawie i Giełdzie Papierów Wartościowych w Zagrzebiu. Zakres czasowy badania obejmuje lata 2010–2018. **Wyniki:** Porównanie otrzymanych wyników w zakresie jakości informacji o inwestycjach związanych z ujawnieniem CSR w Polsce i Chorwacji dowodzi, iż polskie firmy ujawniły

* Prof. dr hab. Marzena Remlein, full professor, Poznań University of Economics and Business, Department of Accounting and Financial Audit,  <https://orcid.org/0000-0001-7865-0319>, marzena.remlein@ue.poznan.pl

** Vlasta Roška, PhD, associate professor, Libertas International University, Zagreb, Croatia,  <https://orcid.org/0000-0002-6134-9068>, vroska@libertas.hr

informacje wyższej jakości niż firmy chorwackie. Jednak w żadnym przypadku nie stwierdzono informacji o bardzo dobrej jakości. Natomiast należy zauważyć, że badane jednostki ujawniają w sprawozdaniach zarządu informacje o wydatkach na ochronę środowiska, lokalne społeczeństwo i poprawę warunków pracy swoich pracowników. Natomiast żadna z badanych firm nie używa jednak terminu inwestycje społecznie odpowiedzialne. **Oryginalność/wartość:** Wyniki przeprowadzonych badań zwiększają wiedzę w zakresie raportowania i jakości informacji o inwestycjach związanych z CSR ujawnianych w sprawozdaniach zarządu przygotowywanych przez polskie i chorwackie spółki prowadzące działalność niefinansową.

Słowa kluczowe: inwestycje związane z CSR, jakość ujawnianych informacji, sprawozdanie z działalności zarządu.

Introduction

According to the report from a 2016 study by Deloitte, investors are more willing to invest in companies that apply sustainable development practices, including issues such as consumer rights protection, sustainable supply chains, limiting their negative impact on the environment, responsible human resources management or even clear organisational order. Forty-six per cent of the surveyed investors include environmental, social and governance (ESG) issues when making investment decisions, which is an increase of 33% compared to the previous edition of the survey (Deloitte, 2016). For companies to develop in sustainably, they must act responsibly towards their stakeholders, including the environment in which they operate (Henriques, 2010, p. 69). It is also important that their investments protect the environment, benefit the local community, and improve the working conditions of their employees.

The subject of our considerations is investments related to corporate social responsibility (CSR), the socially responsible investments and their application in the economic practice of Polish and Croatian companies. Socially responsible investment in Poland and Croatia is still in its infancy since not many investors have been exposed to this type of investment.

A literature review and analysis of the data contained in reports prepared by the European Sustainable Investment Forum (Eurosif) confirm the growing interest in the concept of socially responsible investing in Poland (Croatia was not included in the study). And hence the following questions appear:

- 1) are CSR-related investments undertaken by Polish and Croatian companies?
- 2) are socially responsible investments made by the examined companies?
- 3) are CSR-related investments disclosed in the management report?

Annual reports (including the management report) prepared by companies form an important tool for communication with investors and other stakeholders. Thus, the purpose of this paper is to assess, using content analysis, the quality of information on investments related to CSR contained in the management reports of non-financial companies listed on the Warsaw and Zagreb Stock Exchanges. The results of the research increase knowledge in the field of reporting and the quality of information on investments related to CSR in management reports prepared by Polish and Croatian non-financial companies.

1. Literature review

As it is necessary to be accountable to stakeholders for social responsibility, it is proposed that companies disclose social and environmental information in their reports. The considerations related to non-financial disclosures in reporting has been the subject of many scientific studies, with the research examining both the scope and the quality of the information published. In Poland, due to the lack of legal regulations regarding non-financial reporting, there is a noticeable difference in the scope of disclosures in this area (Matuszak, Różańska, 2017; Krasodomska, 2014; Szadziwska, 2013).

In Croatia, information on environmental protection and employees has to be published in the management board report, but only if it is needed to understand the entity's (entrepreneur's) development, business results and position (Galant, Černe, 2017, p. 48). However, research on investments related to CSR is very poor. In turn, socially responsible investment (SRI) research refers to the literature study of the concept of SRI and evaluating the effectiveness of these investments.

The field of SRI has been characterised by debate (Bruyn, 1987; Hylton, 1992) or a lack of consensus about definitions (Cooper, Schlegelmilch, 1993; Frankel, 1984). Even the terminology is not settled. Thus, broadly similar or related terms which appear in the literature include social (Bruyn, 1987; McGill, 1984), divergent (Schotland, 1980), creative (Powers, 1971), green (Simpson, 1991), targeted, development and strategic (Wokutch et al., 1984) investing or investment. However, the two most common terms are socially responsible investment – the term used in this paper – and ethical investment (Sparke, Cowton, 2004, p. 46).

Socially Responsible Investing is a kind of philosophy and at the same time, a practice of making strategic investment decisions in which traditional financial criteria, i.e. the rate of return and risk, are extended and supplemented with non-financial factors, including social and environmental aspects, and those related to corporate governance (Urban, 2011, p. 496). According to Sparkes (2002, p. 22), SRI is an investment philosophy that combines both financial and non-financial criteria.

Our review of the literature on socially responsible investing (Klasen, Röder, 2009; Marcinek, 2016; Pasewark, Riley, 2010) demonstrated that, when making decisions to invest their own funds in accordance with the SRI concept, investors focus primarily on four areas (planes): economic (business), social (sociological), environmental (ecological) and ethical (moral).

Hirshleifer (1965, p. 509) defined investments as the actual renunciation of future benefits. In connection with the above, we understand investments related to CSR to be expenditure on environmental protection, local society, and improving the working conditions of employees. So, the company is treated as an investor who spends money on environmental and social purposes. In this case – in our opinion – we can also talk about socially responsible investments undertaken by the company.

The emergence of the concept of socially responsible investing sparked a discussion regarding its essence, scope and the profitability of investments that result from this process. Research on socially responsible investing can be divided into two main groups. The

first group includes literature reviews on the SRI concept itself, and the second group concerns research on the effectiveness of investments that take ESG factors into account.

When the former group is considered, the works published so far concentrated on the analysis of the term “socially responsible investing”, the genesis of the SRI concept, and the motives and qualitative factors that had an impact on investors’ decisions. We find the definition of SRI both in foreign literature (including Mansley, 2000; Munoz-Torres et al., 2004; Sparkes, 2002; Sandberg et al., 2009), as well as in the works of Polish authors (including Dziawgo, 2010; Rogowski, Ulilaniuk, 2012a, 2012 b; Czerwonka, 2013). Many of these works also reflect on the genesis of the concept of socially responsible investing.

The development of the market for socially responsible investments has led to research that aims to verify their effectiveness. However, opinions on this issue are divided. Sceptics of the SRI concept believe that limiting the investment portfolio to socially responsible investments must lead to a decrease in its efficiency, by reducing the profit or increasing the risks incurred (Jedynak, 2011; Geczy et al., 2003).

Supporters of the SRI concept, on the other hand, quote the results of indexes of socially responsible companies and funds that declare they pursue SRI in the long term (Statman, 2005; Schroder, 2007; Jedynak, 2012; Kubińska, 2014). The positive results of research on the effectiveness of SRIs are also cited in Deloitte’s 2016 report on the impact and scale of including ESG factors in the process of making investment decisions.

The development of the SRI concept, and its positive impact on the results of business operations, justify the idea that it is necessary to present investors and other stakeholders with information on socially responsible investments undertaken by companies. Financial statements disclose information about the value of tangible, intangible and financial investments (the balance sheet) and about revenues and costs from investment activities (the profit and loss account). However, all of this is financial information about profit-oriented business investments. At present, companies include not only economic criteria in the investment process, but also ethical values, social interests and environmental issues. Information on investments related to CSR is disclosed in other company reports, including in the management report.

2. Research design

We examine the quality of information on investments related to CSR in reports prepared by Polish and Croatian companies. The basic research method is a content analysis of the reports of companies listed on the Warsaw Stock Exchange (WSE) and the Zagreb Stock Exchange (ZSE).

We accepted for analysis companies that operate on:

- the RESPECT Index project of the WSE¹,
- the CROBEX Index of the ZSE.

¹ The survey included companies included in the RESPECT Index as at 27 December 2018.

In order to select the research sample, the following assumptions were made:

- 1) the time range of the research covers the years 2010–2018,
- 2) due to the specifics of how they operate and the different accounting and financial reporting principles, we excluded from the research sample banks, insurance companies, and entities that operate on the basis of securities trading regulations and regulations on investment funds and investment fund management,
- 3) we also excluded companies that did not publish financial statements for all the years covered by our research.

The list of all the RESPECT Index-listed companies accepted for the study is presented in Table 1.

Table 1. RESPECT Index listed-companies – selection of the research sample

Abbreviation	Name	Index	Industry	Available reports	Accepted in sample
CCC	CCC	WIG20	Retail	2010–2018	YES
ENG	ENERGA	WIG20	Energy industry	2014–2018	NO
KGH	KGHM POLSKA MIEDŹ	WIG20	Raw materials	2010–2018	YES
LTS	LOTOS GROUP	WIG20	Fuel industry	2010–2018	YES
MBK	MBANK	WIG20	Banks	2010–2018	NO
OPL	ORANGE POLSKA	WIG20	Telecommunication	2010–2018	YES
PEO	BANK POLSKA KASA OPIEKI	WIG20	Banks	2010–2018	NO
PGE	PGE POLSKA GRUPA ENERGETYCZNA	WIG20	Energy industry	2010–2018	YES
PKN	PKN ORLEN	WIG20	Fuel industry	2010–2018	YES
PGN	POLSKIE GÓRNICtwo NAFTOWE I GAZOWNICTWO	WIG20	Fuel industry	2010–2018	YES
PZU	POWSZECHNY ZAKŁAD UBEZPIECZEŃ	WIG20	Insurance	2010–2018	NO
SPL	SANTANDER BANK POLSKA	WIG20	Banks	2010–2018	NO
TPE	TAURON POLSKA ENERGIA	WIG20	Energy industry	2010–2018	YES
EAT	AMREST HOLDINGS SE		Hotels and restaurants		

cont. tab. 1

Abbreviation	Name	Index	Industry	Available reports	Accepted in sample
APT	APATOR	mWIG40	Electrical machinery industry	2010–2018	YES
ATT	GRUPA AZOTY	mWIG40	Chemical industry	2010–2018	YES
BDX	BUDIMEX	mWIG40	Construction industry	2010–2018	YES
BHW	BANK HANDLOWY W WARSZAWIE SPÓŁKA AKCYJNA	mWIG40	Banks	2010–2018	NO
CAR	INTER CARS	mWIG40	Wholesale	2010–2018	YES
FTE	FABRYKI MEBLI FORTE	mWIG40	Timber industry	2010–2018	YES
GPW	GIEŁDA PAP. WART. W WARSZAWIE	mWIG40	Capital market	2010–2018	NO
ING	ING BANK ŚLĄSKI	mWIG40	Banks	2010–2018	NO
JSW	JASTRZĘBSKA SPÓŁKA WĘGLOWA	mWIG40	Raw materials	2011–2018	NO
LWB	LUBELSKI WĘGIEL BOGDANKA	mWIG40	Raw materials	2010–2018	YES
MIL	BANK MILLENNIUM	mWIG40	Banks	2010–2018	NO
TRK	TRAKCJA PRKII	mWIG40	Construction industry	2010–2018	YES
KGN	ZESPÓŁ ELEKTRO-CIEPŁOWNI WROCLAW KOGENERACJA	sWIG80	Energy industry	2010–2018	YES
ELB	ELEKTROBUDOWA	sWIG80	Construction industry	2010–2018	YES
AGO	AGORA	sWIG80	Media	2010–2018	YES
PCR	PCC ROKITA	sWIG80	Chemical industry	2011–2018	NO
BOS	BANK OCHRONY ŚRODOWISKA	sWIG80	Banks	2010–2018	NO

Source: <http://respectindex.pl>

Of the 31 listed companies, 12 companies were excluded due to:

- the specifics of their operations and different accounting and financial reporting principles,
- a lack of financial statements for all years covered by our survey.

Considering the nine-year time span, 171 reports published by companies were subject to our observation.

The CROBEX Index-listed companies accepted for the study is presented in Table 2.

Table 2. CROBEX Index-listed companies – selection of the research sample

Abbreviation	Name	Index	Industry	Available reports	Accepted in sample
ADPL	AD PLASTIK d.d.	CROBE X10	Production of parts and accessories for motor vehicles and plastic products	2010–2018	YES
ADRS	ADRIS GRUPA d.d.	CROBE X10	Management and investment company	2010–2018	YES
ARNT	ARENA HOSPITALITY GROUP d.d.	CROBE X10	Hotels	2010–2018	YES
ATGR	ATLANTIC GRUPA d.d.	CROBE X10	Management and investment company	2010–2018	YES
ATPL	ATLANTSKA PLOVIDBA d.d.	CROBE X	International transport of goods and passengers	2010–2018	YES
DDJH	ĐURO ĐAKOVIĆ GRUPA d.d.	CROBE X	Production of freight wagons, plants, tanks and combat vehicles	2010–2018	YES
DLKV	Dalekovod, d.d.	CROBE X	Construction of power and telecommunication lines	2010–2018	YES
ERNT	ERICSSON NIKOLA TESLA d.d.	CROBE X10	Manufacture of telecommunication systems and devices	2010–2018	YES
HT	HT d.d.	CROBE X10	Telecommunications	2010–2018	YES
JDRN	JADRAN d.d.	CROBE Xplus	Hotels	2010–2018	YES
IGH	INSTITUT IGH, d.d.	CROBE Xplus	Construction Engineering Services	2010–2018	YES

cont. tab. 2

Abbreviation	Name	Index	Industry	Available reports	Accepted in sample
INGR	INGRA d.d.	CROBE Xplus	Construction	2010–2018	YES
KOEI	KONČAR, d.d.	CROBE X10	Electrical industry	2010–2018	YES
KRAS	KRAŠ d.d.	CROBE Xplus	Food industry	2010–2018	YES
LRH	LIBURNIA RIVIERA HOTELI d.d.	CROBE Xplus	Hotels	2010–2018	YES
MAIS	MAISTRA d.d.	CROBE X	Hotels	2010–2018	YES
OPTE	OT-OPTIMA TELEKOM d.d.	CROBE X10	Telecommunications	2010-2018	YES
PTKM	PETROKEMIJA, d.d.	CROBE Xplus	Fertilizer factory	2010–2018	YES
PODR	PODRAVKA d.d.	CROBE X10	Food industry	2010–2018	YES
RIVP	Valamar Riviera d.d.	CROBE X10	Hotels	2010–2018	YES
VART	VARTEKS d.d.	CROBE Xplus	Textile industry	2010–2018	YES
VIRO	VIRO TVORNICA ŠEĆERA d.d.	CROBE Xplus	Sugar production	2010–2018	YES

Source: www.zse.hr

In the case of Croatia, 22 companies were analysed over the same period, so 198 observations were made.

The first step in the qualitative analysis of disclosures concerning socially responsible investments was to determine which elements of the annual report would be assessed. Three important sources of information provided to stakeholders were selected, namely:

- financial statements,
- letters to stakeholders,
- management reports.

Analysis of the initial sources showed that the most important source of information on the company's activities for the environment and society is the management report. The financial statements present the overall values of the investments, which are classified

in the balance sheet and the notes as long- and short-term investments. The subject of the investment is also shown. However, there is no information about investments related to CSR. The letter to shareholders contains general statements regarding the company's operations and financial standing. In Croatia, the letter to stakeholders is not published. So, we decided that the source of the analysis will be the management commentary.

In the subsequent step, the research questions were formulated:

- 1) does the term 'socially responsible investment' appear in the documents?
- 2) does the company provide information about its social responsibility activities?
- 3) does the company avoid investing in dirty businesses?²
- 4) is there information about investments for environmental protection?
- 5) was the information concerning investments for the benefit of the local community included?
- 6) is there information about the expenditure incurred to improve the working conditions of employees?

An attempt to answer the above questions was made by analysing the information contained in each of the two sources cited above. For each firm-year observation, we calculate an information quality index on socially responsible investments (hereinafter QI). The disclosed information relating to research questions has been quantified using a binary system, where:

- 1 denoted an affirmative answer to the question posed,
- 0 denoted a negative reply, i.e. no information.

The binary system adopted for coding means that the maximum test result (QI) is 6 points. Depending on the number of points achieved, five categories of information quality index on socially responsible investments were determined:

- First Category – 0 points denotes no information,
- Second Category – a score of 1–2 points denotes low-quality information,
- Third Category – a score of 3–4 points means average-quality information,
- Fourth Category – 5 points means good-quality information,
- Fifth Category – 6 points denotes very good-quality information.

3. Research and discussion

3.1. Poland

Table 3 presents the results of the analysis of the content of the management report of the surveyed Polish companies relating to investments related to CSR during the examined period.

² Dirty business refers to companies related to the arms, alcohol, and tobacco industries, among others.

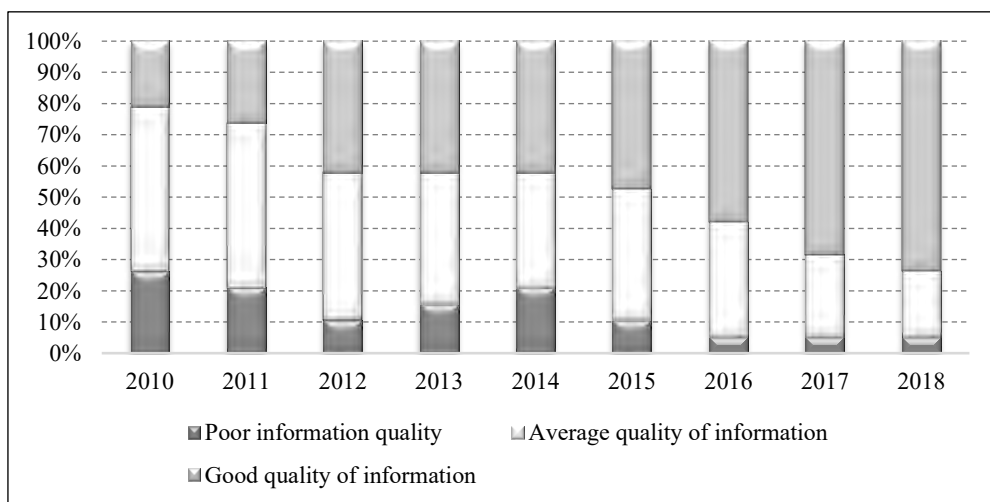
Table 3. The number of Polish companies in each category of disclosure quality of investments related to CSR

Category	Interpretation	2010	2011	2012	2013	2014	2015	2016	2017	2018
1 (0 points)	No information	0	0	0	0	0	0	0	0	0
2 (1–2 points)	Poor information quality	5	4	2	3	4	2	1	1	1
3 (3–4 points)	Average quality of information	10	10	9	8	7	8	7	5	4
4 (5 points)	Good quality of information	4	5	8	8	8	9	11	13	14
5 (6 points)	Very good information quality	0	0	0	0	0	0	0	0	0
Total		19	19	19	19	19	19	19	19	19

Source: authors' own elaboration.

Analysis of the quality of disclosed information on socially responsible investments demonstrated that in 2018, 14 of the surveyed companies (73.7%) disclosed information of good quality, while 21% of the surveyed companies presented average quality. Only one demonstrated poor quality. This is a clear improvement compared to 2010, when only four companies (21%) presented good quality information, with 53% scoring average, and 26% poor. During the examined period, none of the companies presented very good information quality. We can see that the “No information” category is empty.

Figure 1. Investments related to CSR disclosure quality in Polish companies

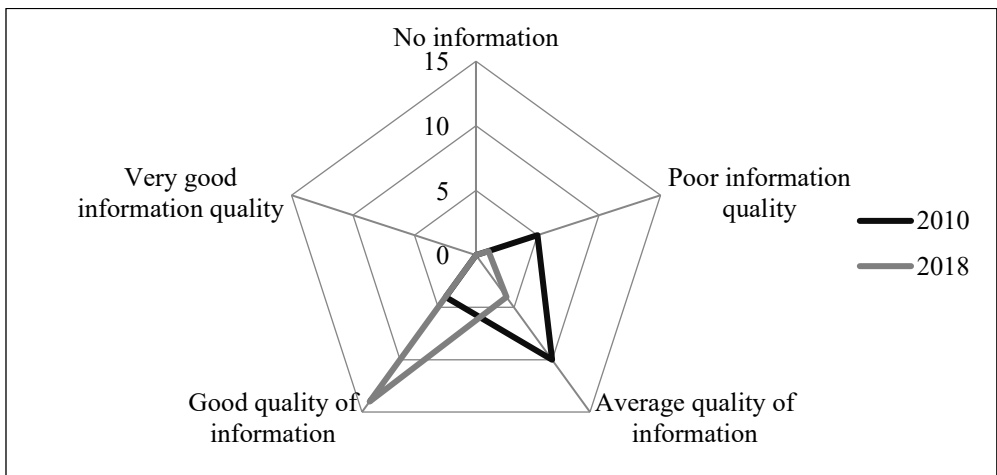


Source: authors' own elaboration.

During the whole period investigated (i.e. each year), four companies achieved good quality of information about investments related to CSR: KGHM Polska Miedź (raw materials), PKN Orlen (fuel industry), Grupa Azoty (chemical industry) and Lubelski Węgiel Bogdanka (raw materials). However, none of these companies used the term socially responsible investments. Instead, one can find expressions such as “expenditure on environmental protection”, “projects for the local community”, and “improving the working conditions of employees”.

The lowest disclosure quality measured by QI is evidenced by Polish companies in 2010. Figure 2 compares the structure of the quality category of disclosed information at the beginning and end of the examined period. In 2010, only two companies presented good quality information about investments related to CSR, while there were 14 companies in 2018. The number of companies assigned “poor information quality” decreased significantly (2010 – five companies, 2018 – one company).

Figure 2. Comparison of QI in Poland in 2010 and 2018



Source: authors’ own elaboration.

Table 4 and figure 3 present the disclosure quality and its evolution during the examined period.

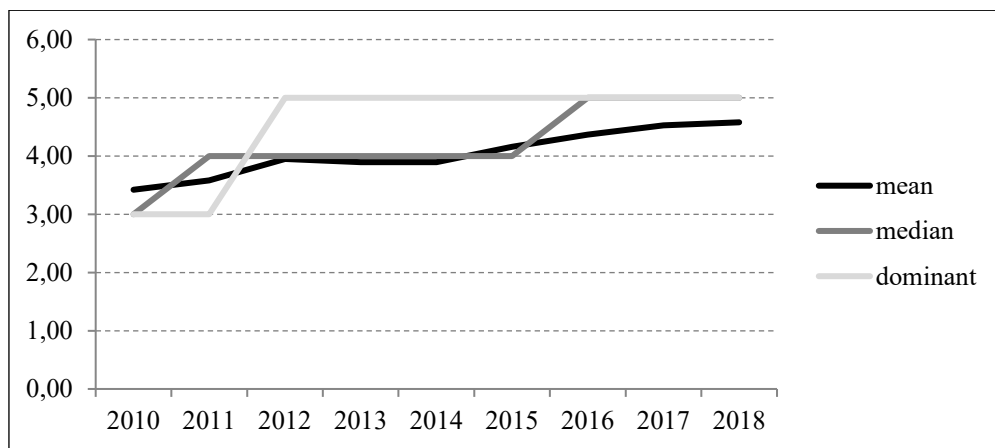
Table 4. Descriptive statistics

Statistical measures	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mean	3.42	3.58	3.95	3.89	3.89	4.16	4.37	4.53	4.58
Median	3	4	4	4	4	4	5	5	5
Dominant	3	3	5	5	5	5	5	5	5

Source: authors’ calculation.

The average value of QI measured by its mean was 3.42 in 2010, and it rose steadily to 4.58 in 2018. The improvement can be identified approximately in the middle of the period investigated. If the median is taken into account, it produces a comparable compliance level, although with more stable movements. The line reveals a tendency of “average firms” to disclose the required information persistently in the same format, i.e. to use the same template of the notes as in the previous year.

Figure 3. Quality Index over the period 2010–2018 in Poland (years’ means, medians and dominants)



Source: authors’ own elaboration.

Among the surveyed companies, there were cases in which the value of the quality index for disclosed information on socially responsible investments:

- did not change during the examined period – in the case of six companies,
- increased – in the case of ten companies.

In the remaining three companies, the value of the indicator both increased and decreased during the period. The quality index did not decrease in any company. The largest progress was recorded in case of the Forte company (Timber industry), where the 2010 value of the quality index was 2, while in 2018 it had reached 5.

In addition, it should be noted that none of the companies received 0 points, which indicates that all companies disclose information on expenditure in areas such as the environment, society, ethics, employees. However, the level of detail varies.

The qualitative analysis of the content of the management commentary of the companies allows us to conclude that information on socially responsible investments is presented in various forms, in different places and with different detail. This variety of presentations makes it difficult to compare the quality of information.

3.2. Croatia

Table 5 presents the results of the analysis of the content of the management commentary of the surveyed Croatian companies that relates to socially responsible investments during the examined period.

Table 5. The number of Croatian companies in each category of disclosure quality of investments related to CSR

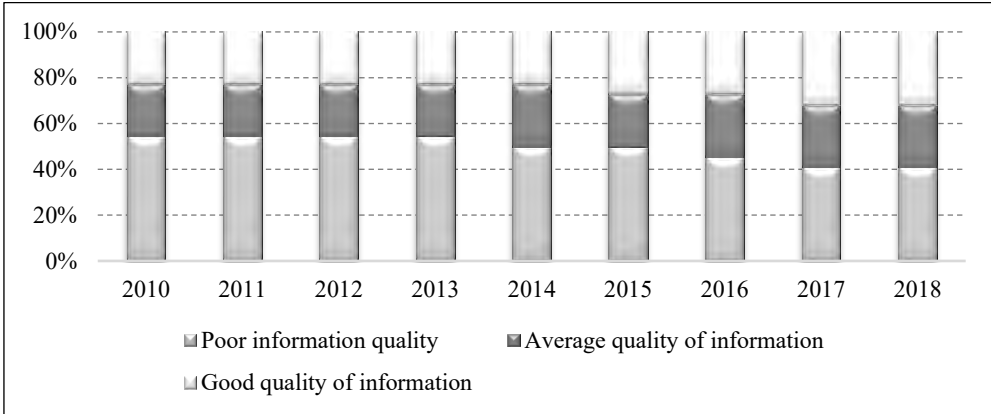
Category	Interpretation	2010	2011	2012	2013	2014	2015	2016	2017	2018
1 (0 points)	No information	0	0	0	0	0	0	0	0	0
2 (1–2 points)	Poor information quality	12	12	12	12	11	11	10	9	9
3 (3–4 points)	Average quality of information	5	5	5	5	6	5	6	6	6
4 (5 points)	Good quality of information	5	5	5	5	5	6	6	7	7
5 (6 points)	Very good information quality	0	0	0	0	0	0	0	0	0
Total		22	22	22	22	22	22	22	22	22

Source: authors' own elaboration.

We can see that the “No information” and “Very good” categories are empty. Most companies presented poor information quality – 12 of the surveyed companies (54.5%) in 2010 and nine (40.1%) in 2018. Average-quality information was disclosed by five or six companies during the examined period. We can see an increase in the number of companies in the “good quality of information” category. Fig. 4 shows that the share of companies with “good-quality information” is gradually increasing and the category of “poor-quality information” is decreasing. As with Poland, the “No information” category is empty.

During the examined period, five companies reached the good quality of information category for investments related to CSR: KONČAR (electrical industry), PODRAVKA (food industry), Valamar Riviera (hotels), VARTEKS (textile industry), and VIRO TVORNICA ŠEĆERA (sugar production). However, none of these companies used the term socially responsible investments. As in the case of companies listed on the WSE, one can find expressions such as “expenditure on environmental protection”, “projects for the local community”, and “improving working conditions of employees”.

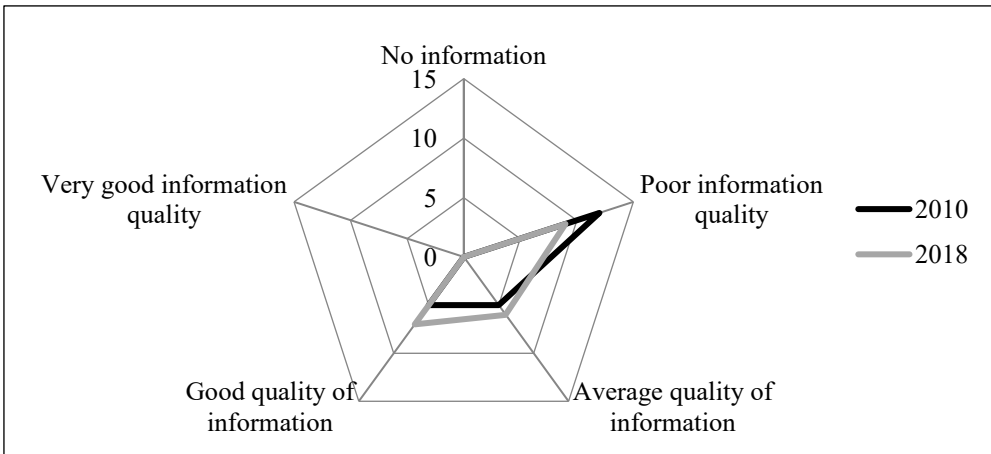
Figure 4. SRI disclosure quality in Croatian companies



Source: authors' own elaboration.

The lowest disclosure quality measured by QI is evidenced by the Croatian companies in 2010. Figure 5 compares the structure of the quality category of disclosed SRI information at the beginning and end of the examined period. Five companies presented good quality information about SRI in 2010, while there were seven companies in 2018. The number of companies assigned “poor information quality” decreased significantly (2010 – 12 companies, 2018 – 19 companies).

Figure 5. Comparison of QI in Croatia in 2010 and 2018



Source: authors' own elaboration.

Table 6 and figure 6 present the disclosure quality and its evolution during the examined period.

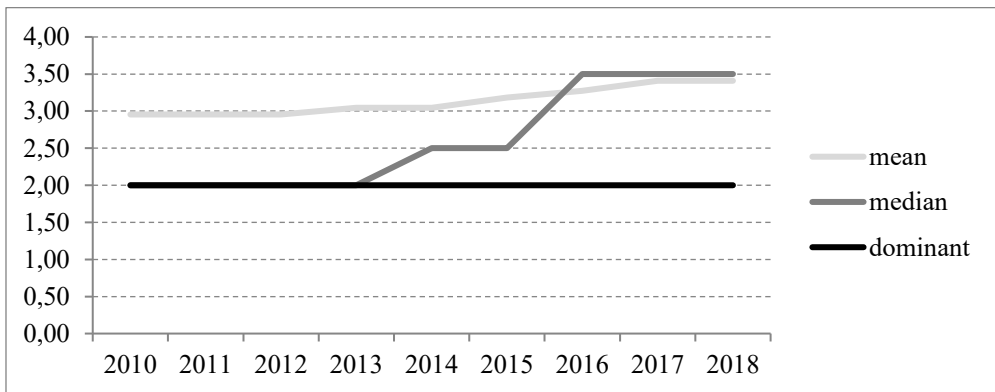
Table 6. Descriptive statistics

Statistical measures	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mean	2.95	2.95	2.95	3.05	3.05	3.18	3.27	3.41	3.41
Median	2	2	2	2	2.5	2.5	3.5	3.5	3.5
Dominant	2	2	2	2	2	2	2	2	2

Source: authors' calculation.

The average value of QI measured by its mean is 2.95 in 2010, and it rises steadily up to 3.41 in 2018. The improvement can be identified approximately in the middle of the period investigated. If the median is taken into account, it produces a comparable compliance level, but its increase is more noticeable. Dominant is at the same low level.

Figure 6. Disclosure Index in Croatia over the period 2010–2018
(years' means, medians and dominants)



Source: authors' own elaboration.

We can conclude that among the examined companies, there were cases in which the value of the quality index for disclosed information on socially responsible investments:

- increased – in the case of 6 companies.
- did not change during the examined period – in the case of 16 companies,

The quality index did not decrease in any company.

The greatest progress was recorded in ADRIS GRUPA (a management and investment company), where the 2010 value of the quality index was 1, while in 2018 it had managed to reach 4.

The qualitative analysis of the content of the management commentary of the surveyed companies allows us to conclude that all companies disclose information on expenditure in areas such as the environment, society, ethics, and employees. However, the level of detail varies.

3.3. Comparing Poland and Croatia

The Polish and Croatian markets of socially responsible investments are still in their infancy. However, as far back as 2010, Poland was included in the Eurosif study, the sole country from Central and Eastern Europe. The value of Polish socially responsible investments accounts for just 0.05% of the European SRI market. In addition, SRI dynamics show that investors increasingly include social and environmental aspects in their decisions (Table 7).

Table 7. SRI Strategies in Poland (€ millions)

SRI Strategy	2009	2011	2013	2015	2017
Themed investments	0	0	0	3,762	0
Best-in-class investments	0	12	3	2,717	0
Exclusions from investment universe	1,003	1,175	1,060	2,769	7,181
Norms-based screening	2	13	773	2,769	6,841
Integration of ESG factors in financial analysis	0	12	0	0	2,500
Engagement of shareholders in ESG matters	0	0	578	0	5,431
Impact Investing	0	0	0	34	0
Total	1,005	1,212	2,414	12,051	21,953

Source: authors' work based on European SRI Study 2014, 2016 and 2018.

Although Croatia is not included in the Eurosif reports, Croatian companies disclose information on expenditure on environmental protection, local society, and employees' working conditions. Our research has shown that the quality of information disclosed in Croatia is worse than in Poland.

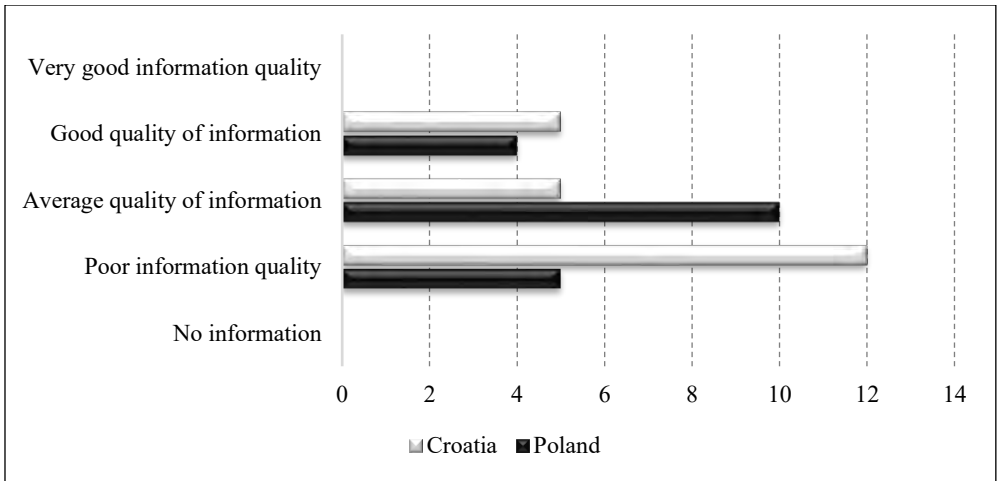
Table 8 presents a comparison of the results of the research on the quality of information disclosed about SRI in Poland and Croatia at the beginning and end of the examined period.

Table 8. The number of Polish & Croatian companies in each category of disclosure quality of CSR-related investments (2010 & 2018)

Interpretation	Poland		Croatia	
	2010	2018	2010	2018
No information	0	0	0	0
Poor information quality	5	1	12	9
Average quality of information	10	4	5	6
Good quality of information	4	14	5	7
Very good information quality	0	0	0	0

Source: authors' own work based on Tab. 3 and Tab. 5.

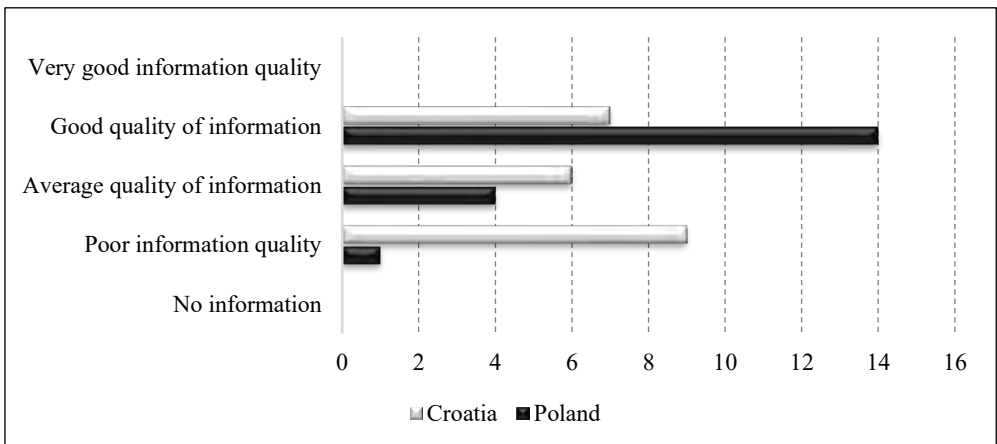
Figure 7. The comparison of the quality of disclosure of CSR-related investments in Poland and Croatia (2010)



Source: authors' own elaboration.

The results of the comparison for 2010 show that most Croatian companies disclosed poor quality information and Polish companies presented average quality information. In 2010, the average QI value measured by its mean for Croatian companies is 2.95, and for Polish companies, it is 3.42. The median for Croatian companies is 2, and for Polish companies, it is 3. In conclusion, we can say that at the beginning of the period, Polish companies presented better quality information about CSR-related investments.

Figure 8. The comparison of the quality of disclosure of CSR-related investments in Poland and Croatia (2018)



Source: authors' own elaboration.

At the end of the examined period (2018), we can see an even greater disproportion between the quality of information disclosed about CSR-related investments by Polish and Croatian companies. Most Polish companies disclosed good quality information, while Croatian companies still presented poor quality information. The average QI value measured by its mean for Polish companies is 4.58, and for Croatian companies, it is 3.41. The median for Polish companies is 5, and for Croatian companies, it is 3.5. The results show that there are much greater dynamics of increase in the quality of disclosed information about CSR-related investments in Polish companies.

Conclusion

The results of previous research by one of the authors (Remlein, 2019) demonstrated that listed companies have a significant percentage of their investments in their assets, and the results from investing activities largely contribute to the company's financial success. Currently, due to the rank of the concept of corporate social responsibility in the business activities of companies, the role and significance of socially responsible investments is also increasing.

We understand socially responsible investments as investments that take into account ethical values, social interests and environmental issues. The companies which opt for socially responsible investing may receive double the benefits. On the one hand, there is an economic benefit from the very essence of the investment. On the other, there is an image benefit, which may result in greater interest from investors, contractors, the community and, consequently, economic (financial) benefits.

Our analysis over the period 2010–2018 shows that disclosure quality is steadily increasing, which corresponds with recent studies on the importance of SRI. The results of our research show that in their management reports, both Polish and Croatian companies present information on expenditures on environmental protection, local society and improving the working conditions of their employees. However, none of the companies uses the term Socially Responsible Investments. The quality of disclosed information about investments related to CSR is higher in Polish companies than in Croatian.

We are aware that our research has some limitations. Firstly, we assume that socially responsible investment and investments related to CSR are the same thing. Secondly, the analysis of disclosures of investments related to CSR concerns only two countries. Thirdly, we used only a small number of questions and only one source of information (management reports). For this reason, further research should also include other sources of information (e.g. integrated reports) and other countries (e.g. from Central and Eastern Europe). In addition, the results presented in this paper can be supplemented with the use of other research methods, such as interviews with companies' managers and stakeholders. Understanding the problem from the perspective of the company and the stakeholder will make it possible to further increase the quality and usefulness of disclosures about CSR-related investments.

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